

Sustainability Fact Sheet 2019

Introduction

In the past year, we focused on building a robust foundation – one that is centered around our Sustainability framework coupled with our Vision, Mission, Purpose and Strategic Priorities. This was made possible by enhancing our sustainability efforts and leveraging opportunities available to us as a Shari’ah compliant bank.



“From an organisational perspective, we recognise that sustainability should reflect across departments, teams and individuals. Therefore, we actively seek to empower, enable and engage our employees and partners to act responsibly and motivate them to adopt sustainable values in their everyday work.”

Maha Maisari, Head of Corporate Governance & Sustainability



In 2019 we made progress in our sustainability journey across different pillars in spite of a challenging economic environment. We delivered more than what we set out to do in our 2019 Outlook. Subsequently we moved up from #20 to #2 in our ESG rating of UAE banks and have been invited to issue white papers for some of our initiatives. We are extremely proud of our achievements and we firmly believe the future presents us with an attractive opportunity to make a difference for the better at a national and global level.

Data as of 31 December 2019

Key Highlights

1

We were the first Islamic bank in the UAE to have set up an Endowment (Waqf) by using the funds we manage in our fiduciary capacity on behalf of customers and shareholders to promote and build talent/research in the field of Islamic Banking and Finance (IBF). As part of our first partnership in 2019, we launched the Noor Fund for Educational Solidarity in collaboration with Ajman University UAE, followed by Noor Endowment in IBF with International Islamic University of Malaysia (IIUM).

Sustainability-driven growth	Total operating income increased by 7.2% to AED 2,163 million, compared to AED 2,017 million in 2018
Outstanding Customer Experiences	Customer Satisfaction Score 7.0 out of 10.0 (5.8 in 2018)
Empowered Employees	UAE nationalisation among our workforce 20% (same as in 2018) Female employees in Noor Bank was 30% (31% in 2018)
Efficient Operations	Paper consumption intensity (per employee) 18 kg , decreased by 7 kg compared to 2018 Paper recycling rate was 79% (65% in 2018)
Robust Governance	Finance-to-Deposit ratio for overall financing was 91.89% (slightly increased compared to 2018) 95% of local suppliers engaged to continue support of the UAE economic development (increased by 6% compared to 2018)

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We launched a Gender Balance initiative by creating various working groups to work on raising awareness of gender balance, improving recruitment, retention of female employees, increasing the % of women across different levels in the organisation, and integrating our Gender Balance goals into our business strategy and more.

Sustainability-Driven Growth

We continued to take strides towards sustainability-driven growth and introduced products and services that were aligned with our commitments, customer needs and the national agenda.



Cost to Income ratio continues to improve, reaching **33.2%** in 2019 (36.3% in 2018), as a result of stringent cost management.



Started the ESG performance assessment of the existing portfolio as well as **ESG screening capabilities** within the **financing decision-making process**.



Diversified Corporate Banking, built trade and off balance sheet business by Trade Finance growth from 7.28% in 2018 to 9.90% in 2019, also representing a **36% growth of the short-term trading book**.



Continuous growth in the **Corporate Banking clients financing portfolio** (including Financial Institutions) with an **increase of 8.2%** in 2019.



Expanded the **digital ecosystem** through various initiatives and programmes across the organisation, with focus on the four business divisions, back office operations or various customer interaction channels with new services.



Outstanding Customer Experience

We invested in a journey to become a customer-centric bank, and delivering outstanding customer experiences was at the heart of that journey. We adopted design thinking to create all our customer journeys, which enhanced our operating model.



Achieved an overall **7.0 customer satisfaction score** (out of 10) in 2019, a score increase of 1.2 (or 20%) compared to 2018, by adopting easier ways to manage banking activities or access to banking services, faster turnaround time on processes or a first point of contact channel for making customers' experiences with Noor Bank staff more positive and enjoyable.



Noor Bank app rated among the **top 3 for leading banking apps in the UAE**, with a score of 4.4 out of 5.0.



Launch of the new **eWallet** by Digital Financial Services (a joint venture between Noor Bank and Etisalat) that represents 'electronic money', seeking to financially empower Noor Bank's existing and new customers as well as the unbanked sector.



Processed transactions worth over AED 800 billion, with a Service Level Agreement (SLA) of 99.99%, with a **99.99% accuracy and timeliness rate**. For example, the Immediate Payment Instruction (IPI) and local payments are processed in less than one-minute.



Products launched on the **digital platform** -

- Quick Remit wherein customers can transfer funds quickly and easily via Noor Bank App (i.e. instant cross-border payments to India, and many more places are in the pipeline).
- SME Debit Card catering to the business customers allowing them to transact 24/7 through ATMs.
- Emirates Skywards Miles rewarding customers with redeemable points when they transact with Noor Bank.



Continued and expanded the thought leadership programme under the **Noor Business Council**, created in 2018 to engage SMEs on prominent business topics. Two councils were held in 2019, and two other related events were held as part of **Noor Business Breakfasts** for the SME Banking customers.



