

Sustainability Report - 2020



About This Report

We are proud to present our first annual sustainability report, highlighting our commitment to our environmental, social and governance performance. Emirates Islamic is the Islamic subsidiary of Emirates NBD Group and has been reporting its sustainability initiatives as part of the overall group report since 2017. However, with greater emphasis on ESG governance by regulators shareholders and stakeholders, we are proud to present our first stand alone report.

In 2020, humankind encountered one of the most significant challenges in recent history, the coronavirus pandemic. During this period of uncertainty, building resilience among our stakeholders was a key theme woven through all of our response efforts. In this report, we have highlighted new initiatives that have been implemented to help us build confidence and be a pillar of support for our employees, customers and communities.

External Assurance

We chose not to appoint an external party to audit our non-financial data for this report. We followed an internal assurance process to give our stakeholders full confidence in the accuracy of the reported information. The Group's financial statements were independently audited by Deloitte & Touche (M.E.). Our Financial Statements and Annual Reports can be found under the "About Us" section at emiratesislamic.ae



About Emirates Islamic



Launched in 2004, Emirates Islamic was established to deliver quality banking services in alignment with Shariah principles. By utilising Islamic financing tools like Murabaha, Ijarah and Takaful, we reduce the uncertainty in transactions and provide solutions that are right for our customers.

Emirates Islamic is 99.9% owned by Emirates NBD Group.

Emirates Islamic is the official Islamic Banking Partner of Expo 2020 Dubai.

Who We Are

Business Divisions

What We Do

Consumer Banking & Wealth Management:

- Business Banking
- Priority Banking
- Digital Banking
- Distribution

Wholesale Banking:

- Corporate Banking
- Institutional Banking
- Syndication & Structured Finance

We offer a broad range of products designed for individuals, small businesses and corporations

Vision

To be the leading provider of innovative, Shariah-compliant financial products, quality service and superior value for our customers, shareholders, employees and the community.

Mission

Providing innovative financial products and high standard services governed by Islamic Shariah provision to enrich society.



Awards

- Islamic Bank of the Year – UAE 2020 by The Banker
- Best Islamic Bank – UAE and Most Innovative Islamic Bank by World Finance
- Most Innovative Islamic Bank by Islamic Finance News
- Best Islamic Financial Institution – UAE by Global Finance

To find out more about Emirates Islamic, please visit emiratesislamic.ae

Economic Impact & Financial Performance

We believe that the success of a financial institution is defined by the value it brings to its shareholders, customers, employees, community and the environment. To create value on each of these levels, we support our stakeholders by responding to both their voiced and unvoiced needs, helping them generate long-term sustainable returns.

Our annual report showcases our positive impact on the economy and the environment in the UAE, while we grow our profitability and expand our business.

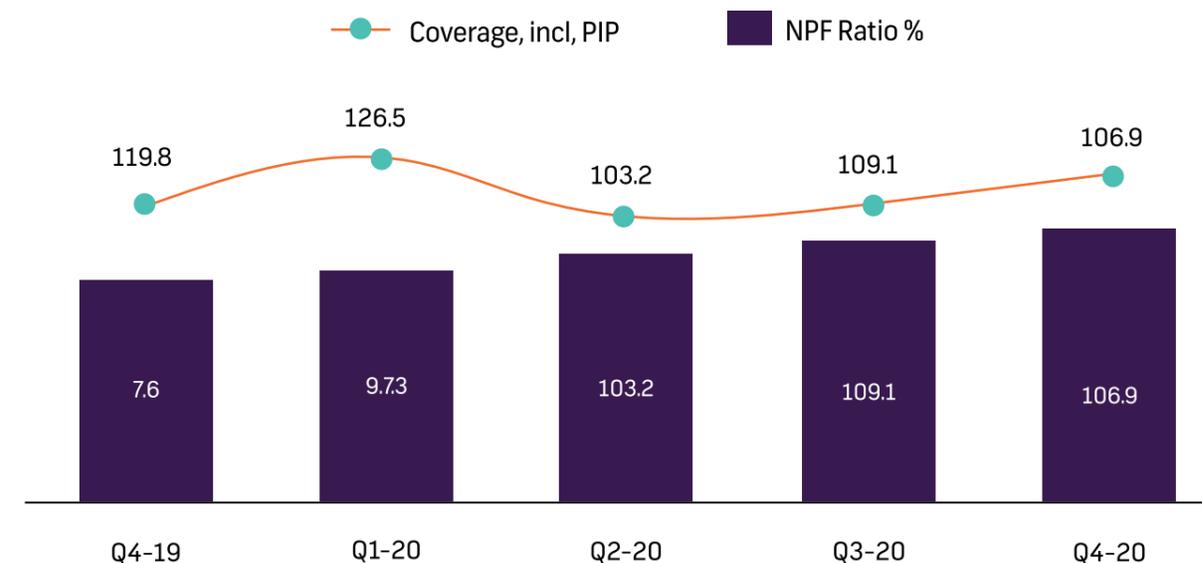
The table below provides a financial review of our performance for the calendar year 2020:

