



2009

Sustainability  
Report

# Our Commitment



بنك أبوظبي الوطني  
NATIONAL BANK OF ABU DHABI  
The Number One Bank البنك الوطني PJSC ش.م.ع

# About Our Report

Welcome to the first stand-alone National Bank of Abu Dhabi (NBAD) Sustainability Report. This report outlines our economic, social and environmental performance in 2009 on the corporate sustainability and responsibility (CSR) issues most material to our business. The report covers data and activities from NBAD group businesses in the United Arab Emirates (UAE). It relates to the financial year ended 31 December 2009 and will be issued annually hereafter. All commitments pertain to 2010, unless stated otherwise. For more information on our reporting process and parameters, please see Appendix A.

This report uses as guidance the Global Reporting Initiative's (GRI's) international guidelines for sustainability reporting, including the Financial Sector Supplement. We self declare the report to meet GRI Application Level B, and the GRI has checked this report to confirm this. An index listing the GRI indicators that have been included in this report can be found in Appendix B.



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# Our Commitment

## Message from the Group Chief Executive



### Welcome to our first Sustainability Report, an account of our economic, environmental and social performance and related commitments.

In the face of continued global economic malaise and uncertainty, 2009 was a year of solid performance for NBAD. Financially, we achieved a profit of AED 3,020 million, an increase from AED 3,019 million in 2008.

It was also a year of reflection on our corporate responsibilities, in particular our contribution to sustainable development and the role and influence it should have in our business planning and strategic business opportunities.

Sustainability issues such as climate change, environmental degradation, human rights, and growing gaps between rich and poor have become central challenges. Our collective response will change the nature of our economies and societies. These challenges represent tremendous opportunities, as Abu Dhabi's visionary leaders have captured in the Abu Dhabi Economic Vision 2030, in which the commitment to sustainability is a central platform.

As Abu Dhabi's largest banking institution, we are privileged to support this commitment to the benefit of our clients, shareholders and partners, and the citizens and residents of Abu Dhabi. While we have a good track record to build on, we are still in the early stages of progress towards sustainability and

**“ In the face of continued global economic malaise and uncertainty, 2009 was a year of solid performance for NBAD. ”**

a better understanding of our impact upon society. To accelerate this progress, we recently established the role of sustainability manager within the Business Planning and Strategy function, at the core of our business thinking.

We have also established 2010 performance targets in priority areas including profitability, environmental impacts (with

corresponding financial gains) and social benefits such as Emiratisation, employee satisfaction, community engagement and investment. This report outlines our commitments.

The coming year holds the potential to be a defining one for NBAD. While others remain defensive and reactive, we will continue our disciplined and rigorous approach towards our goal of being the Number One Arab Bank and building a franchise equal to the growing global importance of the UAE, and Abu Dhabi in particular. Our sustainability performance will be fundamental to achieving this goal.

Michael H. Tomalin  
Group Chief Executive  
May 2010



# Who We Are

National Bank of Abu Dhabi was the first national bank and was officially opened by His Highness the late Sheikh Zayed Bin Sultan Al Nahyan in December 1968.

Our first balance sheet was drawn up in Bahraini Dinars as the Dirham (AED) was not introduced until 1973, two years after the confederation of the seven emirates in 1971.

Throughout the 41 years since we were established NBAD has mirrored the growth and development of the United Arab

Emirates (UAE) and the Emirate of Abu Dhabi. Today NBAD is one of the largest banking organisations in the Middle East and North Africa (MENA) region. At the end of 2009 we operate 100 branches in the UAE and 47 international branches and representative offices in key financial centres. We draw on the skill, knowledge and diversity of our employees with 62 nationalities represented in our workforce to serve the differing needs of our customers in each of these markets.

We have developed from a

traditional local bank into an international bank with a focused and sustainable business model of six business lines built upon our core competencies. (See Figure 1, below.) This robust model has resulted in profitability for NBAD while contributing significantly to the strong economic development of Abu Dhabi. In 2009, NBAD was identified as one of the 50 Safest Banks<sup>1</sup> in the world.

## Organizational Structure

| Domestic Banking  | Financial Markets  | International Banking  | Corporate & Investment Banking  | Global Wealth   | Islamic Banking   |
|---|--|--|---|---|---|
| <ul style="list-style-type: none"> <li>• Consumer Banking</li> <li>• Elite Banking</li> <li>• Commercial Banking (SME)</li> </ul> | <ul style="list-style-type: none"> <li>• Money Markets</li> <li>• Institutional &amp; Corporate Coverage</li> <li>• Debt &amp; Capital Markets</li> <li>• Portfolio Management</li> <li>• Foreign Exchange</li> <li>• MENA Equity</li> </ul> | <ul style="list-style-type: none"> <li>• Arab World Banking                             <ul style="list-style-type: none"> <li>- Egypt Network</li> <li>- Oman Network</li> <li>- Sudan Network</li> <li>- Bahrain</li> <li>- Kuwait</li> <li>- Libya</li> <li>- Jordan</li> </ul> </li> <li>• International Banking                             <ul style="list-style-type: none"> <li>- United Kingdom</li> <li>- France</li> <li>- USA</li> <li>- Hong Kong/ China</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Corporate Banking Group</li> <li>• Wholesale Banking Group                             <ul style="list-style-type: none"> <li>- Global Project Structured Finance</li> <li>- Syndications &amp; Specialised Portfolio</li> </ul> </li> <li>• Financial Institutions Dept                             <ul style="list-style-type: none"> <li>- Global Trade Finance</li> </ul> </li> <li>• Investment Banking Group                             <ul style="list-style-type: none"> <li>- DCM</li> <li>- ECM</li> <li>- Advisory</li> </ul> </li> <li>• Private Equity</li> <li>• Abu Dhabi National Property                             <ul style="list-style-type: none"> <li>- Real Estate</li> </ul> </li> <li>• Abu Dhabi National Leasing                             <ul style="list-style-type: none"> <li>- Leasing</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• Private Banking</li> <li>• Asset Management Group                             <ul style="list-style-type: none"> <li>- Local and Global Funds</li> <li>- Discretionary Portfolio Management</li> </ul> </li> <li>• Abu Dhabi Financial Services                             <ul style="list-style-type: none"> <li>- Brokerage services</li> </ul> </li> <li>• Custody Services</li> </ul> | <ul style="list-style-type: none"> <li>• Abu Dhabi National Islamic Finance</li> <li>• NBAD Islamic Division</li> </ul> |
| Head Office *   |  |  |   |   |   |

\*Support functions: Audit & Compliance, Finance, Human Resources, Information Technology, Legal, Operations, Risk Management, Investor Relations, Corporate Communications, Strategic Planning, Securities Services, Corporate Governance, Economic Research.

Figure 1

<sup>1</sup> As ranked by Global Finance magazine.

# Group Network

## UAE Presence

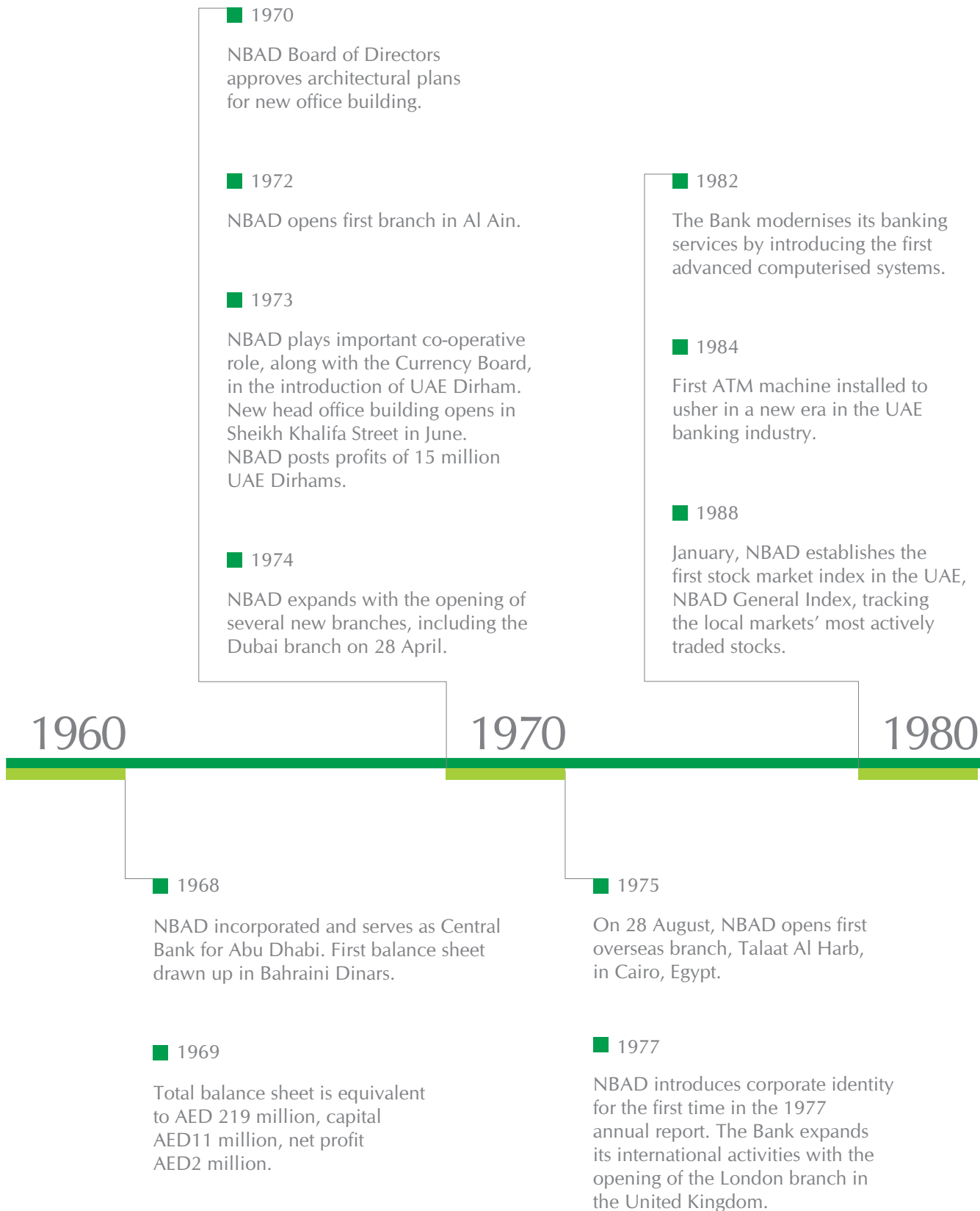
Abu Dhabi  
Al Ain  
Ajman  
Dubai  
Fujairah  
Ras Al Khaimah  
Sharjah  
Umm Al Quwain

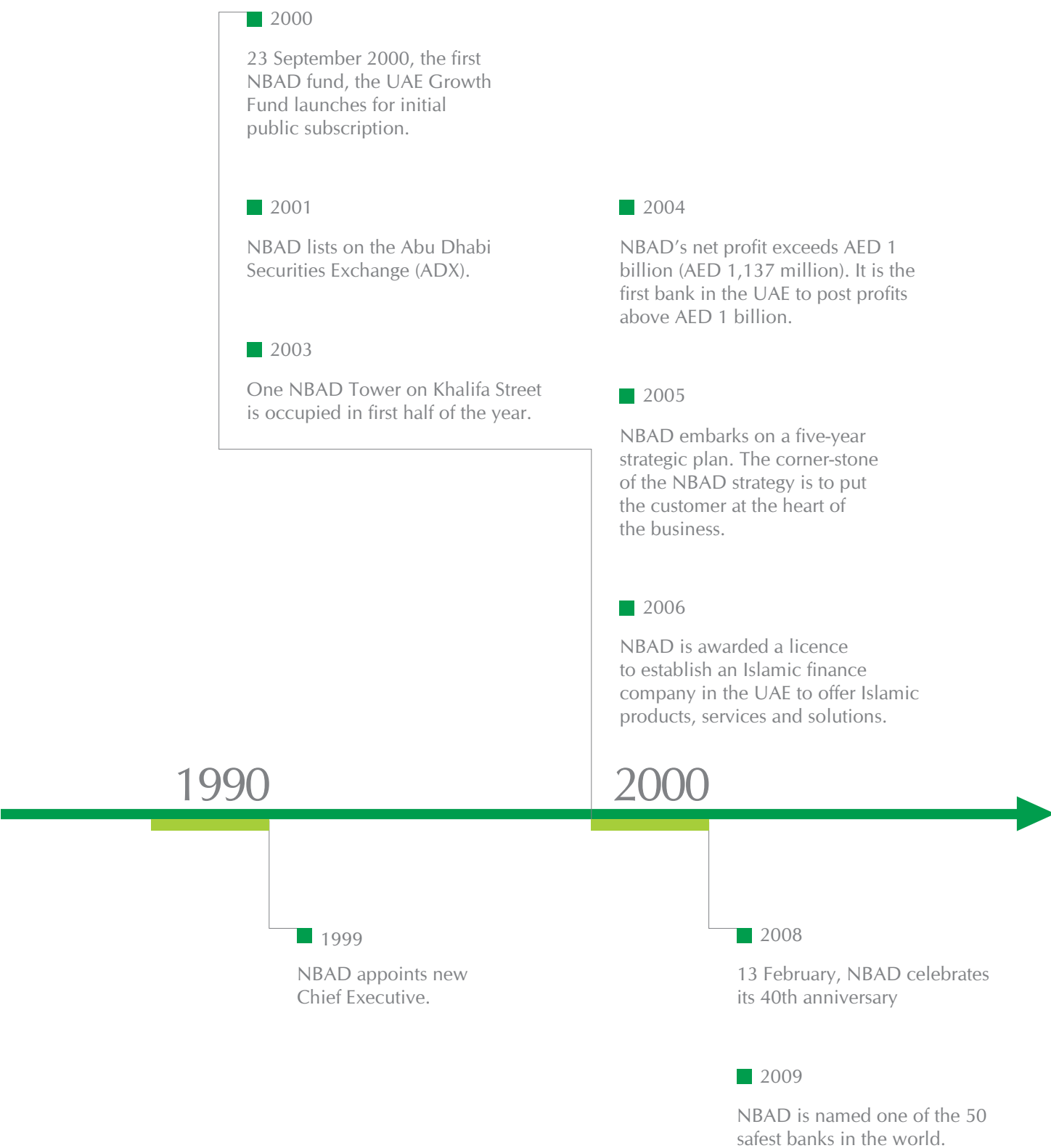
## Overseas Presence

Bahrain  
Channel Islands  
Egypt  
France  
Kuwait  
Libya  
Oman  
Sudan  
Switzerland  
Jordan  
Hong Kong  
United Kingdom  
United States of America



# Our History





# What Sustainability Means to Us

NBAD considers sustainability management to be the integrated management of economic, social and environmental performance, with the aim of enhancing value for all stakeholders. Sustainability at the Bank means that we seek to understand and manage the impacts of NBAD's actions in terms of economic, social and environmental contributions to the development of Abu Dhabi, the UAE and anywhere else we conduct our business. We believe sustainability management will help us tackle the full scope of risks and opportunities facing the Bank, some of which include climate change, social and environmental screening on project investments, product and service innovations, and responsible lending.