Implemented **paperless digital customer on-boarding** for Medical and Travel Takaful products allowing to build a better onboarding experience for the customers and adding value to the "Go Green" initiative.




Developed specific materials and participated in relevant events to increase the **customer financial literacy** and awareness on relevant **Shari'ah principles** as well as structures during 2019.

Empowering Employees


Key Performance Indicators	2017	2018	2019
Employee Engagement and Wellbeing			
Employees on an indefinite or permanent contract	559	1,038	1,027
Employees on a fixed term or temporary contract	2	11	32
Full-time employees	561	1,049	995
Part-time employees	0	0	0
Senior management employees	53	75	47
Middle management employees	190	255	269
Non-management employees	316	708	711
Employee turnover (voluntary and involuntary)	32%	20%	24%
Employee turnover (voluntary)	8%	10%	13%
Employee Training and Development			
Total number of training hours provided	42,046	22,895	20,563
Average number of training hours provided	95	49	15
Emiratisation			
Total number of national employees	166	213	202
Number of female national employees	124	153	142
Emiratisation among total workforce (%)	30%	20%	20%
Diversity and Inclusion			
Male employees	370	728	722
Female employees	191	321	305
Percentage of Board seats occupied by women	11%	11%	12.5%*
Employees age 18-30	96	190	164
Employees age 31-50	442	819	825
Employees age 51+	23	40	38
Male new hires	75	258	133
Female new hires	58	103	33


*1 Board member vacancy by 31 December 2019, ratio based on 8 filled board member seats.

Empowering, enabling and engaging our employees was a strategic pillar and a key focus area of our strategy. To support our journey of becoming the 'Employer of Choice', we studied and benchmarked what was done in the industry and across different sectors, both locally and internationally. We introduced a number of initiatives that support engagement, empowerment, innovation, diversity, and inclusion and actively embedded them in our culture.


 **Culture Transformation and Change** remained one of the four key focus areas for 2019, which was essential in supporting the Bank's overall transformation agenda "To behave more like a technology company with a banking license". Steps taken include:


- We partnered with Hofstede Insights in implementing our cultural transformation initiative.
- We revised the "Dress Code Policy" to align with the latest thinking within the financial services industry to stimulate innovation and break down hierarchy.
- Enhanced collaboration across business areas and functions by "breaking down walls" to create more inclusive working environments and spaces to result in an innovative working style across the organisation.
- Introduced "flexible working" to allow our people to manage work-life balance and enhance productivity.
- Created "break-out areas" to create an atmosphere of agility and innovation.


 **League 2020** was launched. It comprised 50 senior leaders from across the bank responsible for driving the transformation strategy, with quarterly events held throughout the year.


 Completion of the **Omega Skills Lab**, which was a 15-month programme to equip employees with the accounting skills needed to extract critical information from financial statements to inform risk analysis and funding decisions.

 Introduced talent reviews and developed **succession plans** for all critical roles.

 Designed a core competency framework to enable colleagues to focus on the skills and behaviours that are necessary to achieve the Bank's vision, including development of a core learning curriculum via a partnership with **LinkedIn Learning**.

 Provided specific internal/external **sustainability training courses** as part of building awareness internally and building the competencies required for execution of the sustainability strategy.

 Employees completed quarterly online engagement surveys' using ENPS scoring methodology, whereas the overall **engagement score** for Noor Bank remained **constant at 8 out of 10** throughout 2019 and **achieved a participation rate of 88%** (both scores are above global benchmarks).


 **Six wellbeing modules** were offered to leaders and managers at Noor Bank. Topics included nutrition, sleep, stress, exercise, mindfulness and maximising performance.


Efficient Operations


Key Performance Indicators	2017	2018	2019
Environmental Impact of Operations			
Total space used by Noor Bank facilities (sq ft)	193,674	187,261	183,362
Total electricity consumption (kWh)	N/A	2,473,437	2,970,476
Total paper consumption (kg)	32,668	26,351	18,054
Total paper recycled (kg)	16,860	17,142	14,334
Total water consumption (litres)	N/A	7,893,382	5,803,452
Data Privacy and Security			
Amount of fraudulent transaction activity (Total value of account holder transactions recovered to account holders due to fraud; in AED)	310,738	534,572	1,125,253
Percentage of activity from card-not-present fraud	92%	99%	92%
Percentage of activity from card-present and other fraud	8%	1%	8%





Another strategic priority was to become simpler and more efficient through the use of technology and analytics. We launched and carried out efficiency and innovation programmes to enhance the digital Shari’ah compliant product offering to customers, to further optimise internal processes through digitalisation and to build platforms to support our goal of becoming a digital bank.

 Noor Bank achieved a **paper consumption intensity rate of 18 kg per employee and a paper recycling rate of 79%** in 2019. The paper consumption intensity decreased by 7 kg per employee and the paper recycling rate increased by 14% compared to 2018.