Key Performances Indicators, AED M			
	FY 2020	FY 2019	Better / (Worse)
Net Funded Income	1,694	1,881	-10%
Non Funded Income	394	789	-50%
Total Income	2,088	2,670	-22%
Operating Expenses	(1,084)	(1,127)	4%
Pre-impairment Operating Profit	1,004	1,544	-35%
Impairment Allowances	(1,486)	(483)	-208%
Net Profit for the Period	(482)	1,061	-145%

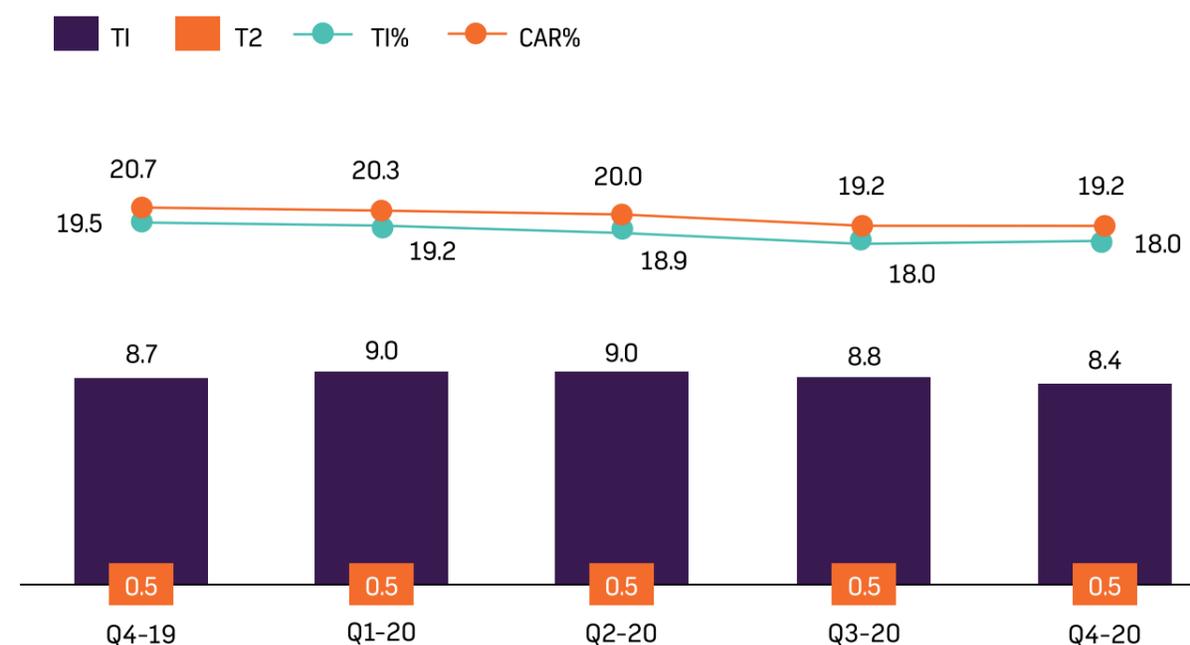
Cost income ratio (%)	51.9%	42.2%	-
Net Profit for the Period	2.7%	3.2%	-