## Our Commitment

Our commitment to sustainability, which has been central to NBAD's thinking since its inception, has continually evolved along with our understanding of the Bank's role in society. Our commitment was formalised in a CSR policy issued in 2003 covering our economic, environmental and social responsibilities, and is now further evolving to take a central role in business planning, strategy, product and service innovation, and overall business excellence.

The issuing of this 2009 baseline Sustainability Report marks the next phase of NBAD's:

1. Journey towards becoming a sustainable bank
2. Commitment to transparency and accountability through reporting on our sustainability initiatives, commitments and performance on an annual basis
3. Efforts to raise awareness and understanding of sustainability amongst our stakeholders

## CSR Policy

***Investing in our future. We are committed to doing business in a responsible way by dealing with our customers, investors and other stakeholders honestly and fairly, by valuing our employees, by being accessible and responsive to the communities where we do business, and through careful environmental stewardship.***

NBAD's commitment to sustainability is about assuming responsibility in meeting the needs of our stakeholders, and addressing their issues and interests within our strategy. By adopting sustainability, we expect to achieve enhanced engagement with all our stakeholders, increased customer and employee satisfaction, greater innovation in products and services, increased involvement in protecting our environment, and greater shareholder returns.



We aim to become a sustainability leader by setting benchmarks of our own rather than simply complying with regulations. Part of this commitment is to review and embed sustainability principles throughout the Bank over the long term.

NBAD recognises that the global financial crisis has seriously impacted confidence in the global banking industry. We are re-emphasising our commitment to business integrity and transparent reporting to help strengthen and maintain public trust. It is our hope that the release of this report will play a vital role in strengthening this trust and reaching our Vision of becoming the Number One Arab Bank. We are the first bank in the UAE to release such a report.

**“ Despite the choppy economic seas we all face, NBAD remains consistently focused on its long-term goals to serve its clients; deliver upper-quartile returns for its shareholders; provide exciting, demanding and rewarding careers for its people; and build a franchise equal to the growing global importance of the UAE, and Abu Dhabi in particular. ”**

Michael H. Tomalin  
Group Chief Executive, NBAD



# Our Sustainability Strategy and Framework

## Our Stakeholders

NBAD has a number of stakeholders that can impact and are impacted by the Bank's operations; these include our shareholders, investors, regulators, our employees, our customers, the environment, the community, the government, our partners and our suppliers. (See Figure 2.)

## Determining Material Issues

Learning from stakeholders: Our sustainability strategy embraces our stakeholders as key advisers on how we should operate our business and what products and services we should offer; we believe it is our responsibility to understand their needs and respond to their expectations. Over the years we have engaged our stakeholders in two-way dialogues to identify the most material issues to each of them. As part of our commitment to developing our sustainability strategy, we mapped each of the issues raised by our stakeholders and prioritised them as they related to the Bank.

## Our Stakeholder Map



Figure 2

Alignment with Abu Dhabi Economic Vision 2030: As the national bank, we also sought to align our priority focus areas with the Abu Dhabi Government's Economic Vision 2030, and to cross-check these focus areas against our understanding of our stakeholders' interests. The priority focus areas we had identified proved to be consistent with the Vision, which reinforced our understanding of the key issues within Abu Dhabi.

Our sustainability focus also goes hand in hand with the emirate's intense commitment to sustainable development, which is evident throughout the Vision. (See 'Our Economic Performance' section for more on alignment with the Economic Vision 2030.)

## Our Priority Focus Areas

We prioritised six focus areas based on the issues most important to NBAD and to our stakeholders. (See Figure 3.) These issues and priorities will guide us as we integrate sustainability throughout the Bank.

| Material Issues  | Relevant Stakeholders   | Priority Focus Areas                          |
|--|---|---|
| Strong Financial Performance, Shareholder Returns.   | Investors and Shareholders, Employees, Regulators, and Society. | Economic Performance                          |
| Governance, Transparency and Accountability, and Tackling Financial Crime.   | Investors and Shareholders, Employees, Regulators, and Society. | Embracing new Accountability Realities        |
| Training and Education, Emiratization, Salary and Benefits, Health and Safety, Diversity and Equal Opportunity.  | Employees.  | Investing in Our People                       |
| Water Consumption, Energy Consumption, GHG Emissions, Paper Use and Waste.   | Investors and Shareholders<br>Employees, the Environment.       | Smart and Environmentally Friendly Operations |
| Responsible Lending and Investing, Product and Service Innovation, Quality Services and Customer Satisfaction, Financial Inclusion and Product Responsibility. | Customers, Investors and Shareholders, and Regulators.          | Product and Service Quality and Innovations   |
| Creating Outstanding Relationships with our Stakeholders such as our Business Partners, Suppliers and the Community.   | Partnerships, Suppliers, Community.                             | Outstanding Relationships                     |

Figure 3

## Our Sustainability Framework

As a visual tool to capture our priority sustainability focus areas, we have created the sustainability framework shown in Figure 4.



Figure 4

# Our Economic Performance

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## ***We Are Committed:***

- To achieve an average return on shareholder funds of 25%
- To report back on our contributions to 10 of the Abu Dhabi Economic Vision 2030 objectives



Throughout 2009 the global financial crisis was the most dominant issue for our business and stakeholders. It was nevertheless a year in which NBAD responded well to the challenges we encountered, enabling us to achieve profits marginally higher than record figures for 2008. This achievement is all the more significant when considering the performance of many of our peers in the local banking sector.

Despite difficult market conditions and flat net earnings, NBAD has achieved a 20% return on equity for our shareholders. NBAD's medium-term strategic objective is to maintain an average return of 25% over the full economic cycle. We reported a global net profit of AED 3,020 million in 2009, which was achieved after taking substantial collective provisions and despite the past year's credit and liquidity challenges. At the same time, NBAD

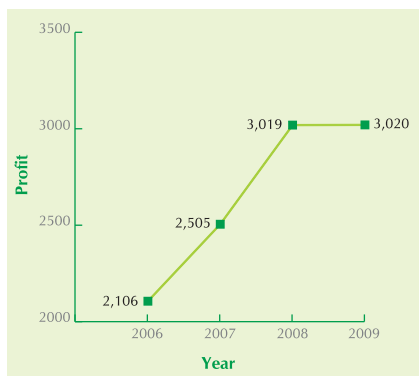
has built a collective provision of 1.25% of its credit-risk-weighted assets, invested in its franchise and network, provided adequately for specific impaired loans, hired new talent and improved its IT infrastructure. Although we expect 2010 to be another difficult year for banking, NBAD is well positioned to invest and grow organically. Further details on our economic performance can be found in the 2009 Annual Report.



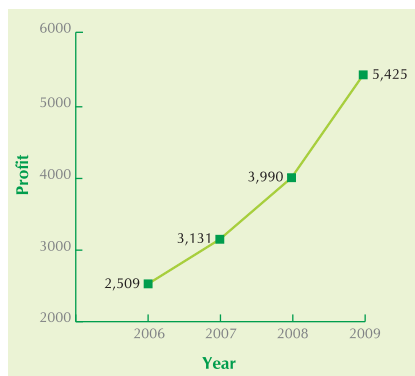
## Key Financial Features – Operating Income and Assets

### Global Net Profit (AED million)

\*includes UAE figures (this is overall figure)



### UAE Net Profit (AED million)

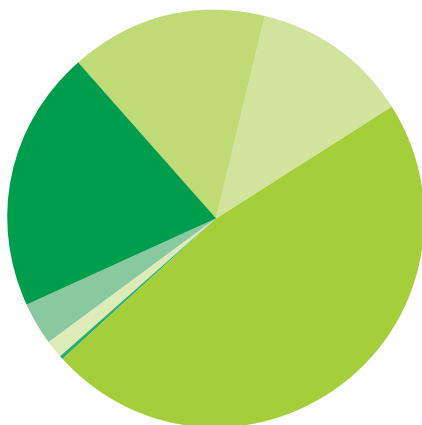


### Overseas Branches

2009  
**47**

2008  
42

### Contribution to FY'09 Operating Profits



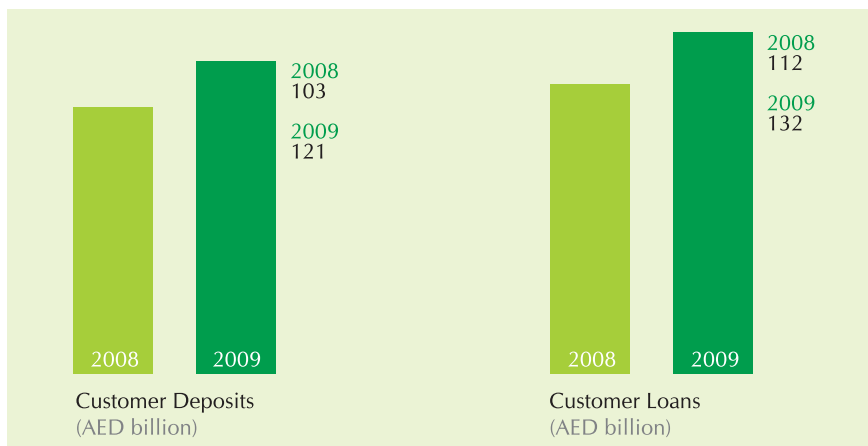
- Domestic Banking 20.3%
- Financial Markets 15.4%
- International Banking 12.1%
- Corporate & Investment Banking 47.4%
- Global Wealth 0.3%
- Islamic Banking 1.3%
- Head Office\* 3.2%

### Return on Shareholders' Funds (%)

2009  
**20%**

2008  
25%

**\*Support functions:** Audit & Compliance, Finance, Human Resources, Information Technology, Legal, Operations, Risk Management, Investor Relations, Corporate Communications, Strategic Planning, Securities Services, Corporate Governance, Economic Research.



### Diluted Earnings per Share (AED)

2009  
**1.35**

2008  
1.37

## Alignment with the Abu Dhabi Economic Vision 2030

Our commitment to serve and build the economy of Abu Dhabi and the UAE has remained the same since day one. In 1968, NBAD served as Abu Dhabi's central bank. Today we are aligning our strategic objectives with the Abu Dhabi Government's Economic Vision 2030, which has been built on a foundation of sustainability principles.

During the process of creating NBAD's sustainability strategy, we have made a concerted effort to understand the needs of the Government by analysing the Abu Dhabi Economic Vision 2030. NBAD's sustainability strategy has the potential to support the Government of Abu Dhabi in 23 of the 30 objectives within the Vision.

We are committed to reporting back on NBAD's contribution to at least 10 of these objectives in our 2010 sustainability report.

In this way, our management approach to economic performance systematically captures both our financial performance and our direct and indirect economic impacts.

### Abu Dhabi Economic Vision 2030

The Government of Abu Dhabi published a 22-year Vision for the entire Emirate in 2007. The Economic Vision 2030 followed shortly thereafter, in order to support the Government of Abu Dhabi in diversifying the economy beyond oil revenues.

Upon review, NBAD identified alignment opportunities with the following 23 objectives of the 30 outlined in the Abu Dhabi Economic Vision 2030:

1. Reduce GDP volatility through diversification
2. Enlarge the enterprise base
3. Enhance competitiveness
4. Equip the emirate's youth to enter the workforce
5. Maximise participation of women nationals in the workforce
6. Attract and retain skilled workers
7. Stimulate faster economic growth in remote regions
8. Facilitate efficient and effective investment processes
9. Ensure efficient and effective regulatory and supervisory functions for the banking and insurance sectors
10. Control inflation through effective monetary policy
11. Promote more efficient and less speculative financial markets
12. Increase participation of nationals in the workforce, especially in the private sector
13. Expand skilled workforce and reduce dependency on unskilled labor
14. Enhance energy security to meet future demands
15. Develop efficient and safe transport infrastructure
16. Develop efficient ICT infrastructure and increase adoption
17. Promote environmental sustainability
18. Increase national workforce employability
19. Optimise use of workforce
20. Enhance workforce productivity
21. Increase savings and depth of deposits
22. Increase financing of economic sectors and projects
23. Enhance performance of financial markets performance

# Embracing New Accountability Realities

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## ***We Are Committed:***

- To improve our process of understanding and enhancing our economic, social and environmental impacts
- To create an internal sustainability committee to monitor our progress on the adoption of sustainability management
- To produce an annual sustainability report, measuring performance against commitments made



## Governance

*Effective corporate governance is fundamental to success. NBAD is governed by our Board of Directors, who are nominated and approved by NBAD shareholders. The major responsibilities of the Board are reflected by our Board committees, which include the Risk Management Committee, Compensation and Nominations Committee, Audit Committee and Corporate Governance Committee.*

In 2009, the Board comprised nine members, all of whom were male and non-executive, and two of whom were independent according to the definition of the term under the Ministerial Resolution No. 518 of 2009. The Abu Dhabi Investment Council (The Council) is the majority shareholder of NBAD, maintaining a 70.48% stake and nominates a number of board members pro rata to its shareholding. Two independent members were appointed at the Annual General Meeting (AGM). The remaining board members are nominated at the general meeting by cumulative secret ballot without the participation of Abu Dhabi Investment Council. At the 2010 AGM, two independent directors were nominated by the

minority shareholders.

The Board held six meetings in 2009. Board members do receive remuneration for their role. The proposed remuneration is determined through deliberations with relevant parties and is then presented by the Chairman to the Annual General Meeting for approval by shareholders.

NBAD was recognised for our commitment to good corporate governance in 2009 by the Hawkamah Institute for Corporate Governance. The Bank was also recognised as one of the World's 50 Safest Banks. *(Please see the accompanying article overleaf, 'One of the World's 50 Safest Banks' in 2009.)*

# One of the World's 50 Safest Banks in 2009

Whilst the banking sector around the world struggled to recover from the global economic crisis in 2009, the National Bank of Abu Dhabi (NBAD) found an opportunity to shine. It was the first year for NBAD to be inducted into the prestigious World's 50 Safest Banks

list published by Global Finance magazine. Global Finance has published its World's Safest Banks listing for 17 years, and this ranking has become a recognised and trusted standard of creditworthiness for the entire financial world.

| Credit Rating | Fitch  | Moody's | S&P    |
|---------------|--------|---------|--------|
| LT            | AA-    | Aa3     | A+     |
| ST            | F1+    | P-1     | A-1    |
| Outlook       | Stable | Stable  | Stable |

## How Global Finance measures the safety of banks:

The World's 50 Safest Banks in 2009 are selected through a comparison of the long-term credit ratings and total assets of the 500 largest banks around the world. The methodology compares the ratings for the world's banks based on long-term foreign currency ratings from Fitch Ratings and Standard & Poor's

and the long-term bank deposit ratings from Moody's Investors Service. Where possible, holding companies are rated rather than subsidiary banks and government import-export finance institutions are omitted. Within each rank set, banks are rated according to asset size.

| Credit Ratings Profile  |   |
|---|---|
| <p>Moody's<br/>Aa3/Stable/P-1<br/><i>Upgraded from A1 in Aug 2006</i></p> | <p><i>Credit Strengths:</i></p> <ul style="list-style-type: none"> <li>• Leading domestic franchise underpinned by its strong ties with the Government of Abu Dhabi</li> <li>• Sound financial fundamentals on the back of high oil revenue receipts and increased economic activity in its domicile</li> <li>• Good asset quality, with low ratio of NPLs, driven by strong loan growth and buoyant economic conditions</li> <li>• NBAD's majority ownership by the Government of Abu Dhabi (70%) underpins its deposit ratings</li> </ul> |
| <p>S&amp;P<br/>A+ /Stable/A-1<br/><i>Upgraded from A in May 2007</i></p>  | <ul style="list-style-type: none"> <li>• Profitability is high and has benefited from the robust economic environment of the past five years</li> <li>• The bank's asset quality is also among the strongest in the Gulf region</li> </ul> <p><i>Strengths:</i></p> <ul style="list-style-type: none"> <li>✓ Majority ownership by the Abu Dhabi Government</li> <li>✓ Strong domestic commercial position</li> <li>✓ Robust profitability</li> <li>✓ Good asset quality indicators</li> </ul>  |
| <p>Fitch<br/>AA-/Stable/F1+<br/><i>Upgraded from A+ in Nov 2007</i></p>   | <ul style="list-style-type: none"> <li>• NBAD's performance has been consistently good</li> <li>• Asset quality is strong</li> <li>• NBAD appears well placed to benefit from the buoyant domestic economy and rising government spending given its close ties with the Government of Abu Dhabi</li> </ul>  |



## Audit and Compliance

NBAD maintains and continuously enhances a robust management framework of audit and compliance policies, standards and processes for all major risks. NBAD is fully committed to fighting financial crime, and we take IT security and the prevention of financial fraud and money laundering very seriously. We have extensive anti-money laundering systems in place and the head of our Anti-Money Laundering Division garnered 'highly commended' status for the Anti-Money Laundering Reporting Officer of the Year award issued at Complinet's first GCC Compliance Awards.

In order to stay on top of the ever-evolving arena of financial crimes and new methods for fraudulent activity, NBAD's Audit and Compliance Department employs 19 compliance officers globally, of whom five officers are solely responsible for the UAE operations. These officers run training sessions to educate employees on compliance and emerging issues. Over 30 training events were delivered in 2009.

The integrity of our own people is fundamental to the successful execution of appropriate controls across the business. All employees are subject to our financial fraud policy and other relevant policies. We have instituted a whistle-blowing policy to provide employees with a confidential means of reporting any suspicious activities or observed malpractice. Our policies also provide specific guidance for Board members and staff members with regard to prohibitions on trading in NBAD-issued securities listed on the securities exchange during ban periods.

## World's Safest Banks 50<sup>2009</sup>

Awarded by Global Finance

The safest banks are ratings based on long-term foreign currency ratings from Fitch Ratings, Standard & Poors, and long-term bank deposit ratings from Moody's Investor Services.

## Corporate Governance Award<sup>2009</sup>

Awarded by Hawkamah Institute for Corporate Governance

The criteria for the award included commitment to good corporate governance; structure and functions of the Board of Directors; control environment and process; transparency and disclosure; and treatment of minority shareholders.

## 2009 Best Company for Investor Relations

Awarded by Middle East Investor Relation Society

NBAD was voted the best for creating a consistent, credible corporate story; interacting openly with investors and effectively communicating strategy, management, and performance to the market.

## New Accountability Realities: Understanding and Embedding Sustainability

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*Even as we evolve and enhance our business practices to deal with new manifestations of traditional financial risks, the Bank recognises the growing number of environmental and social considerations that are increasingly material from a banking perspective. These issues present new types of accountability realities for the Bank.*

For example, there is increasing interest globally and regionally in protecting the environment and mitigating the adverse impacts of human-induced climate change. In the case of project finance, it is in the interest of both our clients and the Bank to ensure projects are designed in a manner that mitigate risks that could compromise the financial viability of the project due to environmental accidents.

NBAD's shareholders increasingly recognise the importance of these issues and frequently ask us for more information on how we are managing these risks. In this respect we have identified an opportunity

to lead and to add value for our clients in this field. *(Please see the accompanying article alongside, 'A Growing Shareholder Interest in Sustainability'.)*

By adopting sustainability management as a core component within our business model we have taken a critically important step in beginning to systematically identify and respond to the growing number of material environmental, social and economic issues. We have committed to significantly enhancing the robustness of this mapping process over the coming year.

## Enhancing and Integrating Management Systems

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We view sustainability as the next step in management excellence. Sustainability challenges us to strengthen our existing systems while discovering the value that comes from looking across and integrating these systems. Sustainability also challenges us to broaden those systems to incorporate the wider range of environmental, economic and social risks and opportunities that now impact the Bank.

NBAD has multiple management systems in place including strong policies and systems across financial management, risk management, audit and compliance, customer relationship management, human resource management, community investment, and other dimensions of our business. Adopting a sustainability perspective has

helped us to identify the need for environmental management systems, enhanced health and safety systems, and systems for incorporating environmental and social considerations into both lending procedures and product and service innovation. By adopting and integrating these systems,

***We view sustainability as the next step in management excellence.***

we will not only improve the functioning of each of these areas but also gain a fuller appreciation of the linkages between them. For example, we will further improve the financial performance of our lending portfolio while we

support clients in simultaneously reducing their project risks and their environmental impacts. A sustainability perspective will help us to launch products and services that meet clients' growing demands for sustainability-oriented services (such as sustainability-screened investment funds) while creating new revenue streams for the Bank.

To ensure that we systematically enhance and integrate our management systems for the purpose of identifying and creating new value, we will create an internal sustainability committee comprising a number of senior management and department heads that cuts across key functions at the bank. One of the priority initiatives to be reviewed by the committee will be an assessment conducted on social and environmental impacts of the Bank's activities.

## A Growing Shareholder Interest in Sustainability



*Our shareholders are increasingly asking us how are we managing our risks and opportunities associated with sustainability. NBAD's Head of Investor Relations, Amelia Soares, tells us more about the questions being asked.*

Investors worldwide are increasingly recognising that as environmental and social issues become more material to business performance, those companies that are better able to identify, quantify and respond effectively to material environmental and social risks and opportunities will outperform their peers. Sustainability creates opportunities not only for investors to improve their returns but also for many to simultaneously address their growing concern for major environmental, economic, and social challenges. Though sustainability is a newer concept in the MENA region, it builds upon

many long-standing regional cultural values and traditions and is being rapidly adopted in this context, both by leading companies and by investors who wish to influence companies through dialogue on the subject.

NBAD's Investor Relations Department is the bridge between our investors and the Bank. The department hears investors' concerns, interests and overall feedback on the Bank's performance on a regular basis, including feedback on the Bank's non-financial performance.

Here's a look at some of the specific questions that have crossed our desk over the past year:

***Does NBAD comply with the Equator Principles? Does the Bank integrate any other environmental or social due diligence into its project-financing, credit-lending, insurance or investment operations and products?***

NBAD has committed to adopting the Equator Principles, a voluntary standard which reviews the potential social and environmental impacts of projects the Bank is looking to finance. We believe that adopting these standards will help us add value for our clients by catching and addressing risks before they cause unnecessary financial and reputation difficulties for both the client and the Bank. To read more on the Equator Principles, see page 32, 'Looking to the Future Screening for Sustainability'.

***Does NBAD have group-wide anti-money laundering, know your customer, and counter terrorist financing policies which adhere to international best practice? Does NBAD educate its employees in the above policies? Does NBAD support the international Wolfsberg Anti-Money Laundering Principles?***

Yes, we do have policies in these areas and we actively and aggressively manage these risks. NBAD has been recognised for our leading anti-money laundering policy in the past year, which does support the Wolfsberg Anti-Money Laundering Principles. We have concentrated our training on staff who need to be most alert to these risks, with our Audit and Compliance team conducting more than 30 trainings in 2009 on various compliance issues.

## Targeting a New Level of Transparency and Accountability

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***At a time when trust in the banking system has been impacted by the practices that led to the global economic crisis, we have maintained a consistent approach to transparency and accountability.***

In 2009, we were the first bank in the UAE to declare its financial exposure to Dubai World. NBAD also emerged as the winner of the Best Investor Relations Company award following its nomination along with five other UAE companies. The award was based on a survey of fund managers and analysts conducted by Thomson Reuters' Extel Surveys and commissioned by the Middle East Investor Relations Society.

This sustainability report aims to take our level of transparency

and accountability to a new level. Most importantly, we have made commitments in this report based upon our understanding of the issues that are most critical to our stakeholders and we commit to report back on our progress. We expect our stakeholders to judge us on what we do, not on what we say and we intend to use sustainability management and reporting as a vehicle for continuously strengthening trust, confidence and the loyalty of our stakeholders towards NBAD.





# Investing in our People

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## ***We Are Committed:***

- To increase Emiratization to 38% in 2010
- To increase sustainability training events provided for employees
- To enhance the training offered, specifically for our branch managers
- To create a quality assurance team to optimise services for our employees and to provide an additional channel of communication
- To consider increasing the frequency of staff satisfaction surveys to be conducted annually instead of 18 months
- To develop occupational health and safety policies and procedures





### Valuing Our Employees

**“ We believe that people are our most important asset. ”**

Our human resource function aims to systematically engage with employees and address their issues of highest priority. This includes the provision of competitive compensation packages, personal and professional development, career advancement opportunities, an environment conducive to employee empowerment and innovation, and a familial

atmosphere where our employees' well-being is actively looked after. A key part of our philosophy is to 'raise the bar' and we attempt to raise the bar each year in the development and welfare of our people. In response, our people are continually raising the bar of NBAD's performance.

## Wages and Benefits

NBAD recognises that wages and benefits are important to our employees and play a critical role in attracting and retaining top talent. We have committed to ensure that salary packages remain in the upper quartile in the region. An analysis was conducted in 2009 to ensure that packages remain reflective and responsive to the rising cost of living in the Emirate. The Bank also employs a clear and transparent grading system in which salaries are balanced to reflect work responsibilities and grade. Men and women are paid equal salaries within the Bank. Bharti Gul Peswani, a teller in Dubai, credits a good salary, her colleagues and her customers for keeping her at NBAD for more than 30 years.

## Workforce Profile and Diversity

NBAD employs 3,753 people in the UAE, a growth of 19% in 2009 with continued growth anticipated from the ongoing development of branches. Our workforce includes representatives of 62 nationalities, approximately one-third of the world's countries. Thirty-four per cent of our employees are women, including 38% of our branch

**“ ‘I’ve always believed NBAD was one of the best places to work’, she says. ‘There was always a team spirit at work and no politics.’ ”**

managers. Saramma Cherian, a Senior Administrator Assistant, moved from Kerala, India in 1975 and describes NBAD as her ‘first home’. NBAD has been the only employer she has known in her entire life, ‘I’ve always believed NBAD was one of the best places to work’. ‘There was always a team spirit at work and no politics.’

## Emiratization

The Bank’s Emiratization efforts are based upon long-term plans to train, recruit and develop UAE nationals to become leading professionals in the banking and finance industry thereby contributing significantly to the welfare and development of the country.

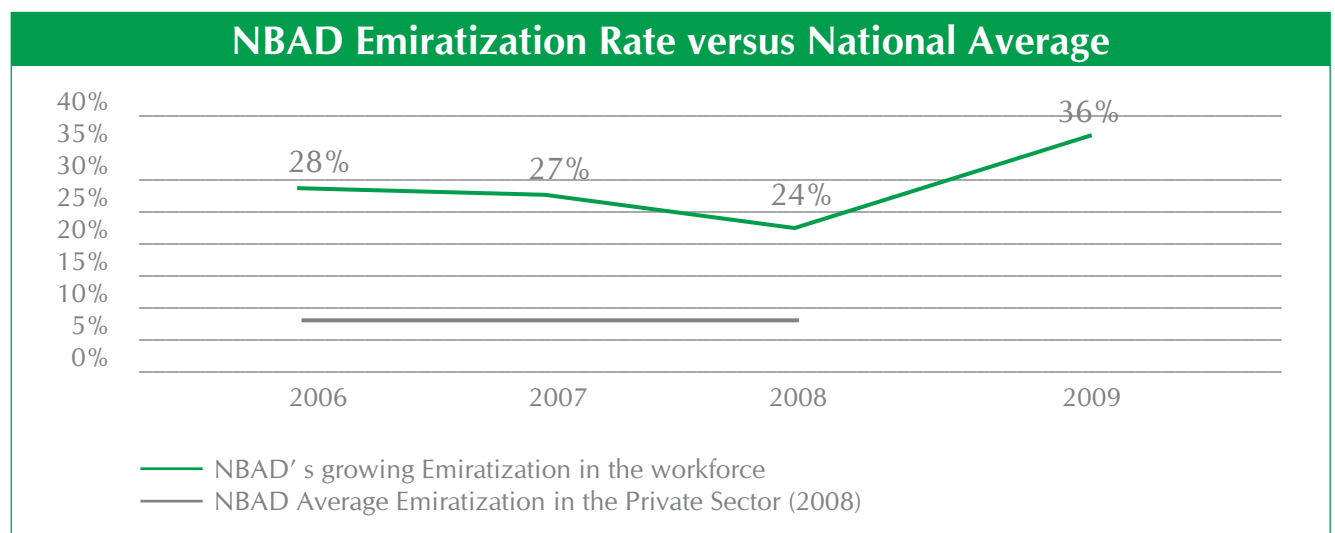
NBAD has developed several programs to ensure the Bank is an attractive place of work for UAE nationals; these include academic sponsorships for higher education and flexible work

hours to accommodate class schedules, mentorship programs and career development programs. An innovative in-house training program for UAE nationals has also been created and known as the AFAQ trainee program; it is specifically designed to train UAE nationals to prepare them for management and executive positions.

NBAD received an Emiratization award from the Abu Dhabi Tawteen Council highlighting our

exceptional performance. Over the course of the year we achieved 36% Emiratization of NBAD’s workforce, a 50% increase from 2008.

***We have committed to further improve performance to 38% Emiratization by the end of 2010.***



## Ensuring a Culture of Learning

*NBAD is committed to help making the UAE a global financial hub by providing high-level financial education to their employees and to the community at large. National Bank of Abu Dhabi Academy was officially opened in October 2009 as an NBAD initiative to build a culture of learning and a regional centre of excellence for banking and finance.*

NBAD has been building a culture of learning inside its walls over the past few years but the Bank also physically built an environment dedicated to learning in 2009. The NBAD Academy was launched in the second half of the year, with the aims of helping employees with career development, supporting national progress towards a knowledge-based economy, and establishing the UAE as a global financial hub.

At NBAD, there exists a strong belief that fostering individual development plays a key role in building a culture of dedication and commitment. The Academy will enhance the skills that support the Bank in achieving long-term business strategies as well as individual career aspirations. It delivers world-class development programmes including personal effectiveness, executive and leadership development, as well as professional and technical programs such as a one-year International Diploma in Banking and Finance. Programmes will also be delivered internationally to ensure that learning opportunities are available across the NBAD family.

Paula McManus, Head of Learning and Development at NBAD, explains that investing in career development will ultimately support the achievement of the Bank's business strategies through staff commitment and



ultimately support the achievement of the Bank's business strategies through staff commitment and

engagement, increased retention rates, and the enhancement of NBAD's intellectual assets. In the first year of operations at NBAD Academy, the training calendar is scheduled to include over 50 programmes which are based on business needs and is expected to be delivered over 10,000 training days to employees.

H.E. Abdullah Al Ahbabi, Assistant Secretary General to the General Secretariat of the Abu Dhabi Executive Council, has been quoted to have said 'Building a sustainable knowledge-based economy is a critical mechanism to drive economic growth, without incurring large population increases that could impact both the Emirate's

demographic mix and its environment. It requires and reinforces the human capital development of the population.' NBAD Academy's mission is to help establish the UAE as a global financial hub, while supporting the development of a knowledge-based economy in line with the Abu Dhabi Vision 2030. NBAD's contribution to building a

**“ Building a sustainable knowledge-based economy is a critical mechanism to drive economic growth, without incurring large population increases that could impact both the Emirate's demographic mix and its environment. It requires and reinforces the human capital development of the population. ”**

H.E. Abdullah Al Ahbabi  
Assistant Secretary General to the General Secretariat of the Abu Dhabi Executive Council

knowledge-based economy is also integral to the Bank's ongoing strategy to train the best financial professionals and help the development of national human resources. The

Academy is set to contribute to multiple focus areas for the Bank and the Emirate.



## A Culture of Learning and Performance

We are proud of the culture of learning and performance that the Bank has fostered in recent years for our employees. The learning and development of our employees are fundamental to the bank's culture and success. To support this development NBAD's Learning and Development Department has seen its budget more than triple in the past three years. In 2009, 70% of NBAD staff took advantage of the numerous learning and development opportunities provided by the Bank, a 20% increase since 2007. With the launch of the National Bank of Abu Dhabi Academy in 2009 the Bank has set the foundation for building a culture of learning and excellence in banking.

When any organisation changes, the first place to start implementation is with the people and the culture within the organisation. As NBAD looks to transition to a more environmentally friendly and energy-efficient operation, a greater focus on innovative sustainability-related products and services and other new opportunities, a commitment towards sustainability must first and foremost be embraced by our people. In 2009, senior-level and management-level introductory

training events on sustainability management were delivered. This commitment will continue with plans to introduce sustainability training as part of orientation day for all newly inducted employees and to create online sustainability training for all employees.

In general, 2010 will be a year in which NBAD focuses on further development of customised trainings for our employees, such as enhanced training provided specifically for branch managers.

**“ People are the key asset of any banking business, and NBAD is no exception. The secret to our high retention rate lies in our corporate culture; at NBAD, people will harvest what they cultivate—we reward and encourage hard workers, innovators and the committed, but we do not tolerate underperformers. ”**

Ehab Anis Hassan  
NBAD's Group Chief Human Resources Officer

## Occupational Health and Safety

We believe that happy and healthy employees result in productive employees. We conduct an Annual Employee Wellness Day for employees and their spouses to encourage healthy lifestyles. Around 1,300 people joined workshops on Diabetes, Obesity and Diet, ways to Quit Smoking, and precautions against H1N1 (swine flu). Medical check-ups were given including calculating body-mass indexes, blood pressure, cholesterol as well as testing for genetic disorders such as thalassemia.

Occupational health and safety has been identified as a priority commitment for 2010. The Bank aims to provide first-aid training and fire warden training to approximately 100 appointed employees during 2010. The longer-term plan is to establish a working Health and Safety Committee within the Bank.



## Human Rights

NBAD acknowledges the importance of supporting human rights and monitoring the Bank's performance in this regard. The Bank has a well-defined personnel policy manual outlining protectionist measures against issues such as discrimination, harassment and grievance practices, child labour and forced labour. NBAD adheres to

internationally accepted principles of human rights related to the abolition of child labour and the prevention of forced labour. There is a disciplinary committee where incidents and complaints can be reported. The Bank did not have any human-rights-related incidents reported in 2009.



## Employee Satisfaction

Though it is fashionable in today's generation to change jobs often, an impressive 30% of our workforce is made up of employees who have worked with the bank for over 15 years.

The Bank believes in the philosophy that happy employees are loyal employees. Results of NBAD's latest internal employee engagement survey (conducted between August 2007 and October 2008) showed that 84% of NBAD employees were actively engaged in their work. Our employees were found to be very proud to be working for the Bank compared to employees at other local banks

in the Emirates. 2009 was the first year that 100% of NBAD employees received annual performance reviews with 91% of employees receiving performance-based benefits at year-end.

In 2010, NBAD will assess the feasibility of increasing the frequency of staff satisfaction surveys so that assessments are made annually rather than every 18 months. Our Human Resources Group also plans to launch a Quality Assurance Team which will cater specifically to our employees' needs as well as opening up an additional channel for two way communication and feedback.

| Indicator  | 2009 | (2008) | 2007 | 2006 |
|--|------|--------|------|------|
| Total workforce turnover   | 8%   | 15%    | 13%  | 11%  |
| <b>The national average turnover rate is 21%</b>                                       |      |        |      |      |
| Employees receiving annual performance reviews   | 100% | N/A    | N/A  | N/A  |
| Percentage of workforce receiving training   | 70%  | 64%    | 50%  | 59%  |
| Percentage of employees receiving performance-based benefits                           | 91%  | N/A    | N/A  | N/A  |
| Employee satisfaction in 2008*<br>*Satisfaction Surveys Are Conducted Every 18 Months. | N/A  | 84%    |      | N/A  |



## Faces of the National Bank



We sit down with three Emirati women, each of whom manages one of NBAD's UAE branch locations. We discuss how they came to work at the Bank, why they've stayed and how they manage to play a leading role both at work and in their family life at home.

|                            |                                |                          |                                     |
|----------------------------|--------------------------------|--------------------------|-------------------------------------|
| <b>Name</b>                | Fatma Mohamed Obaid Al Sowaidy | Noora Naser Alghafri     | Amal Naser Al Mazrouie              |
| <b>Position and Branch</b> | Branch Manager, Kalba Branch   | Branch Manager, Al Nahda | Branch Manager, Al Ain Civic Centre |
| <b>Years at NBAD</b>       | 10 years                       | 4.4 years                | 1 year                              |
| <b>Number of Employees</b> | 11 employees                   | 5 employees              | 8 employees                         |
| <b>Number of Accounts</b>  | 2000 accounts                  | 270 accounts             | 100 accounts                        |

### Why did you choose to work for NBAD?

#### Fatma Al Sowaidi (FS):

'It is a first-class organisation. The Bank follows an open-door policy where your opinions, suggestions and requests are appreciated and responded to professionally. I also feel the working environment is one that is very healthy and encouraging. You receive a well-prepared career development plan, continuous training is offered to all levels and you get rewarded for hard work.'

#### Noora Naser Alghafri (NA):

'NBAD offers a very competitive salary compared to other companies in the UAE. This is alluring but it was after seeing how NBAD staff dealt with their customers that I decided to work for NBAD.'

#### Amal Naser Al Mazrouie (AM):

'I wanted to work for one of the best banks in the world; as NBAD is the national bank, I'm certain I will develop my skills as a working Emirati woman.'

### What does a Branch Manager do?

#### NA:

'First of all, the manager should manage the staff and their issues. We also handle the customer's issues and try to meet their needs, give approvals and authorisations, check the overall work efficiency and accuracy within the Bank and bring business to the branch.'

#### FS:

'Besides the day-to-day activities and marketing, branch managers lead and motivate their staff, and should always have a large network of relationships both inside and outside the branch.'

## Faces of the National Bank

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### **What aspects of the job do you find most challenging?**

**FS:**

*'Exceeding expectations, being always open to change, and constant technological advancements.'*

**AM:**

*'I find balancing the many roles you have to play, while being expected to know all policy and procedures, the most challenging.'*

### **What do people find most surprising about your role as Branch Manager?**

**AM:**

*'That my branch is one big happy family.'*

**NA:**

*'That I'm handling a branch within a very short time within the banking industry, with no previous banking experience.'*

### **As a woman, did you find it difficult to get to where you are today?**

**FS:**

*'It was not easy to get to where I am due to the many roles I had to play simultaneously: mother, wife, student and employee. Fortunately the Bank was very considerate and provided all the support to develop and retain us.'*

**NA:**

*'It is often difficult for married females because the role requires attending meetings that extend beyond the end of the day, tending to staff and customer issues, rather than spending time on your issues at home. Our culture is not yet used to this.'*

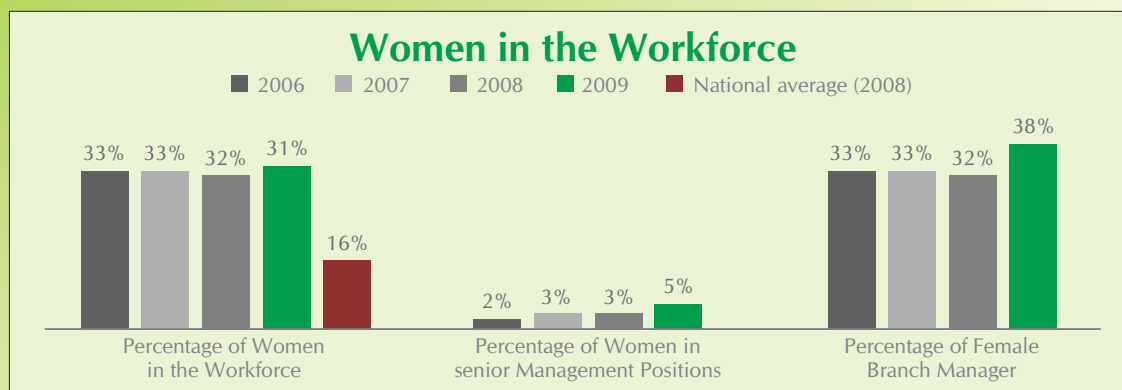


### **As a female Branch Manager, what strengths do you bring to your role?**

**FS:**

*'There is a strength that comes uniquely from being a woman, where we have an emotional and sensitive ability in handling matters. In today's business world, emotional intelligence is highly important and required in many of the senior-level jobs; it's about being close to people, understanding their needs, and helping and encouraging them to reach their potential.'*

## Faces of the National Bank



### **How do you balance work and family life?**

**FS:**

*'This is a tough question! I have three boys and one daughter and they are my biggest assets. In fact, I had all my children while working at NBAD, which is why I am so attached to this place-it reminds me of great memories in my life. Honestly, my mother helps me a lot in taking care of them and in the end, you just have to make time for what's most important.'*

**AM:**

*'I'm married and am taking care of three boys and three girls. The challenge comes as I should separate between both lives, but I wouldn't be able to do that if it weren't for my understanding husband.'*

### **What is your favourite part of working for NBAD?**

**FS:**

*'The best part of working for NBAD is the big network you build up by being with customers. You learn from them about their needs and try to represent it to higher management who will then design the best product, services and solutions for them.'*

**NA:**

*'For me, it's the staff, the challenging work experience and the opportunities that exist for easy rotations in new departments.'*

**AM:**

*'I love working for 'the National Bank' and working with understanding management that listens to staff whether they are an Emirati or from any other country.'*

### **For those individuals that may be interested in entering the world of banking, what words of advice do you have for them?**

**FS:**

*'Think of the firm as being your own, run it as a transformational leader instead of a Bank Manager, and you will always be successful.'*

**NA:**

*'This position is not difficult to reach, but you must work hard to get here, paying attention to the big issues and the small details; find and retain knowledge yourself because no one will feed it to you; and learn to divide personal and professional life early on.'*

**AM:**

*'Improve your skills and your knowledge in all fields, not only in the banking sector; be patient and try to learn from all experiences you go through, and when you are finally in a position to teach others, give it your all and be respectful.'*

# Smart and Environmentally Friendly Operations

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## ***We Are Committed:***

- To reduce energy consumption by 15%
- To reduce greenhouse gas emissions by 15%
- To reduce water consumption by 10%
- To reduce paper consumption by 25%
- To double the percentage of paper recycled from the overall paper purchased
- To implement an environmental management system





## Management Approach

*'Lead by Example' is the mantra NBAD will adopt in the pursuit of environmental sustainability. We understand that for our Bank to truly become environmentally sustainable we must start by challenging ourselves before asking others to do the same.*

We are committed to playing a leading role in bringing about environmental and climate change awareness through positive action. NBAD will achieve this by focusing on environmental initiatives that will simultaneously drive financial value, whether by lowering our costs through decreased electricity, water or other materials consumption, or by offering new products and services that create revenues for the Bank while helping address environmental challenges.

Currently our environmental initiatives are managed on an activity-by-activity basis. We recognise that by adopting simple but systematic management systems we will be able to more completely understand our impacts, better identify the most important risks and opportunities, more effectively track a group of key indicators and more successfully implement initiatives and achieve results against challenging targets.



## Going Green, Profitably

Though saving the planet has many rewards in itself, the financial gains are enough to persuade any banker to pursue environmentally-friendly initiatives...

Achieving NBAD's environmental targets in 2010 could mean a total annual savings of

**AED 800,000**

Reducing NBAD's UAE energy consumption by 15% would save

**AED 650,000**  
in 2010

NBAD saved

**AED 143,650**  
in 2009 by reducing paper consumption...

...But if NBAD had set all printer defaults to print double-sided, the Bank could have saved an additional

**AED 300,000**

Using remanufactured toners in printers could save 25% in costs. In 2009 that would have saved NBAD

**AED 480,000**

## Greenhouse Gas Emissions and Energy Consumption

In 2009, NBAD produced 22,419 tons of greenhouse gases (GHG emissions or CO<sub>2</sub>) from its UAE operations. These GHG emissions travel up into the atmosphere creating an insulating blanket around the earth which gradually increases the earth's average temperature; this is what is commonly referred to as global warming. Although some of the CO<sub>2</sub> we emit into the atmosphere will be absorbed by trees and the ocean, much of it remains, gradually thickening the insulation around the earth causing global warming to accelerate. If the Bank were to consider offsetting the CO<sub>2</sub> emissions emitted in 2009, we would need to plant 2.2 million trees, or approximately half the number of trees currently planted in the entire Emirate of Abu Dhabi.

Our GHG emissions were calculated by including our annual electricity consumption and the fuel consumption of our car fleet. In 2009 our energy use increased by 10% resulting in a consumption of 28.6 million kilowatt-hours by our UAE businesses.

Our IT Department implemented a system to automatically turn off computers in our branches after working hours. The aim is to lower energy consumption and costs. We will review the expansion of this programme to other divisions of NBAD UAE businesses during 2010. We are also committed to launching and rolling out a 'green office' project in the coming year and will make every effort to reduce our GHG emissions and energy consumption by 15%.

## Air Travel

Being a regional leader in the financial sector with overseas offices located in 12 countries has resulted in significant travel for the Bank's employees. Though Bank travel was reduced by 15% during 2009, 409 trips were taken over the course of the year to 39

countries around the globe. NBAD's combined air travel resulted in 3.1 million kilometres travelled in 2009. NBAD is committed to monitoring air travel and including all travel in calculating GHG emissions in future years.



## Paper Consumption and Waste

Despite growing our branch network and our workforce in 2009, the Bank reduced paper consumption by 25% against the previous year. Nonetheless, we spent over half a million Dirhams on 30 million sheets of paper and momentum was lost in our recycling programme which saw a volume decrease of 40%. We have committed to reducing our paper consumption by an additional 25% in 2010. We have also committed to reducing the amount of paper going to waste by doubling the percentage of recycling (as measured against total paper purchased).

NBAD's waste has not been monitored previously with the exception of a small number of toner cartridges which were sent for remanufacture. We will use remanufactured toners as part of the test phase of the green office program in 2010. We will also focus



on identifying waste management and recycling organisations as a priority initiative with the Abu Dhabi Sustainability Group in 2010.

*Paper manufacturing is the 3rd largest user of fossil fuels worldwide and is the largest industrial user of water per pound of finished product*

## Water Consumption

The Middle East is known for being among the most water-scarce regions on earth. NBAD must reduce water consumption and become a responsible role model in ensuring the UAE water supply remains sustainable for generations to come.

We found a significant increase of 44% in our water consumption in 2009 totalling 8.1 million gallons. This can be attributed in part to the increase in customers, employees (19%), and branches (19%), but this is still more than double the rate of growth and this issue will be

addressed. NBAD's commitment is to reduce our water consumption by 10% in 2010 as part of our 'green office' programme and other awareness initiatives.

## Mapping Our Ecological Footprint

In the forthcoming year we will develop and introduce Bank-wide monitoring systems which will increase accuracy of the data collection process. We

will attempt to track our GHG emissions resulting from air travel, the total amount of waste produced by NBAD and other important indicators. This tracking

and mapping will form part of the foundation of an environmental management system and will be included within our 2010 Sustainability Report.

# Product and Service Quality and Innovations

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## ***We Are Committed:***

- To adopt the Equator Principles for responsible project financing
- To launch two or more sustainability-related products or services
- To continue with the transformation of our branch network
- To increase ISO 9001 certification of NBAD business units to 31% of our organisation
- To assess our current products and services in terms of Financial Inclusion and Financial Literacy to determine priority objectives



*Sustainability is more than just a 'nice thing to do'; it is the next level of management excellence. One of the greatest areas of impact will come from our commitment to product and service innovations, ensuring top quality and value in everything NBAD delivers beyond the walls of the Bank.*



## How We Value Our Customers

We serve a customer base of over 300,000 customers including top businesses around the world. We strive to meet their needs by ensuring that we do not adopt a 'one size fits all' approach. We are constantly seeking new ways to provide our customers with the

most innovative, efficient and secure products that serve their financial needs.

We abide by all international laws and regulations pertaining to responsible labelling of product and services. We have strict policies

on IT and data security to ensure customer privacy. NBAD had a successful year in 2009. We were recognised locally, regionally and internationally for our financial services and innovative products as illustrated:

### World's Safest Banks

'Being ranked as one of the **world's safest banks** during these difficult market conditions further confirms NBAD's prudent policies and capability to weather the storm.'

Mr Qamber Ali Al Mulla, Sr General Manager  
NBAD's International Banking Division

### Best Bank in the UAE

This year marked the third year in a row that NBAD was awarded **Best Bank in the UAE** by Euromoney Awards for Excellence, regarded as the benchmark for financial services globally.

### Best Personal Loan in the Middle East

'Winning the **Best Personal Loan** award from a reputable organisation like *Banker Middle East* confirms our leading position in providing an unsurpassed range of banking solutions and products.'

Mr John Malouf, General Manager  
NBAD's Consumer Banking Group

### Best Local Bank

NBAD was recognised by emeafinance's Middle East Banking Awards as the **Best Local Bank** for the second consecutive year. The award considered various performance and structural factors such as market share, growth in important product classes, profitability and corporate strategy.

### Deal of the Year Award

by ProjectFinance, Euromoney's prestigious magazine on project and infrastructure finance news and analysis.

### Strategic Banking Web Award

at the Pan Arab Awards

### Retail Bank of the Year

"We are delighted that NBAD has been recognised as the most accomplished retail bank in a year of stiff competition and challenging market conditions. Our focus on delivering the best service and products to our customers continues to pay dividend on many fronts."

Mr Saif Al Shehhi  
NBAD's Sr General Manager, Domestic Banking Division  
Arabian Business Achievement Awards 2009





## Delivering Quality Services and Customer Satisfaction

Providing high-quality services to our customers is our first priority and is the job of all employees at the Bank. Staff are encouraged to suggest ways to continuously improve processes. We are actively pursuing higher levels of quality by targeting ISO 9001 certification for all our customer-oriented business units. NBAD commits to increasing the percentage of business units becoming certified during 2010 to 31%.

NBAD has seen positive responses from our customer satisfaction surveys, with 91% of customers reporting that they were either 'extremely satisfied' or 'satisfied' with NBAD in 2009. We are committed to continuously assessing our customer engagement and customer satisfaction levels. In this respect we will continue with the

transformation of our UAE branch network to become 100% customer-service-oriented. To improve service delivery, the Bank also undergoes regular audits conducted by mystery shoppers throughout the year at all our branches.



| NBAD's Customer Satisfaction  | 2009 | 2008 | 2007 | 2006 |
|---|------|------|------|------|
| Customer satisfaction (%)   | 91%  | 82%  | 82%  | 86%  |
| Dissatisfied customers (%)  | 1%   | 5%   | 5%   | 3%   |
| Elite Banking client satisfaction (%)   | N/A  | 100% | N/A  | N/A  |
| Merchant satisfaction (%)   | N/A  | 97%  | N/A  | N/A  |
| Online banking customer satisfaction (%)*   | 91%  | N/A  | N/A  | N/A  |
| Percentage of business units with customer-service orientation that are ISO9001 certified (%) | 19%  | 17%  | 14%  | 3%   |

\* **Results of the Internet Banking Unit:** Online Banking Customer Satisfaction Results only include up to Aug 31, 2009.

## Responsible Lending and Investing

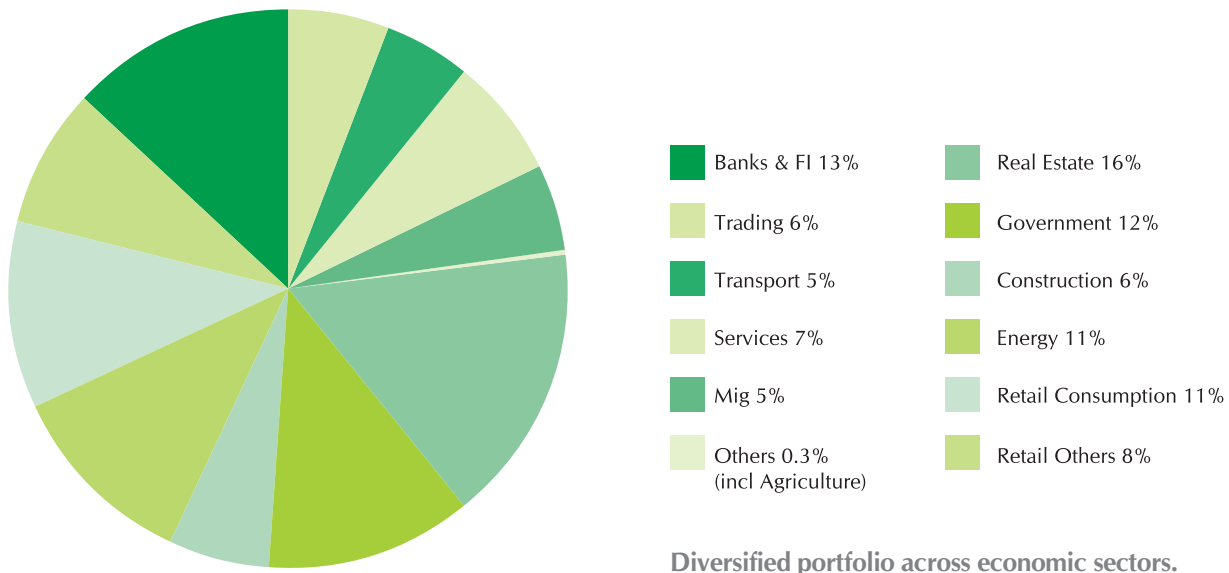
We take a cautious approach to lending and credit risk management is embedded into all our decisions. Consumer banking loans are managed carefully with full affordability assessments being undertaken by staff before any new loans or extensions to existing loans are granted. We do not exercise the full credit limits in place by the central bank, and we believe

our careful approach supports mutually sustainable and beneficial relationships with our customers.

As part of the integration of sustainability management into the core of NBAD, we will adopt the Equator Principles. The Equator Principles are a benchmark for the financial industry to manage social and environmental issues in project

financing. They allow banks to work together with prospective customers to reduce project risks to both the customer and the bank, thereby improving financial, environmental and social outcomes. *To learn more about the Equator Principles, see page 41 for 'Looking to the Future: Screening for Sustainability'.*

### Loans by Economic Sector for FY 2009



Diversified portfolio across economic sectors.



## Looking to the Future: Screening for Sustainability

*Through responsible investing frameworks such as the Equator Principles, NBAD looks at how it can make a positive impact and add value for clients in project financing.*



*The Equator Principles were launched in June 2003, led by four major private-sector banks. The Equator Principles are a voluntary set of standards to help banks determine, assess and manage the social and environmental risks associated with the direct financing of large infrastructure projects and the corresponding credit and reputational risks. The banks chose to model the Equator Principles on the environmental standards of the World Bank and the social policies of the International Finance Corporation (IFC).*

*NBAD has committed to adopting the Equator Principles in 2010. NBAD intends to use the Equator Principles as a tool for supporting our clients in the design of successful projects, especially for those clients whose risk management procedures may not fully consider the expanding*

*range of environmental and social risks. At the same time, implementation of the Equator Principles will improve the Bank's financial performance (through further improvements in the performance of our loan portfolio) and our efforts to maximise our positive environmental and social impacts.*

*Since its launch, 69 financial institutions have adopted the Equator Principles, applying the principles to all new project financings with total project capital costs of US\$10 million or more. These 69 financial institutions from 28 countries from across the globe cover 85% of the global project financing market. NBAD now joins this prestigious group in the implementation of this well-tested, effective, and internationally accepted framework for enhancing sustainability.*

## Innovative Products and Services

Sustainability trends are accelerating opportunities for the creation of innovative products and services. As examples; the trends towards transparency, increased accountability and awareness of environmental and social risks are creating demand for sustainability screened investments. Abu Dhabi's support for clean

technology and a growing global appetite for cleantech is creating interest in clean technology investment funds. Abu Dhabi's economic diversification efforts can be bolstered by targeted products and services for priority sectors such as tourism. Finally, an interest in giving back to the community creates opportunities

for co-branded credit cards where a percentage of all purchases goes towards the branded cause or charity. In 2010, the Bank is committed to reviewing an array of sustainability-related products and services and developing at least two.

**“The UAE banking market is very competitive with more than 50 national and foreign banks competing for a customer base of about 4.5 million. To be a leader in this market, we have to provide customers with products and services they want, when and how they want them delivered—the right product, at the right time, in the right place.”**

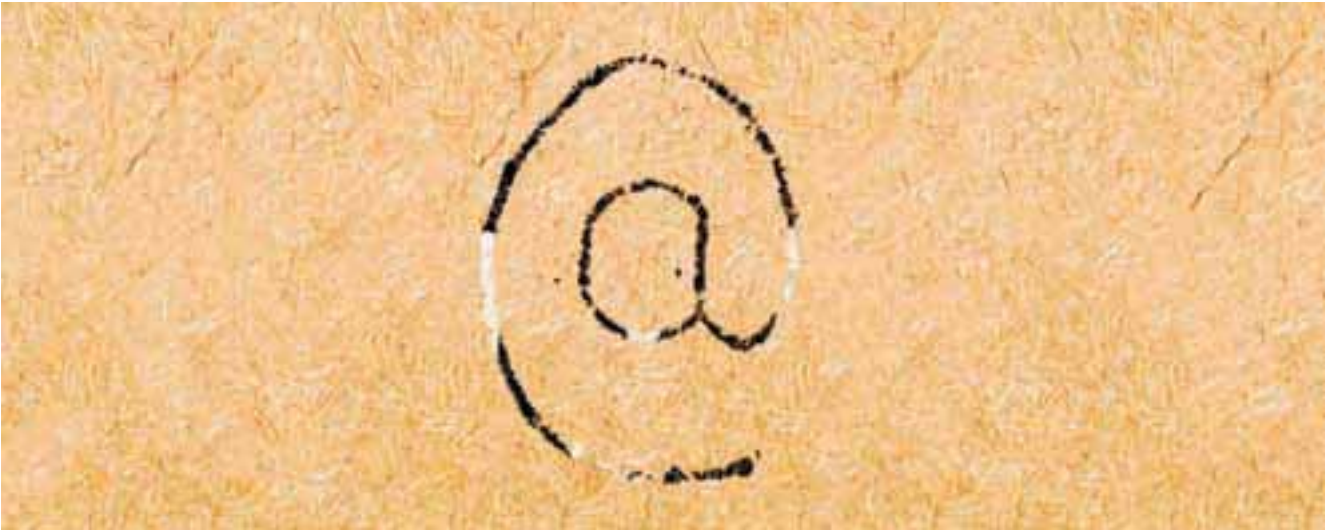
Mr. John Malouf  
General Manager, Consumer Banking Group

### Catering to Our Customers' Needs: Islamic Finance and Elite Services

We recognise that some individuals' number one priority is banking using Islamic finance. NBAD's answer was the launch of our Islamic finance and banking arm, Abu Dhabi National Islamic Finance (ADNIF). ADNIF was officially inaugurated in early 2009 and offers Shari'ah-compliant financial services. Another unique line of products and services developed by NBAD to meet the needs of our VIP customers can be found through our Elite Banking Group. For further information on the array of services NBAD offers please refer to our 2009 Annual Report.







## Financial Inclusion

We are proud of our growth strategy, which aims to open more branches in both prime and remote locations so that a broad range of services and products are available and easily accessible to all our clients. The creation of the widest ATM (automated teller machine) network in the UAE was a significant highlight in 2009 for our Consumer Banking Group. With 100 branches and 336 ATMs in the UAE we are providing our customers with convenient access to banking services. NBAD has successfully

developed socially innovative products such as the Ratibi card, a payroll card which has streamlined businesses' compensation processes and assisted the Government of Abu Dhabi in monitoring fair wages in the Emirate.

Whilst providing high quality and convenient services to our current customers is our first priority, we also believe it is our responsibility to reach the 'unbanked' population. *To read more on how NBAD tackles financial illiteracy and how the*

*Bank reaches out to those without banking services available to them, read 'Reaching Out: Providing Access to Financial Services to the Nation's Unbanked' on page 44.*

NBAD has committed to assessing the role the Bank can play in supporting financial inclusion and financial literacy. We will review our current impact and determine priority actions to be taken for the future.

| NBAD's Network and Reach  | 2009    | 2008   | 2007   | 2006   |
|---|---------|--------|--------|--------|
| Number of branches in the UAE                                     | 100     | 84     | 73     | N/A    |
| Number of ATMs in the UAE   | 336     | 256    | 189    | N/A    |
| Number of cash deposit machines (CDMs)                            | 68      | 46     | 27     | 21     |
| Branches in low-population and economically disadvantaged areas   | 40%     | N/A    | N/A    | N/A    |
| ATMs in low-population and economically disadvantaged areas       | 30%     | N/A    | N/A    | N/A    |
| Number of 'talking ATMs' for the illiterate and visually impaired | 78      | 20     | 5      | 0      |
| Number of Ratibi cards issued                                     | 168,500 | 37,564 | N/A    | N/A    |
| Customers registered on online banking                            | 94,081  | 60,589 | 44,238 | 34,430 |
| Number of transactions made using Arrow Mobile Services           | 6,875   | N/A    | N/A    | N/A    |



## Reaching Out: Providing Access to Financial Services to the Nation's Unbanked

*Many people struggle to get the financial services the rest of us take for granted. NBAD helps bring banking to the economically disadvantaged, the geographically displaced and the disabled in an effort to increase financial inclusion.*



Around the world, 2.5 billion people, or over half of the world's adults, are not using any formal banks or semi-formal microfinance institutions to save or borrow money.<sup>2</sup> It has also been reported that 26–50% of the UAE population are also among the 'unbanked' widely due to a lack of access and low levels of financial literacy.

NBAD would like to draw attention to this global issue and actively participate in bringing financial services to those without such services. Currently, NBAD's growth strategy aims to open more branches in both prime and remote locations to ensure that our innovative, secure and convenient services and products are available and accessible to all of our clients as well as to our non-clients. With the widest ATM (Automated Teller Machine) network in the UAE, consisting of 336 machines,

30% of which are in remote locations, NBAD is expanding accessible financial services by allowing both clients and non-clients to use the ATMs for various services including making utility payments. NBAD's branch network is spread across 100 locations, 40% of which are in remote or offshore oilfield locations.

In recent years, NBAD has released various products and services based on advanced technology as a means to deliver the most wide-reaching and convenient banking services. NBAD Arrow was launched in 2009, providing mobile banking services enabling our customers to use their mobile phones to make bill payments and transfers by simply using the SMS (short message service) functions. Since NBAD Arrow was launched, over 6,500 transactions were made by mobile phones.

<sup>2</sup> Source: Alberto Chaia, Tony Goland, and Robert Schiff, "Counting the World's Unbanked", McKinsey Quarterly. McKinsey research conducted in partnership with the Financial Access Initiative, 2008.

Another service that has grown in popularity over the years is online banking, which had over 94,000 customers registered in 2009, an increase of over 50% from the previous year. These initiatives and others contributed to NBAD being awarded the Strategic Banking Web Award at the 2009 Pan Arab Web Awards. Technology has also helped the Bank assist those who have difficulty in banking due to being illiterate or visually impaired; in the past year, NBAD nearly quadrupled the number of 'talking' ATMs to 78 machines in order to make banking more navigable for these individuals.

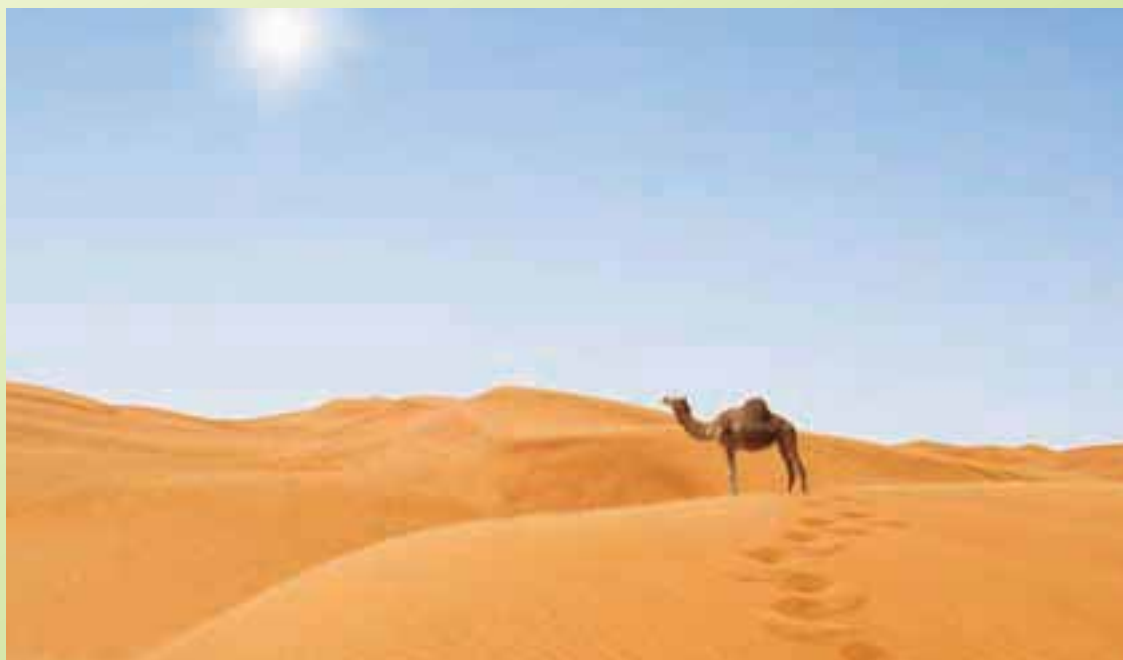
NBAD demonstrated social innovation in products and services in late 2008 when the Bank developed the Ratibi card. When the Ministry of Labour identified a problem, NBAD unearthed a financial opportunity by trying to 'do the right thing'. A common practice among companies in the UAE was to pay salaries and wages in cash or cheques, resulting in ineffective monitoring of fair and timely payments. As labour disputes over fair wages and timely payments became more and more frequent, the Ministry issued a decree enforcing the wages protection system (WPS) in 2009.

Ratibi is designed as a payroll card providing an efficient way for businesses to manage their payroll processing accounts, whilst providing employees with timely payments and access to financial services. Furthermore, there are no costs,

annual fees or minimum-balance charges. By the end of 2009, NBAD had successfully issued over 206,000 Ratibi cards. The majority of Ratibi users are manual labourers from a number of ethnic backgrounds, which was taken into consideration during product design. Currently, the card has been made available in eight languages, including Bengali, Hindi, Malayalam, Tamil and Urdu, and is supported by a dedicated customer help line. The NBAD Ratibi Payroll Card has been developed and active since late 2008, with the majority of the roll-out taking place in 2009.

The global financial crisis has put an added emphasis on the need for people to become more financially knowledgeable, when considering the high levels of debt carried by a significant portion of the adult UAE population. In response, NBAD has developed a children's savings account known as 'First Step', which introduces the concept of saving using children's short stories written in a comic-book style. NBAD aims to help children develop financial literacy skills which will act as a foundation they can build upon as they grow up.

All in all, 2009 marked a successful year for NBAD in terms of extending our reach and providing access to financial services to more individuals. We aim to build on this success in 2010.



# Outstanding Relationships

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## ***We Are Committed:***

- To improve the quality of our stakeholder engagement process with at least two stakeholder groups
- To conduct supplier surveys to assess their human rights policies and practices
- To assess our suppliers' willingness to support our sustainable procurement endeavours
- To ensure 1% of pre-tax profits go towards community investments
- To review and enhance our community investment strategy

*We are committed to building outstanding relationships; they are the very basis of our success. Our philosophy in all of our relationships—with both internal and external stakeholders and at all levels throughout the Bank—is to be committed, proactive, honest, open and responsive to stakeholder interests. Our ideal stakeholder commitment is reflected in our customer pledge:*



**WE WILL RECOGNISE YOU.**

**WE WILL LISTEN TO YOU.**

**WE WILL UNDERSTAND YOUR NEEDS.**

**WE WILL DEDICATE ALL OUR ENERGIES  
TO SERVING YOU.**

We believe in the principle of fostering a two-way dialogue in order to understand and deliver on our stakeholders' need. We co-innovate in mutually beneficial areas of interest and work with our stakeholders to increase our network's understanding of sustainability; this collaboration

begins with the quality of our stakeholder engagement process. NBAD has committed to improving the quality of NBAD's engagement with at least two stakeholder groups in 2010.

Our relationships with customers and employees are captured in other

sections of this report. Other critical relationships include those with our suppliers, with communities as a whole and with key networks that collectively work to enhance overall quality of life for our customers and their communities.



## Valuing and Engaging Our Suppliers

We believe in building partnerships that bring value to our customers, to our brand and to our employees. We work hard to seek out local suppliers which ensured 100% of our procurements in 2009 were delivered through local enterprises; this meant that our AED 35.2 million in procurement spending contributed to our local economy.

It is important that we purchase quality products that match the quality of the NBAD's products and our brand. We conduct checks to ensure our suppliers are capable of handling our business by

**100% of our procurement spending went to local suppliers = local economy**

conducting face-to-face meetings and visiting their premises and operations during the registration process.

In 2010, we are committed to engaging our suppliers and conducting surveys to assess their human rights policies and procedures relating to the avoidance of child and forced labour. We also expect to begin a dialogue to determine which of our suppliers are willing to assist NBAD in becoming more sustainable in our procurement practices.

## Valuing the Communities We Serve

*Our primary areas of community focus have been social development, environment, education and health. One method of community outreach is our community and charity donations, which amounted to AED 18.8 Million in 2009.*

### Social Development

We believe strongly in supporting causes in the emirate but also acknowledge that some of the strongest support we can provide comes in the form of endorsements of certain campaigns. In one such case, NBAD pledged our full support of the Dirham Wa Bas (One Dirham Only) campaign in 2009, launched by the Social Responsibility Fund at the Ministry of Social Affairs in order to raise funds for social development projects in the UAE.





### Education

We support education and learning as we believe a knowledgeable society is a significant contributor to economic and social development and respect for the environment. Learning and training opportunities are vital to the development of our citizens and our local economy. NBAD has been hosting “Awareness Sharing Knowledge” (ASK) lectures as a valuable way of interacting with community members in areas of topical interest. Topics have included sustainability, financial management and the world economic crisis in an attempt to educate the community and learn together alongside Bank employees.

We are a Major Legacy Donor of the Emirates Foundation, which has resulted in our partnership in a programme supporting the Parents’ Involvement in School Affairs awards. These awards have been designed to assist government schools establish programmes, such as literacy or knowledge-seeking programmes, particularly

in the remote areas to encourage parental involvement in schools. The Bank also has a long history of supporting the Red Crescent Society by providing an option for our customers to make a one-Dirham donation as part of their ATM transactions throughout our network.

### Environment

Our responsibility to the community and our environment has always been a priority to the Bank. In 2009, NBAD grew our relationship with the Emirates Wildlife Society (EWS) by becoming a Platinum Supporter of the World Wide Fund for Nature contributing to nature conservation efforts in the UAE.

### Health

NBAD has been hosting blood donation drives for more than six years; over time the event has become an opportunity to engage with members of the community and raise awareness on common health issues. In particular, conditions such as Anaemia, high blood pressure,

vitamin D deficiency and low body weight are frequently uncovered through pre-donation screening. In 2008 we introduced screening for Thalassaemia (a genetic blood disorder highly prevalent amongst the Emirati population) as part of the screening process with the support of Abu Dhabi Blood Bank, the Regional Blood Center Al Ain and the participation of the UAE Genetic Diseases Association (UAE GDA). Awareness about Thalassaemia amongst our employees and members of the public was created by screening awareness videos and distributing fact sheets.

As part of our commitment to ensuring that our donations and sponsorships achieve maximum impact we will work towards reviewing and enhancing a framework for managing our future donations and sponsorships. We have also committed to investing 1% of pre-tax profits to charitable donations and community investments.

## Valuing Leadership Networks

NBAD puts great importance on leadership networks, whether local, regional or global. They provide nurturing environments for engagement, two-way dialogue and collaboration.



## Abu Dhabi Sustainability Group



Our greatest external commitment to sustainability is materialised through our partnership with the ADSG. NBAD is a founding signatory of the ADSG Declaration established in 2008 and the only bank represented in the group. Throughout the last year we have actively worked towards the uptake of sustainability management in the Bank, which supports our commitment to the objectives

agreed upon by ADSG members. We have been regular contributors through ongoing dialogue and participation in ADSG meetings, experience sharing, brainstorming and planning sessions. The NBAD Academy provided the training facilities for the GRI guidelines workshop for ADSG members in March 2009.

### Our Commitment to the ADSG

Issue an annual sustainability report and adopt sustainability management

Encourage the integration of sustainability practices amongst members

Support sustainability initiatives in Abu Dhabi

Promote benefits of sustainability and of the ADSG membership

Raise awareness and understanding of sustainability in Abu Dhabi

## International Organisation for Standardisation (ISO)

NBAD was the only bank from the Arab world participating in the beta-test of the ISO 26000 standard on social responsibility. NBAD was one of four banks globally to test

the standard for the financial and banking sector. The Bank's role was to evaluate the relevance of the standard to the sector, measure its practical relevance and identify

any strengths and weaknesses of the standard. A working group was established across 11 departments within the Bank to provide the analysis and feedback required.

## Arab Forum for Environment and Development (AFED)

In 2009, the Bank officially became a member of the Arab Forum for Environment and Development and participated in workshops and dialogues hosted in Lebanon on climate change and its effects on the Arab world.

## Strengthening Trust through Good Governance and Sustainability Management



*As trust in business plummeted world-wide as a result of the global economic crisis, the focus on good governance has increased, particularly in the financial sector. Core good governance issues are about protecting shareholders' and investors' rights and ensuring disclosure and transparency at a reasonable level. However, other issues relevant to a company's decision-making process as a corporate citizen, such as ethics, integrity, accountability and sustainability, are also crucial for good governance.*

*Ensuring that corporate governance practices meet the highest international standards is a must to restore trust but will not be enough to regain market confidence. Good governance should be about much more than board practices, ethics, and accounting. The next generation of governance practices should be about making sustainable development count in business decisions at the board level. This will require integrating the economic, environmental and social dimensions of sustainable development within the framework of the governance process.*

*As one of the UAE's largest financial institutions, NBAD has recognised the enormous responsibility that it bears in the overall development of the country. This begins with sound governance as an essential ingredient to long-term business success. The Bank has placed heavy emphasis on ensuring its governance practices meet the highest international standards.*

*In June 2008, NBAD signed the Abu Dhabi Sustainability Group (ADSG) Declaration, making a commitment to adopt sustainability management and reporting practices.*

*In November 2009, NBAD received one of the inaugural Middle East Investor Relations Society awards, which recognise individuals and companies in Middle East for investor relations best practices. Based on Thomson Reuters Extel Survey's poll of regional and global fund managers and analysts, the award has great credibility.*

*In December 2009, NBAD was the first UAE bank to declare its Dubai World exposure, realizing its pledge, included in the ADSG Declaration, to ensure the highest levels of transparency.*

*In spring 2010, NBAD will be the first UAE bank to issue an annual sustainability report explaining its sustainability management approach and evaluating its environmental, economic and social performance according to the GRI reporting framework.*

*These achievements are an indicator of how NBAD is translating its commitment to the ADSG into actions that go beyond traditional charitable activities. NBAD is making changes that affect its core business, with the aim of contributing to realizing the Emirate of Abu Dhabi's vision: to achieve sustainable development and build a cohesive society and an open economy capable of global competitiveness.*

**Eva Ramos Pérez-Torreblanca,**  
Senior Sustainability Specialist, Policy and Strategy Sector, Environment Agency – Abu Dhabi

# Summary of Our Key Performance Indicators

| KPI   | 2009          | 2008    | 2007  | 2006  |
|---|---------------|---------|-------|-------|
| <b>ECONOMIC PERFORMANCE</b>   |               |         |       |       |
| Global net profit (AED million)   | 3,020         | 3,019   | 2,505 | 2,106 |
| Overseas branches   | 12            | 10      | N/A   | N/A   |
| UAE net profit (AED million)  | 5,425         | 3,990   | 3,131 | 2,509 |
| UAE operating costs (AED million)   | (1,564)       | (1,172) | (809) | (523) |
| Return on shareholders' funds (%)   | 20%           | 25%     | 26%   | 27%   |
| Number of Shareholder Engagements   | New Indicator |         |       |       |
| Business Units Analysed for Corruption (%)  | New Indicator |         |       |       |
| <b>SOCIAL: INVESTING IN OUR PEOPLE</b>  |               |         |       |       |
| Total workforce - UAE   | 3,753         | 2,981   | 2,599 | 2,144 |
| Number of senior-level positions (grade 12+)  | 96            | 88      | 70    | 48    |
| Number of middle-management positions (grade 9-11)  | 508           | 438     | 352   | 287   |
| Number of workers (grade 5-8)   | 2,389         | 2,067   | 1,833 | 1,455 |
| Number of labourers (grade 1-4)   | 395           | 363     | 303   | 283   |
| Number of trainees  | 155           | 25      | 41    | 71    |
| Emiratization (%)   | 36%           | 24%     | 27%   | 28%   |
| Number of nationalities   | 62            | 52      | 49    | 52    |
| Women in the workforce (%)  | 34%           | 32%     | 33%   | 33%   |
| Female branch managers (%)  | 38%           | 32%     | 33%   | 33%   |
| Women in middle management (%)  | 19%           | 19%     | 15%   | 15%   |
| Women in senior management (%)  | 5%            | 3%      | 3%    | 2%    |
| Employee engagement and satisfaction <i>(Employee satisfaction assessed each 18 months)</i> | N/A           | 84%     |       | N/A   |
| Total workforce turnover (%)  | 8%            | 15%     | 13%   | 11%   |
| Turnover in senior management   | 5%            | 14%     | 14%   | 17%   |
| Turnover in middle management   | 5%            | 11%     | 11%   | 12%   |
| Turnover in workers   | 9%            | 16%     | 13%   | 10%   |
| Turnover in labourers   | 5%            | 6%      | 5%    | 6%    |
| Employees trained (%)   | 70%           | 64%     | 50%   | 59%   |
| Number employees trained on sustainability  | New Indicator |         |       |       |
| Number of employees trained on corruption   | New Indicator |         |       |       |
| Lost-time injury frequency rate (LTIFR)   | New Indicator |         |       |       |

| KPI   | 2009          | 2008       | 2007       | 2006    |
|---|---------------|------------|------------|---------|
| <b>PRODUCT &amp; SERVICE QUALITY AND INNOVATIONS</b>  |               |            |            |         |
| Very satisfied and satisfied customers (%)  | 91%           | 82%        | 82%        | 86%     |
| Dissatisfied customers (%)  | 1%            | 5%         | 5%         | 3%      |
| Very satisfied and satisfied merchants (%) <i>(Merchant satisfaction is assessed every 2 years)</i> | N/A           | 97%        | N/A        | N/A     |
| Business units ISO9001 (Quality & Performance Standard) Certified                                   | 19%           | 17%        | 14%        | 3%      |
| Average number of mystery shopper audits per branch   | 1-2           | 3-4        | 5          | 6       |
| Total number of customer privacy breaches   | 1             | 3          | 2          | 0       |
| Branches in our UAE network   | 100           | 84         | 73         | N/A     |
| ATMs in our UAE network   | 300           | 251        | 189        | N/A     |
| Number of new sustainability-related products and services  | New Indicator |            |            |         |
| <b>SOCIAL: FINANCIAL INCLUSION</b>  |               |            |            |         |
| Branches accessible in low-population and economically disadvantaged areas (%)                      | 40%           | N/A        |            |         |
| ATMs accessible in low-population and economically disadvantaged areas (%)                          | 30%           | N/A        |            |         |
| Number of 'talking ATMs' for the illiterate and the visually impaired                               | 78            | 20         | 5          | 0       |
| Ratibi cards issued   | 168,500       | 37,564     | N/A        |         |
| Registered online banking customers   | 94,081        | 60,589     | 44,238     | 34,430  |
| Online banking satisfaction results   | 91%           | N/A        |            |         |
| Number of transactions made through Arrow Mobile Banking  | 6,875         | N/A        |            |         |
| <b>ENVIRONMENT: SMART AND ENVIRONMENTALLY FRIENDLY OPERATIONS</b>                                   |               |            |            |         |
| Total GHG Emissions (Tons)  | 22,419.2      | 20,436.4   | 17,095.5   | N/A     |
| Total Energy Consumption (Kwh)  | 28,611,166    | 26,033,177 | 22,468,641 | N/A     |
| Total Water Consumption (Gallons)   | 8,142,857     | 5,657,143  | 6,057,143  | N/A     |
| Total Paper Consumption (Kg)  | 149,688       | 187,110    | 187,110    | 149,688 |
| Total Paper Recycled (Kg)   | 36,917        | 62,687     | 71,640     | 11,610  |
| Annual Spending on Photocopy Paper (AED)  | 585,750       | 729,400    | 893,250    | 401,425 |
| % of Toners Recycled (Remanufactured)   | New Indicator |            |            |         |
| Number of Branches Reporting their Environmental Data   | New Indicator |            |            |         |
| <b>OUTSTANDING RELATIONSHIPS WITH OUR COMMUNITY</b>   |               |            |            |         |
| Total Community Donations and Charity (AED'000)   | 18,759        | 44,887     | 35,445     | 5,574   |
| Community Donations as a percentage of pre-tax profits  | 0.6%          | 1%         | 1%         | 0.2%    |
| <b>OUTSTANDING RELATIONSHIPS WITH OUR SUPPLIERS</b>   |               |            |            |         |
| Total Spending on Suppliers (AED)   | 35,208,484    | N/A        |            |         |
| Spending on Locally based Suppliers (%)   | 100%          | N/A        |            |         |
| Percentage of Suppliers undergone Human Rights Screening  | New Indicator |            |            |         |
| Percentage of Suppliers Supporting NBAD CSR Activities In-Kind (%)                                  | 90%           | 70%        | N/A        |         |



# Summary of Our Commitments for 2010

## Economic Performance

Achieve an average return on shareholder's funds of 25%

Report back on our contributions to 10 of the Abu Dhabi Economic Vision 2030 objectives

## Governance, Transparency and Accountability

Improve our process of understanding and enhancing our economic, social and environmental impacts

Create an internal sustainability committee to monitor our progress on the adoption of sustainability

Produce an annual sustainability report, measuring performance against commitments made

## Investing in Our People

Increase Emiratization to 38% in 2010

Increase sustainability training events provided for employees

Enhance the training offered, specifically for our branch managers

Create a quality assurance team to optimize services for our employees and to provide an additional channel of communication

Consider increasing the frequency of staff satisfaction surveys to be conducted annually instead of 18 months

Develop occupational health and safety policies and procedures

## Smart and Environmentally Friendly Operations

Reduce total energy consumption by 15%

Reduce greenhouse gas (GHG) emissions by 15%

Reduce total water consumption by 10%

Reduce total paper consumption by 25%

Double the percentage of paper recycled, from the overall paper purchased

Implement an environmental management system

## Product and Service Quality and Innovations

Adopt the Equator Principles for responsible project financing

Launch two or more sustainability-related products or services

Continue with the transformation of our branch network

Increase ISO 9001 certification of NBAD business unit to 31% of our organisation

Assess our current product and services in terms of Financial Inclusion and Financial Literacy to determine priority objectives

## Outstanding Relationships

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

Conduct supplier surveys to assess their human rights policies and practices

Assess our suppliers' willingness to support our sustainable procurement endeavors

Ensure 1% of pre-tax profits go towards community investments

Review and enhance our Community Investment Strategy

# Appendix A:

## Report Parameters

### Determining our priority issues:

We have undertaken a systematic process for identifying the company's priority sustainability issues and have applied each of the principles for defining report content. Our process has resulted in the identification of six major sustainability issues that will drive our sustainability strategy. We report on each of these major issues in this report. These issues are all deemed essential to business success and are not prioritised. Prioritisation within each issue is defined in the form of a selected group of key performance indicators (KPIs) and related targets that we have determined as the best means of achieving progress towards sustainability.

### Materiality:

We considered and believe we have covered all topics (and included associated indicators) that reflect the organisation's significant economic, environmental and social impacts, or that would substantively influence the assessments and decisions of stakeholders. This includes main issues raised by stakeholders, issues reported on by our peers, and standards and guidelines including the GRI G3 Reporting Guidelines.

### Stakeholder inclusiveness:

We considered and believe we have identified all of our key stakeholders and have attempted to outline in each section of the report how we engage them, our understanding of their interests and expectations, and how we have responded.

### Sustainability context:

We considered our sustainability context, taking into account global trends towards sustainability but also considering regional and local contexts in which we operate.

## Ensuring Quality in Our Sustainability Reporting

### Balance:

We believe this report presents both the positive aspects of our performance and areas requiring significant improvement.

### Comparability:

Wherever possible we have provided year-on-year data and have attempted to follow the GRI Indicator Protocols in order to facilitate comparison of our report against industry peers and other companies practicing sustainability.

### Clarity and accuracy:

Sustainability is a relatively new concept to many regions where we operate, and we have made an effort to provide introductory information where useful to facilitate reader understanding of the report content. We have aimed for maximum accuracy. Where estimations or other limitations to the data are involved, this is identified.

### Reliability and data measurement techniques:

Where possible we have used existing systems to calculate data; in other cases we have returned to our records to manually collect required data. The data presented represents our best understanding of our impacts. In cases where we were uncertain of actual impacts, we chose to omit such data until more reliable tracking could be implemented. We are committed to the widespread improvement of our tracking in 2010.

## Reporting Boundaries

### Limitations:

This report covers data and activities from NBAD's group businesses in the UAE. The bank does operate in other countries, and coverage of these countries will increase in future reporting.

### Completeness and boundaries of report:

NBAD has attempted to make this report as complete as possible. The report pertains to NBAD's 2009 performance, including in most cases indicators reporting back to 2006. The report covers all UAE operations, but no overseas activity. Subsidiaries include Abu Dhabi Financial Services (ADFS), Abu Dhabi National Leasing LLC (ADNL), Abu Dhabi National Properties (ADNP) and Abu Dhabi National Islamic Finance (ADNIF).

# Appendix B

## GRI Index

| GRI  | Pages  | GRI   | Pages  |
|------|--|---|--|
| 1.1  | p. 3   | 4.13  | p. 48-50   |
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| 2.4  | Headquartered in Abu Dhabi, p. 5   | Economic - Disclosure of Management Approach<br>p. 20, p.13-15  |  |
| 2.5  | p. 4-5   | EC1   | p. 13-14   |
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| 2.9  | p. 5, p.26, p. 42  | EC8   | p. 26  |
| 2.10 | p. 19, p. 22, p.25, p.38   | EC9   | p. 15  |
| 3.1  | p. 55  | Environment - Disclosure of Management Approach<br>p. 20, p. 32 |  |
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| 3.3  | p. 2   | EN2   | p. 35  |
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| 3.7  | p. 55  | EN6   | p.34   |
| 3.8  | p. 55  | EN7   | p.34   |
| 3.9  | p. 55  | EN8   | p.35, p.53   |
| 3.10 | No re-statements as first report   | EN9   | Desalinated Water  |
| 3.11 | Not relevant as this is the first report   | EN10  | No recycled or reused water  |
| 3.12 | p. 55  | EN11  | Not applicable as no branches or locations of the Bank threaten biodiversity |
| 3.13 | No third party assurance   | EN12  |  |
| 4.1  | p. 17, p. 19-20  | EN13  |  |
| 4.2  | p. 17, p. 19-20  | EN14  |  |
| 4.3  | p. 17, p. 19-20  | EN15  |  |
| 4.4  | Shareholders and Employees communicate to the Board via the AGM and the Investor Relations Dept.                         | EN16  | p. 34, p. 53   |
| 4.5  | p. 17, p. 19-20  | EN17  | p. 53  |
| 4.6  | p. 19-20   | EN18  | p. 34  |
| 4.7  | p. 17  | EN19  | None identified  |
| 4.8  | p. 10-11   | EN22  | p. 35  |
| 4.9  | p. 19-20   | EN23  | No spills identified   |
| 4.10 | The Board is evaluated on performance by the Audit and Compliance Department using established Internal Control Systems. | EN24  | None   |
| 4.11 | p. 19-20, p.40-41  | EN25  | None   |
| 4.12 | p. 50  | EN26  | p.34-35  |

|   |   |   |   |
|---|---|---|---|
| EN27  | None  | HR8   | None  |
| EN28  | No Fines  | HR9   | None  |
| EN29  | p. 34-35  | Society - Disclosure of Management Approach - p.20, Community p.47-48, Anti-Money Laundering p.19 |   |
| Labour - Disclosure of Management Approach p.20, p. 24-25 |   | SO1   | p.41 p.48-49                                  |
| LA1   | p.25, p.52  | SO2   | p.52  |
| LA2   | p. 28, p.52   | SO3   | p.52  |
| LA3   | p. 24-25  | SO4   | No incidents reported                         |
| LA4   | No collective bargaining agreements in UAE                                | SO7   | None  |
| LA6   | p.27-28   | SO8   | There have been no legal actions against NBAD |
| LA7   | p.52  | Product Responsibility - Disclosure Management Approach - p.20, 37-38, p.47                       |   |
| LA8   | p. 27   | PR2   | No incidence                                  |
| LA9   | None  | PR3   | We abide by federal laws and regulations      |
| LA11  | p.25-26   | PR4   | No incidence                                  |
| LA12  | p.28  | PR5   | p.38-39                                       |
| LA13  | p.17, p.52  | PR6   | We abide by federal laws and regulations      |
| LA14  | p.24-25   | PR7   | No incidence                                  |
| Human Rights - Disclosure of Management Approach p.28     |   | PR8   | p.52  |
| HR1   | None  | PR9   | No fines or monetary sanctions                |
| HR2   | p.48, p.53  | Financial Services Sector Supplement  |   |
| HR3   | None  | FS2   | p.20, p.40-41                                 |
| HR4   | None  | FS13  | p.43-45                                       |
| HR5   | We do not operate in areas identified as high-risk for human rights, p.28 | FS14  | p.43-45                                       |
| HR6   | We do not operate in areas identified as high-risk for human rights, p.28 | FS16  | p.43-45                                       |
| HR7   | We do not operate in areas identified as high-risk for human rights, p.28 |   |   |

# Appendix C:

## Glossary of Terms

| Term   | Definition  |
|--|---|
| Abu Dhabi Economic Vision 2030                                 | Based on the principles laid out in the Government's Policy Agenda published in August 2007, the Abu Dhabi Economic Vision 2030 is a roadmap for the Emirate's socio-economic progress.   |
| Abu Dhabi Sustainability Group (ADSG)                          | The group consists of representatives of key sectors in the Emirate of Abu Dhabi, including oil and gas, real estate, construction and banks. Members are committed to supporting the Abu Dhabi Environment Agency's efforts in the development and implementation of standards, exchanging experiences and identifying targets and training needs in key areas for the implementation of sustainability.   |
| Anti-money laundering  | The legal controls that require financial institutions and other regulated entities to prevent or report money laundering activities.   |
| Arab Forum for Environment and Development (AFED)              | A not-for-profit regional non-governmental organisation, grouping experts together with the civil society, business community and media to promote prudent environmental policies and programmes across the Arab region.  |
| Clean technology (Cleantech)                                   | A diverse range of products, services and processes that harness renewable materials and energy sources, dramatically reduce the use of natural resources, and cut or eliminate emissions and wastes.   |
| Emirates Wildlife Society-World Wide Fund for Nature (EWS-WWF) | The EWS-WWF addresses such issues as protection of the area's rich biodiversity, combating climate change and reduction of the UAE's heavy ecological footprint. The group's actions include conservation measures, education and awareness outreach activities, and policy recommendations.  |
| Emiratization  | An initiative by the government of the UAE to employ its citizens in a meaningful and efficient manner in the public and private sector.  |
| Equator Principles   | A voluntary standard which reviews the potential social and environmental impacts of projects the bank is looking to finance.   |
| Global Reporting Initiative                                    | The Global Reporting Initiative is the steward of the most widely used reporting framework for performance on human rights, labour, environmental, anti-corruption and other corporate citizenship issues. The GRI framework is the most widely used standardised sustainability reporting framework in the world.  |
| Greenhouse gas emissions                                       | Gases in an atmosphere that absorb and emit radiation within the thermal infrared range. The main greenhouse gases in the Earth's atmosphere are water vapour, carbon dioxide, methane, nitrous oxide, and ozone.   |
| ISO 9001   | An international standard established by the International Organisation for Standardisation, which specifies requirements for a quality management system where an organisation: <ol style="list-style-type: none"> <li>Needs to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements</li> <li>Aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements</li> </ol> |
| Know your customer   | Due diligence and bank regulation that financial institutions and other regulated companies must perform to identify their clients and ascertain relevant information pertinent to doing financial business with them.  |
| Mobile banking   | Performing balance checks, account transactions, payments etc. via a mobile device such as a mobile phone. (Also known as M-Banking, mbanking, SMS Banking etc.)  |
| Money laundering   | The illegal practice of engaging in financial transactions to conceal the identity, source or destination of money, often illegally obtained.   |
| Online banking (Internet banking)                              | Allows customers to conduct financial transactions on a secure website operated by their retail bank.   |
| Ratibi   | A payroll card providing an efficient way for businesses to manage their payroll processing accounts, whilst providing employees with timely payments and access to financial services.   |
| Socially responsible investing                                 | An investment strategy which seeks to maximise both financial return and social good.   |
| Sustainability management                                      | The integrated management of economic, social and environmental performance, with the aim of enhancing value for all stakeholders.  |
| Thalassaemia   | A genetic defect that affects the synthesis of hemoglobin (an iron-containing, oxygen-transport protein), thus causing anemia.  |
| SMS (short message service)                                    | A communication service component of the GSM mobile communication system that allows the exchange of short text messages between mobile phone devices.  |





NBAD has self-declared this report to be GRI Level B. This report has been checked by the GRI and confirmed to be at this level.