 Noor Bank branded calendars and note books are made with **recycled sustainable paper**, including artwork by the artists from Noor Art Gallery. Also, all marketing collaterals and advertising has been shifted to **digital mediums**.


 Overall, the year-on-year **water consumption** in all Noor Bank premises **dropped** by a remarkable **36%**.


 Developed more solutions to **reduce the collective plastic or paper waste footprint**, especially on the usage of plastic in different stages or locations as well as promoting “Refusing Single Use Plastic Bags” by our colleagues outside of the workplace.

 Launched **custom applications** for customer onboarding, such as **Customer Relationship Management (CRM)** or **Koh-i-Noor**, as single enterprise platforms organisation-wide.

 Digital channels enrichment as **92% active customer base** is on digital channels now.

 Gone **paperless on intra-bank processes** through digital signatures.

 Further enhancement in the overall IT infrastructure to enable faster and safer computing environments, for example by **52% reduction in technology incidents** or reduced technology footprint (rapidly moving to cloud technologies).

 Continued investing and enhancing the Bank’s cyber security programme, capabilities and controls to mitigate and manage emerging cyber threats, for example with a state-of-the-art **Data Loss Prevention (DLP)** solution covering all possible vulnerable endpoints.

Robust Governance

Key Performance Indicators	2017	2018	2019
Systemic Risk Management			
Finance-to-deposit ratio for overall financing	90.51%	90.50%	91.89%
Financing to stable resources ratio	88.14%	86.11%	84.87%
Ethical Business Practices			
Total incidents of non-compliance with laws and regulations	0	0	0
Percentage of legal and regulatory fines and settlements that resulted from whistleblowing actions	0%	0%	0%
Total incidents of corruption	5	6	0
Percentage of Board seats occupied by independent directors	66.7%	66.7%	75.0%*
Total number of suppliers engaged	145	181	429**
Total number of local suppliers engaged	136	169	378**
Total procurement spending (AED mn)	22.5	41.5	208**
Procurement spending on local suppliers (AED mn)	20.9	37.0	198**
Number of suppliers that are subject to audit	N/A	N/A	10

*1 Board member vacancy by 31 December 2019, ratio based on 8 filled board member seats.

**Significant variance compared to last years is caused due to centralisation of the Procurement function.



Governance structures continued to play a key role in engaging employees, driving corporate responsibility and business integration. To enhance the standards, frameworks and systems created, we focused on embedding agile governance into the corporate culture to ensure that it is always relevant and built for purpose.

- ☆☆☆ Fitch Ratings long-term **Issuer Default Rating (IDR)** at "A-" was maintained, in spite of challenging market conditions and uncertainty.
- 🏠 Achieved a finance-to-deposit ratio of **91.89%** for overall financing and an **84.87%** financing to stable resources ratio.
- ⚙️ Evolved an **integrated Enterprise Risk Management Framework** incorporating sound principles as recommended in COSO framework and CBUAE regulations, to anchor Noor Bank's strategic, operational, risk reporting and compliance objectives.
- 📄 Strengthened **Expected Credit Losses (ECL)** governance process by institutionalising IFRS 9 steering committee followed by validation of existing ECL models.
- ☂️ Extended and strengthened **Collateral Management Framework**, including documentation with guidelines or standard operating procedure as required by the CBUAE to move to comprehensive approach of Credit Risk Mitigation for capital adequacy computation purposes.
- 🔒 **Cyber and data security risks** continued to be one of the Bank's most important concerns. To this end, the management undertook thematic risk assessment targeting specifically uncertainty and instituted countermeasures to address the risks.
- 🖥️ Developed and enhanced framework for **Risk Based Compliance Monitoring Program**, which is designed based on regulation, resulting in a better ability to evaluate the compliance status and position across the bank. Furthermore, enhanced existing Regulatory Index (inventory) to include risk rating of regulations, identification of owners and identification of types of regulation.
- 📋 An Anti-Money Laundering (AML) Risk Rating and Assessment approach was developed, in addition to secondary research engines (i.e. Google, etc.), to conduct and search clients as well as a comprehensive **Customer Due Diligence form**, supported by an Anti-Bribery and Anti-Corruption policy and framework.
- 🏛️ Through the AML and Combating the Financing of Terrorism (CFT) screening, the Bank detected and submitted **176 suspicious transactions** in 2019, a slight increase compared to 146 in 2018.
- 👤 Introduction of various **Compliance trainings on AML, CFT, Know Your Customer (KYC) or Sanctions** for all front-end employees and mandatory part for all new-joiners during their on-boarding process.
- 🤝 Through the **Anti-Bribery programme**, 0 cases of corruption were reported in 2019, as opposed to six cases in 2018.
- 📄 Launched a **Supplier Code of Conduct** to conduct regular audits of any suppliers identified as risky as well as to outline specific standards on Health, Safety, Environment, Quality and Human Rights.
- 👥 Conscious efforts undertaken to improve governance and due diligence in **vendor management and procurement** through segregation of duties and functional independence measures.



Noor gets it done

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