AED Billion	31-Dec-20	31-Dec-19	%
Total Assets	70.6	64.8	8.9%
Financing Receivables, net	40.8	37.5	8.8%
Customers Accounts	46.9	45.3	3.4%
Headline Ratio (%)	87%	83%	-
NPF Ratio (%)	9.0%	7.6%	-

Impaired Financing & Coverage Ratios (%)



Capitilisation (AED B)



For more information, please refer to Emirates Islamic 2021 Annual Report.

Sustainability Management

As a front-runner in Islamic financial services in the UAE and across the region, we recognise our responsibility to address the environmental, social and governance challenges and to create a positive impact.

To ensure that our efforts and investments make maximum impact, we focus on risks and opportunities that directly or indirectly impact our stakeholders and our business. We ensure that we maintain an inclusive approach by making sustainability the responsibility of every department across our institution.

Listening to our Stakeholders

Regular engagement with our stakeholders is important to the success of our business. It helps us to constantly improve and remain relevant. We follow an internal mapping process to identify our stakeholders, the level of impact we have as well as the level of influence each stakeholder group has on our business.

Listed below are our key stakeholder groups, and our key engagement methods:

Stakeholders		
Employees	Board of Directors & Internal Shariah Supervision Committee	Investors
Engagement Methods		
Bank's intranet and employee's engagement model	Meetings held quarterly	Group Investor Relations team
Key Topics Raised		
Learning, training, growth, compensation, development and retention	Overall business strategy and governance	Financial performance
Stakeholders		
Customers	Suppliers	Local Community
Engagement Methods		
Voice of Customer satisfaction surveys	Tenders & RFP	Partnerships with community organisations
Key Topics Raised		
Exceptional customer experience	Fair suppliers selection and partnership	Empowering local communities
Stakeholders		
Government	Environment	Media
Engagement Methods		
Compliance with the UAE Central Bank directives and the Dubai Financial Services Authority directives	Partnerships with environmental organisations, both locally and globally	Radio/TV interviews, daily market commentary, weekly and monthly newsletters
Key Topics Raised		
Creating long-term socio-economic impact	Reporting on the Bank's carbon footprint and sustainable finance practices as part of Emirates NBD Group	Explaining socioeconomic impact of product releases



We engage with all our stakeholder groups on an ongoing basis through the following methods:

Media | Newsletters | Social Media Channels | Calls | Emails | Meetings | Reports | Website | Intranet

Sustainable Banking Framework

(as part of Emirates NBD Group)



Understanding the Framework

Key Drivers

The key drivers enable us to capitalise on our assets and expand our focus on creating improved socio-economic shared value.

Enablers

Areas we have heavily invested in since our inception are called 'Enablers'. The six areas of investment have grown to be reliable assets and provide a foundation for us to create impact.

Focus Areas

The focus areas are the most significant in being sustainable and creating long-term, socio-economic impact in the communities that we operate. They are integral to our growth and success and they feed into our vision and values.

Impact

In order for us to continue as a sustainable and responsible business, we must measure value and impact beyond financial outcomes, by reporting on the socio-economic shared value of all our stakeholders.

Governance & Business Continuity

We believe that good governance goes beyond overseeing the management of the Bank. We make sure that our board and management understand the challenges and opportunities of our changing industry and how we can leverage it, while mitigating risks and keeping a high level of integrity.

Policies

- Anti-Money Laundering and Counter Terrorism Financing Compliance Policy
- Business Continuity Management Policy
- Compliance Branches Policy
- Compliance Charter
- Conflict of Interest Policy
- Compliance Risk Assessment
- Crisis Management Policy
- Group Compliance Monitoring Policy
- Group Foreign Account Tax Compliance Act Policy
- Group Sanctions Compliance Policy
- Personal Account Dealing Policy
- Whistleblowers Policy
- Shariah Governance Policy

Business Continuity

Business continuity is about having a plan to deal with difficult situations which are likely to disrupt or put business operations at risk. At Emirates Islamic, we take all threats seriously, taking all measures possible to protect the interests of the organisation, our customers, employees and stakeholders.

Business Continuity in the Face of the Pandemic

Building resilience and ensuring the safety and wellbeing of our employees, customers and stakeholders is our top priority. Prior to COVID-19 being elevated to the status of pandemic, we had already prepared a recovery strategy which encompassed technology enhancements and business processes, detailing how the workforce would continue to operate to maintain business operations.

The following staged approach was taken as part of our response strategy:

- During the initial phase, when COVID-19 was still limited to a handful of countries, a percentage of our employees began working from home and split operations were put in place. The upgraded infrastructure included: support for conducting online meetings, training, and smooth functioning of all key technology systems.
- In later stages, we increased the number of employees working from home, whilst operating with skeleton employees or split operations when working from home was not possible.
- We implemented best practices to reduce the spread of the virus across all our locations. This included; temperature screening, sanitisation tunnels at entrances, enhanced deep cleaning, sanitation protocols and limiting the use of meeting rooms, amongst others.
- We ensured that we stayed in contact with employees, circulating key updates related to health and safety measures.

For more information, please refer to [Emirates Islamic 2020 Annual Report](#).

Product & Service Responsibility

Customer Experience and Engagement

Driven by two of our core organisational values: “customer focus” and “service excellence”, we are devoted to making our customers’ lives easier, building long-lasting relationships and helping them on a journey towards financial success.

Ensuring a high level of customer engagement is one of our top priorities, as it enables us to improve in accordance with our customers’ needs and expectations. To achieve this, our Customer Experience Function is dedicated to developing our engagement methods and creating touchpoints, encouraging customers to get in touch, give feedback, request information or raise complaints.

Customers can request information through	Customers can send requests through	Customers can raise complaints through
Our Branches	Our Branches	Our Branches
Call Centre	Call Centre	Call Centre
Website	Online & Mobile Banking Platforms	Online & Mobile Banking Platforms
Relationship Managers	Relationship Managers	Central Bank
Social Media Channels		

Emirates Islamic

	Year	% Detractor	% Passive	% Promoter	NPS Score
	2018	26	39	35	9
	2019	18	32	52	33
	2020	19	28	53	34

Deferrals During the Pandemic

The UAE Central Bank was proactive in addressing the downturn in the market through a Targeted Economic Support Scheme (TESS) of AED 50 billion under Zero Cost Funding (ZCF) to enable banks to provide relief to their customers. The relief was predominantly in the form of instalment deferrals until 2021, post validating proof of impact such as unpaid leave, reduction in salary and drop in business turnover.

Empowering Customers

Emirates Islamic stayed true to its core Shariah principles, offering relief measures to its Retail, Business and Corporate Banking customers that were facing difficulties as a result of the pandemic. Emirates Islamic assisted over 40,000 customers with instalment deferrals to the value of AED 2.3 billion.

Offering Green & Social Banking Choices

We understand that our efforts to align with the Sustainable Development Goals (SDGs) will have more impact if we include our stakeholders on the journey. Therefore, we help our customers make sustainable decisions in their daily life by offering them green and socially responsible banking choices.

Green Auto Finance

We launched the Green Auto Finance, which offers reduced prices on select electric and hybrid cars.

RTA Credit Card

To reduce carbon emissions from cars, Emirates Islamic encourages the use of public transport with its RTA Credit Card. Thanks to an embedded chip, this 2-in-1 card can be used for daily purchases and as a NOL Card across the RTA transit network.

E-Savings Account

Emirates Islamic customers can access their accounts and statements via online platforms without the need to print any paper.

Incentivising our Customers to Save

We encourage our customers to set aside savings to ease unexpected burdens. Over the years, we have helped our customers to develop good savings habits through our products, including:

Kunooz Savings Account

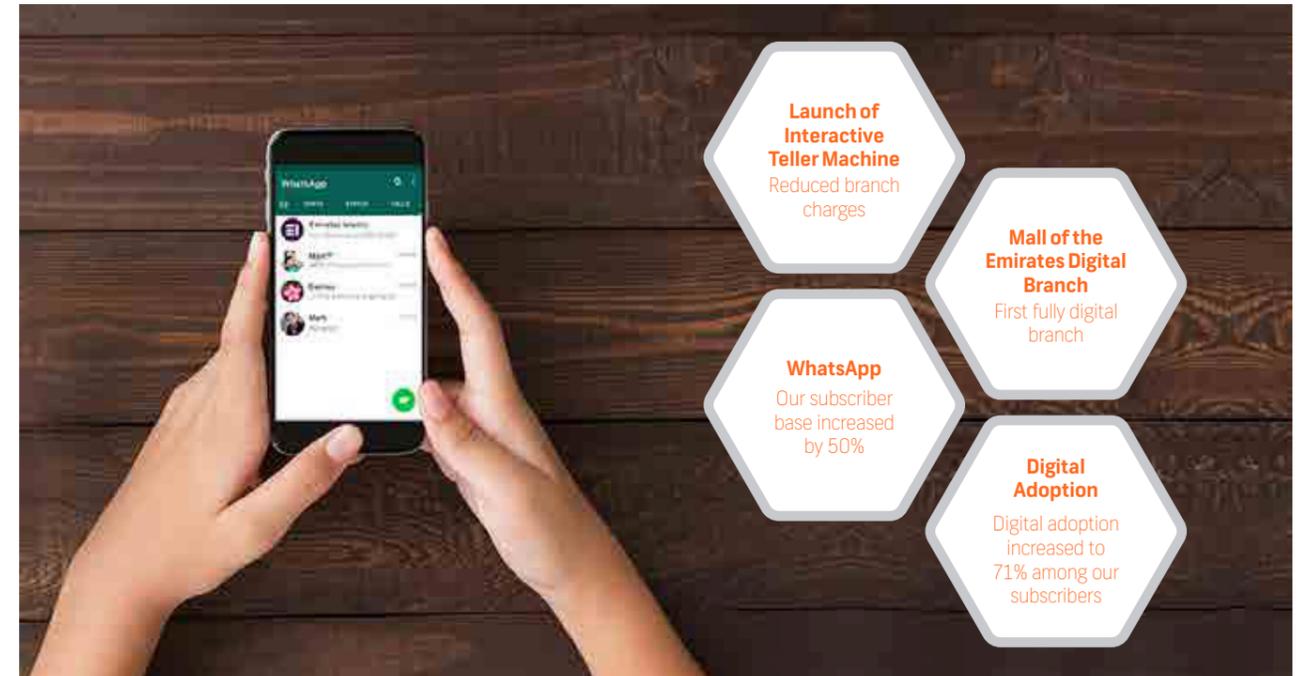
Emirates Islamic's Kunooz Savings Account is one of the most popular saving schemes in the UAE. It highlights our contributions to sustainability, encouraging customers to save for a brighter future while promoting sustainable products such as Tesla vehicles.

Technology & Innovation

We consider technology and innovation to be a priority and a strategic tool that enables us to deliver a better banking experience to our customers. The events of 2020 elevated the need for innovative technology to enable our customers to continue accessing our products and services during quarantine.



Emirates Islamic has prioritised technology and innovation over the past few years. Highlights from 2020 include:



Responsible Financing

In July 2020, Emirates Islamic signed a Memorandum of Understanding (MoU) with the Industrial Development Bureau - part of Abu Dhabi Department of Economic Development (ADDED), to offer banking services and potential financing to sectors in defence, infrastructure and agriculture. Emirates Islamic is also working on an initiative to on-board additional license types issued by other Emirates, aimed at supporting UAE national owned businesses and entrepreneurs. In 2020, over 20% of the segment's overall customer base and over 60% of financing customers were comprised of businesses owned by UAE nationals.



Our People

We consider our people to be our most valuable asset. For this reason, we constantly focus on innovation, learning, diversity and collaboration. It helps us to attract, develop and retain the right talent, which is the foundation for the growth of our business.

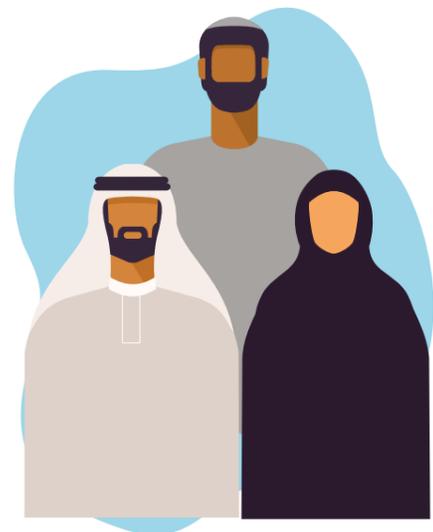
Providing support for our employees has been even more important throughout 2020. In this chapter, we highlight the different initiatives we have put in place.

Employee Engagement

Working from Home Engagement Survey

In order to ensure that our employees could work from home efficiently during lockdown, we gave them laptops equipped with software that enabled them to work remotely. As part of the second phase, an online survey was conducted to understand employee sentiments on work from home practices. Results from this survey showed that our people still wanted to be connected to what is happening internally, even when they are home 24/7. On a weekly basis, we sent communications to keep them updated on what was happening across the Group.

Employees have also felt benefits from having more flexibility around their working day, and spending less time commuting. Finally, working from home gives us the possibility to hire people who previously wouldn't have been part of the talent pool.



Diversity & Inclusion

The Kuwwati Programme

Emirates Islamic has their Kuwwati programme, which is exclusively for female employees. In Arabic, it means my power and aims to provide development through 1-to-1 coaching. The training focuses on increasing self-awareness and personal growth through challenges that put participants out of their comfort zone. In 2020, the Kuwwati programme reported a 9.25 Net Promoter Score and 95% of participating women said the programme has helped them grow as people.



Female Employees in Numbers

Emirates Islamic			
	2020	2019	2018
Number of Full-time Employees	1,402	1,539	1,645
Female Employees (%)	34%	32%	30%
Top Management (% Female of all Top Management)*	23%	21%	11%
Newly Hired Female Employees Annually (% Female of all New Hired Employees)	51%	28%	31%

*Top Management includes employees in Job Bands S and above. The Women's Club was created in 2019 to empower women and increase the percentage in top management positions.

Supporting Emiratisation

Every year, we align with the UAE Government's strategy to increase the Emiratisation rate within the banking sector. We implement different learning and development programmes for our Emirati employees to support their career aspirations within the Group.

Emirates Islamic			
	2020	2019	2018
Emiratis in Top Management (% Emiratis of all Top Management)*	52%	50%	37%
Emirati Employees (%)	30%	25%	24%
Expatriate Employees (%)	70%	75%	76%

* Top Management includes employees in Job Bands S and above.

Full-Time Employees - Broken Down by Nationality

Our employees come from over 70 different countries. Below we have highlighted the five countries from which we have recruited the highest percentage of our employees:

Emirates Islamic			
	2020	2019	2018
India	24%	28%	24%
UAE	30%	25%	24%
Pakistan	13%	17%	14%
Philippines	2%	2%	3%
Egypt	7%	10%	9%
Other	24%	18%	26%

Talent Management

We challenge our employees, helping them to tap into their unlocked potential through our performance management and learning and development framework. We identify improvement points at every level, and provide our employees with access to platforms to upskill and broaden the scope of their expertise. During the pandemic, our employees have shown resilience, solution orientation and engagement in their response to the crisis, solidifying our talent management framework.

Emirates Islamic contributes to the development of employees through the following initiatives:

Professional coaching

Future leaders underwent professional coaching to improve their individual performance and personal development. The coaching lasts for six months for leaders and over 50% were Emirati employees.

Regulatory Certifications

We provided competitive and challenging certifications to nine of our UAE nationals and three Unigrads.

AI Mustaqbal Teller

This two-month programme takes learners from a very basic level of banking through end-to-end processes. It focuses on systems, policies and procedures.

Our Recognition Programmes

Our recognition programmes have been extremely important during the pandemic to show our employees our appreciation.

GEM (Going the Extra Mile) Recognition Programme



The Emirates NBD GEM programme is designed to motivate our employees to 'go the extra mile' and be recognised as the best. The GEM programme creates a culture of recognition that boosts employee engagement and productivity. The goal of this programme is to create and sustain a motivational work environment, inspire employees and teams to go the extra mile and reinforce the organisation's values in the behaviour of our people.

Bravo – Employee to Employee Appreciation



Bravo is the Group's online employee to employee appreciation portal, where you can send an e-card or virtual pat on the back to anyone in the Group. Overall, the platform promotes our core value of 'teamwork' through accountability, active participation and collaboration.

Milestone Awards for Long Service



At Emirates Islamic, we recognise and value the contribution of all our employees but in particular, of those who stay with us for a long time. The loyalty, commitment and contributions brought by these individuals is a big part of our success.

COVID19- Precautionary Measures

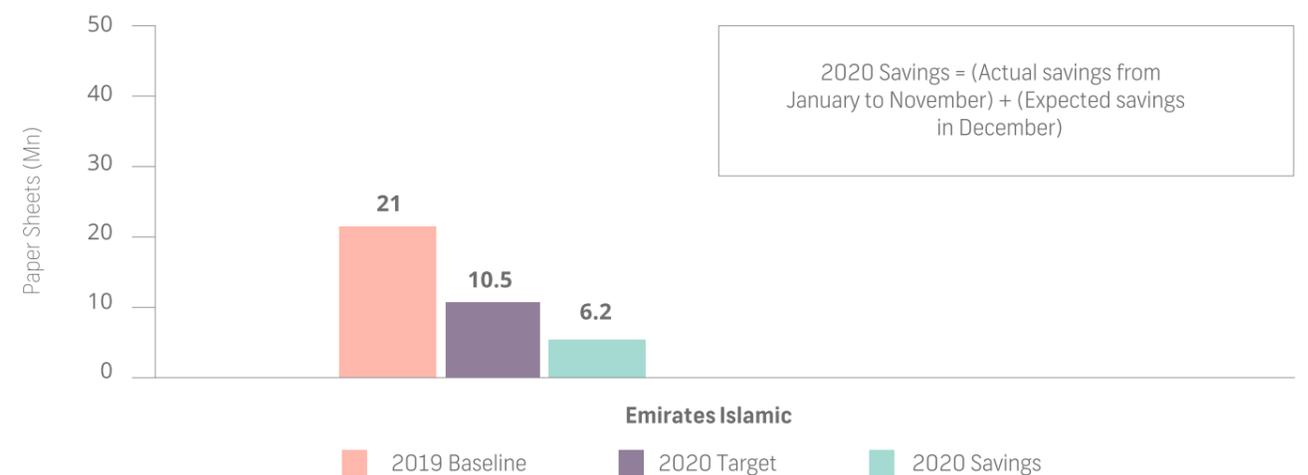
The events of 2020 have served to underline the importance of health and wellness to organisations across the globe, making it a priority to deepen our commitment to ensuring a healthy and positive workforce. As the health and safety of our employees is an area of focus for us, we have implemented a number of initiatives, including:

Office Locations & Branches	<ul style="list-style-type: none"> - Provision of hand sanitisers - Provision of face masks and gloves - Daily sanitation of all office premises, elevators, doors, desks and transport vehicles 	Other Precautionary Measures & Support	<ul style="list-style-type: none"> - Processes and guidelines identifying both suspected and positive cases of COVID-19 - Partnered with third party medical facilities for a streamlined testing process to test suspect cases
Safety & Social Distancing Measures <ul style="list-style-type: none"> - Implemented business continuity and evacuation plans in case of any COVID-19 related incidents - Only one entry and exit point in all office buildings - Thermal temperature scanning 		Communications & Awareness <ul style="list-style-type: none"> - We created a COVID-19 site on our Intranet as a centralised place for all COVID-19 related information and resources - Sent out regular COVID-19 updates to employees via email and SMS 	
<ul style="list-style-type: none"> - Social distancing reminders on wall and floor signs, in all elevators, cafeterias and pantry areas - Limited seating capacity in office meeting/conference rooms, cafeterias, pantries and company transport vehicles - Limited seating capacity in all public seating areas (visitor seating/ lobby lounges) - Implemented work-from-home for non-customer facing roles 		<ul style="list-style-type: none"> - Shared COVID-19 related Frequently Asked Questions (FAQs) for employees and managers - Precautionary measures highlighted on desktop and laptop screensavers - Digital learning modules and videos to highlight precautionary measures to safeguard against COVID-19 	

Our Environmental Responsibility

We know that climate change is one of the most pressing challenges of our time. 2020 gave us a glimpse of what our future might look like if we do not act with collective responsibility to protect the environment.

2020 Baseline vs. Savings (Paper Sheets in Millions)



Corporate Social Responsibility

As a leading Shariah-compliant bank, Emirates Islamic has always played an active role in supporting the communities we operate in. However, the challenges of this year further deepened our commitment to contributing to the upliftment and well-being of society.

As the COVID-19 crisis continues to impact individuals and businesses, we remain unwavering in our belief that empowering those around us to succeed is critical to our own success, and the economic fabric of our great nation.

Our commitment to the community is reflected in the way we run our business every day, the inclusive and supportive environment we foster for our employees, the products and services we offer our customers, and ultimately how we interact with all our stakeholders.

Anchored by our strong values, and as one of the country's largest Islamic banks, Emirates Islamic was the first Dubai financial institution to offer financial support from the Emirates Islamic Charity Fund to the 'Social Solidarity Fund Against COVID-19' initiative, launched by the Islamic Affairs and Charitable Activities Department in Dubai to mitigate the health, economic and social challenges posed by the coronavirus crisis. Emirates Islamic, under the umbrella of Emirates NBD Group, contributed AED 10 million to help provide support and care to disadvantaged members of our society. Emirates Islamic is a firm believer in making genuinely meaningful economic, social and environmental impact through our CSR activities, which is why when schools in the UAE had to shift to e-learning during the outbreak, the bank contributed AED 2 million to UAE Ministry of Education to supply laptops to students with little or no access to technology for learning, in order to enable them to continue receiving a quality education while classrooms stayed closed.

While the critical importance of our medical infrastructure has been amplified during the pandemic, as a homegrown bank Emirates Islamic has always believed in and extended support to projects that support the development of the country's healthcare sector in delivering world-class health services that exceed patient expectations in line with the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai, to position the UAE as a global healthcare hub of the wider Middle East region and beyond.

Even before COVID-19, Emirates Islamic contributed towards various government healthcare initiatives, including nearly AED 2 million to Mohammed Bin Rashid University of Medicine and Health Sciences (MBRU) . In addition, the bank committed to AED 45 million to support various projects undertaken by Dubai Health Authority. In January, