

SUSTAINABILITY REPORT 2010

Holding Ourselves Accountable
Executive Summary

About this document

This is the Executive Summary of our second Sustainability Report entitled "Holding Ourselves Accountable" introducing you to our achievements during 2010 and what we plan to achieve in 2011.

We have chosen to make our full report only available electronically to reduce our paper use. You can download the full report at www.nbad.com

What's included?

- 01 Awards
- 02 Our Economic Performance
- 04 Embracing New Accountability Realities
- 06 Investing in Our People
- 08 Environmentally Smarter
- 10 Product and Service Quality and Innovation
- 12 Outstanding Relationships
- 14 Summary of Our Key Performance Indicators
- 16 Contact Information

Awards in 2010

World's 50 Safest Banks

We were recognised for the second consecutive year with this prestigious rating. We are the only UAE Bank on the list, and one of two banks from the Middle East.

Best Bank in the UAE

Euromoney recognised us with this award for the fourth time in the past decade, and second time in a row.

Most Outstanding Performance Award in the UAE

We were awarded the Dubai Chamber of Commerce and Industry Most Outstanding Performance and Best Performance in the Finance Category at the fifth Mohammed bin Rashid Al Maktoum Business Awards.

Best Financial Information Website in the GCC

We were ranked as the website leader in transparency and disclosure by an annual survey conducted by Hallvarsson & Hallvarsson's web-ranking evaluation.

Money Laundering Reporting Officer of the Year award

"Highly Commended" 2010 Money Laundering Reporting Officer of the Year award at the 4th annual Regulators Summit.

"NBAD's vision is to be the most recognised Arab Bank. Winning prestigious awards encourages us even further to leave no stone unturned in meeting and surpassing the expectations of our customers and stakeholders to be recognised as the World's Best Arab Bank."

Michael H. Tomalin
Chief Executive, NBAD Group

Best CSR Programme in the Middle East

We received the emefinance award for the Best CSR Programme in the Middle East after the release of our 2009 Baseline Sustainability Report.

Lifetime Achievement Award for NBAD Group Chief Executive

Banker Middle East Magazine awarded our Group CEO, the Lifetime Achievement Award.

FIG Deal of the Year for the Middle East Region

The Banker Magazine, published by the Financial Times Group, selected our USD 850 million (AED 3.12 billion) fixed-rate notes as the deal of the year.

Best Emiratisation CEO Award

The Emirates Institute for Banking and Financial Studies (EIBFS) awarded the Best Emiratisation CEO Award in the Banking Sector to our Group CEO.

GCC Compliance Award

Compliance Training program recognised for effective implementation by Thomson Reuters and Complinet at GCC Compliance Award.

OUR ECONOMIC PERFORMANCE

In 2010 We Said We Were Committed

To achieve an average return on shareholder funds of 20%

Achieved

Actual return for 2010 was 19.3%

To report back on our contributions to 10 of the Abu Dhabi Economic Vision 2030 Objectives

Complete

Other Achievements

	2010	2009
Global Net Profit (AED million)*includes UAE figures (this is overall figure)	3,683	3,020
Diluted Earnings per Share (AED)	1.40	1.18
Customer Deposits (AED billion)	123.1	115.6
Customer Loans (AED billion)	136.8	132.3
Overseas Units	49	45

In 2011, We Are Committed

- To achieving an average return on shareholder funds of 20%
- To reporting back on how we linked the Bank's corporate strategy to the Abu Dhabi Economic Vision 2030
- To increasing our global presence with four new international units

EMBRACING NEW ACCOUNTABILITY REALITIES

In 2010 We Said We Were Committed

To improve our process of understanding and enhancing our economic, social and environmental impacts

Continuing

Our sustainability strategy and framework is a year-on-year roadmap to understand, manage and enhance our sustainability impact. This will remain an ongoing commitment

To create an internal sustainability committee to monitor our progress on the adoption of sustainability management

Complete

We created the Sustainability Stakeholder Group

To produce an annual sustainability report to measure performance against commitments made

Complete

This report is our follow-up annual sustainability report. We will continue to publish a report annually

In 2011, We Are Committed

- To producing the 2011 sustainability report which is 3rd party assured via the creation of a multi-stakeholder committee
- To improving our process of understanding and enhancing our economic, social and environmental impacts
- To introducing sustainability performance management to three of our international markets
- To completing a self assessment against the ISO 26000 guidelines and to show GRI and ISO 26000 alignment in our 2011 report
- To reviewing our auditing procedures to integrate at least 10 of our sustainability KPIs
- To evaluating the United Nations Principles For Responsible Investment as a potential signatory

In 2010 We Said We Were Committed

To increase Emiratisation to 38%

Complete

39% Emiratisation rate

To increase sustainability training events provided for employees

Complete

Training delivered to 414 new employees

To enhance the training offered, specifically for our branch managers

Complete

To create a quality assurance team to optimise service for our employees and to provide an additional channel of communication

Complete

To consider an increase in the frequency of staff satisfaction surveys from every 18 months to once a year

Complete

To develop occupational health and safety policies and procedures

Complete

New policies developed and launched

Other Achievements

Developing Talent

- In 2010, 83% of our staff participated in 209,132 hours of training, an increase of 180% from the previous year
- NBAD hired 30 UAE national jobseekers through our Derasatee scheme
- 121,499 hours of training were delivered to 71 AFAQ trainees, of which 69 were placed in full-time positions
- We sponsored 18 students, and provided summer work placement training for 23 students

Women in the Workforce

- Women in Management positions increased by 22% from 2009
- Women made up 34% of our total workforce
- More than half our AFAQ trainees were women

Security and Occupational Health

- 176 employee First Aid and Fire Wardens trained
- Sick leave per employee was six days
- Over 900 attendees at the 2010 Annual Employee Wellness Day

Human Rights

- No human rights-related incidents reported

Employee Satisfaction

- Our 2010 employee satisfaction score of 71% is on par with the industry average
- 54 Business Coordinators trained to analyse team survey results
- 100% of our full-time employees received annual performance reviews
- 85% of appraised employees received a performance-based bonus

In 2011, We Are Committed

- To increasing Emiratisation to 42%
- To introducing a formal sustainability training programme targeted at our employees
- To establishing a working Health, Safety and Security Committee
- To determining the key issues in employee well-being and assessing the feasibility of developing a wellness strategy
- To having AFAQ trainees developing and implementing a CSR project as part of their training programme
- To training internal audit staff on sustainability reporting to better support the creation of the next sustainability report

In 2010 We Said We Were Committed

To reduce energy consumption by 15%

In Progress

We are re-checking our data against primary sources and are re-stating our baseline

To reduce greenhouse gas emissions by 15%

In Progress

We are re-checking our data against primary sources to re-state our baseline in 2011

To reduce water consumption by 10%

Complete

We exceeded our targets - reducing water consumption by 22%

To reduce paper consumption by 25%

In Progress

We identified gaps in our paper usage tracking during 2009 and have recalculated data for 2009 and 2010

To double the percentage of paper recycled

In Progress

We maintained the same recycling rate as 2009

To implementing an Environmental Management System (EMS)

In Progress

Other Achievements

Greener Office Programme

- Launched 26 October with 93 staff
- 43 volunteer 'Green Champions'

Water and Energy Consumption

- Watersaving devices fixed to the taps in the two Head Office buildings, the NBAD Academy and one branch
- Automatic computer shutdown introduced
- "Lights-out" period from 10 pm to 6 am

Air Travel

- Total distance travelled decreased by 5%

Waste Minimisation

- Paper recycling rate static at 16%
- e-waste recycling - 1,295 kg (170 kg was re-traded into emerging markets)
- 554 toners cartridges collected and recycled

In 2011, We Are Committed

- To achieving our greenhouse gas, energy and paper consumption reduction commitments
- To reducing water consumption by 10%
- To adopting an integrated environmental management system
- To implementing e-waste and recycling policies
- To participating in Paperless Day 2011
- To launching a pilot green-building project with one of the buildings managed by Abu Dhabi National Properties (ADNP)
- To expanding the Greener Office Programme to at least three overseas units

In 2010 We Said We Were Committed

To adopt the Equator Principles for responsible project financing

In Progress

To launch two or more sustainability related products or services

Complete

To continue with the transformation of our branch network

Complete

To increase ISO 9001 certification of NBAD business units to 31% of the entire organisation

Complete

To assess our current products and services in terms of financial inclusion and financial literacy to determine priority objectives

In Progress

PRODUCT AND SERVICE QUALITY AND INNOVATION

Other Achievements

NBAD's Customer Satisfaction

	2010	2009	2008	2007
Consumer Banking customer satisfaction (%)	87%	91%	82%	82%
Call centre satisfaction	86%	N/A	N/A	N/A
Online Banking customer satisfaction (%)	84%	84%	N/A	N/A
Percentage of business units that are ISO 9001 certified (%)	31%	19%	17%	14%

New Products & Innovations

- NBAD OneShare Dow Jones UAE 25 ETF
- Second Generation e-dirham Card
- Malaysia Ringgit Sukuk
- Stars Loyalty Programme
- Socially Conscious Fund - Global Fund against AIDS, Malaria and Tuberculosis
- Solar Panelled ATMs

Financial Inclusion

- Arrow mobile phone banking service use - 12% increase since 2009
- Ratibi payroll card exceeds 400,000 users

In 2011, We Are Committed

- To launching 2 solar-powered ATMs
- To increasing ISO 9001 certification to 41% of our base of 36 business units and supporting departments
- To increasing the number of Ratibi payroll cards issued to 500,000
- To developing and launching at least one financial literacy programme
- To launching our first SME centre

In 2010 We Said We Were Committed

To improve the quality of our stakeholder engagement process with at least two stakeholder groups

Complete

To conduct supplier surveys to assess their human rights policies and practices

Complete

We engaged 11 suppliers

To assess our suppliers' willingness to support our sustainable procurement endeavours

In Progress

Engaged 14 suppliers to procure certified sustainable materials

To ensure 1% of pre-tax profits go towards community investments

0.08% off the mark

To review and enhance our community investment strategy

In Progress

Other Achievements

Philanthropy and Social Sponsorships

- Donated AED 22.7 million to social sponsorships, registered charities and non-profit organisations
- AED 3,300 was raised by our employees for Nature Satellite Turtle Tagging Project
- In 2010, we endorsed 27 sponsorship activities to support social development causes

Education and Awareness

- Signed a three-year agreement with HCT to fund two Deans in Banking and Finance
- Work experience for six students from The British School Al Khubairat
- Screened the drama-documentary 'The Age of Stupid' in collaboration with The British Council, for customers, employees and members of the community

Health

- 5 days of blood donations for employees and the public
- Sponsorship of the 2010 Abu Dhabi Classics Run, which promoted healthy and active lifestyles with more than 30 employee volunteers acting as starting line marshals, water distributors and crowd support

Memberships

- Abu Dhabi Sustainability Group (ADSG)
- Arab Forum for Environment and Development
- Emirates Wildlife Society – World Wildlife Fund
- Arab Sustainability Leadership Group (ASLG)
- International Standards Organisation (ISO)
- Hawkamah, Institute for Corporate Governance

In 2011, We Are Committed

- To engaging the UAE and regional banking sector on sustainability dialogues
- To participating in at least 2 ADSG flagship programme taskforces and chairing one group

Summary of Our 2010 Key Performance Indicators

KPI	2010	2009	2008	2007	2006
ECONOMIC PERFORMANCE					
Global net profit (AED million)	3,683	3,020	3,019	2,505	2,106
Countries where we have a presence	12	12	10	N/A	N/A
Return on shareholders' funds (%)	19%	19%	25%	26%	27%
Number of shareholder engagements	New Indicator				
SOCIAL: INVESTING IN OUR PEOPLE					
Total workforce	3,950	3,753	2,981	2,599	2,144
Number of senior-level positions (grade 12+)	110	96	88	70	48
Number of middle-management positions (grade 9-11)	589	508	438	352	287
Number of employees (grade 5-8)	2,268	2,389	2,067	1,833	1,455
Number of employees (grade 1-4)	400	395	363	303	283
Number of trainees	192	155	25	41	71
Number of contract staff (incl. Retirees)	391	N/A	N/A	N/A	N/A
Total workforce by age					
18-30	1,719	1,551	1,140	892	558
31-40	1,419	1,080	946	803	701
41-50	476	511	474	464	436
51-60	298	364	376	385	381
Above 60	38	37	45	55	68
Number of nationalities	69	62	52	49	52
Women in the workforce (%)	34%	34%	32%	33%	33%
Female branch managers (%)	46%	38%	32%	33%	33%
Women in middle management (%)	17%	19%	19%	15%	15%
Women in senior management (%)	5%	5%	3%	3%	2%
Employee engagement and satisfaction ¹	71%	N/A	84%		N/A
Total workforce turnover (%)	12%	8%	15%	13%	11%
Turnover in senior management	4%	5%	14%	14%	17%
Turnover in middle management	7%	5%	11%	11%	12%
Turnover in employees (grade 5-8)	7%	9%	16%	13%	10%
Turnover in employees (grade 1-4)	6%	5%	6%	5%	6%
Turnover in contract staff	53%	N/A	N/A	N/A	N/A
Employees trained (%)	83%	70%	64%	50%	59%
Number of employees trained on sustainability	414	New Indicator			
Number of employees trained on anti-money laundering	1,003	New Indicator			
Number of reported accidents per 1000 employees	4	New Indicator			
PRODUCT AND SERVICE QUALITY AND INNOVATIONS					
Very satisfied and satisfied customers (%)	87%	91%	82%	82%	86%
Very satisfied and satisfied merchants (%) ²	N/A	N/A	97%	N/A	N/A
Business units ISO 9001 (Quality and Performance) Standard Certified	31%	19%	17%	14%	3%
Average number of mystery shopper audits per branch	3	1-2	3-4	5	6
Total number of customer privacy breaches	0	1	3	2	0
Branches in our UAE network	112	100	84	73	N/A
ATMs in our UAE network	392	300	251	189	N/A
Number of new sustainability related products and services	In Progress	New Indicator			

KPI	2010	2009	2008	2007	2006
SOCIAL: FINANCIAL INCLUSION					
Branches accessible in low-population and economically disadvantaged areas (%)	17%	40%	N/A		
ATMs accessible in low-population and economically disadvantaged areas (%) ³	23%	30%	N/A		
Number of 'talking ATMs'	139	78	20	5	0
Ratibi Cards issued	187,398	206,356	37,564	N/A	
Total registered online banking customers	107,575	94,081	60,589	44,238	34,430
Online banking satisfaction results ⁴	84%	84%	N/A		
Number of transactions made through Arrow Mobile Banking	7,719	6,875	N/A		
ENVIRONMENTALLY SMARTER					
Total GHG emissions (tonnes)	25,027.3 ⁵	21,689.3	19,380.6	16,336.2	14,759.4
Total GHG emissions per employee (tonnes)	6.3	6.1	6.5	6.3	6.9
Total electricity consumption (kWh)	32,848,098	28,471,910	25,438,202	21,438,202	19,365,972
Total water consumption (gallons)	20,632,128	26,388,889	18,333,333	19,629,630	8,793,796
Total paper consumption (kg)	248,987.5	213,162.5	198,212.5	174,812.5	160,825
Total paper recycled (kg)	38,842	36,917	62,692	71,640	11,680
Paper Recycling Rate	15.7%	17.3%	31.6%	41.0%	7.2%
Annual spending on photocopy paper (AED)	920,325	868,200	711,750	729,450	532,675
% of toners recycled (remanufactured)	6.0%	New Indicator			
Number of branches reporting their environmental data	110	New Indicator			
OUTSTANDING RELATIONSHIPS WITH OUR COMMUNITY					
Total community donations and charity (AED '000)	27,000	25,612	47,313	38,172	6,798
Community donations as a percentage of pre-tax profits	0.73%	0.83%	1.53%	1.49%	0.32%
OUTSTANDING RELATIONSHIPS WITH OUR SUPPLIERS					
Total spending on suppliers (AED '000)	51,263	35,208	N/A		
Spending on locally based suppliers (%)	99%	100%	N/A		
Suppliers who have undergone human rights screening (%)	7.4%	New Indicator			
Percentage of suppliers working specifically with the CSR events and activities who provide in-kind support(%)	57%	90%	70%	N/A	

¹The employee satisfaction measurement methodology was modified in 2010 with the launch of the Global People Survey. Employee satisfaction is assessed every 18 months.

²Merchant satisfaction is assessed every two years. The next survey will be conducted in 2011.

³NBAD altered the parameters by which it classifies ATMs in 2010. The 2009 value has been modified to reflect this.

⁴Our online customer satisfaction measurement methodology was changed in 2010. The 2009 measurement was modified according to this methodology.

⁵Our 2010 GHG emissions calculations include the fuel consumption of our Consumer Banking Group fleet, whereas our 2006-2009 calculations do not, due to a lack of reliable data.

Contact Us

If you require further details on any of the information in our report, or have any comments, feedback or enquiries, we can be contacted as follows:

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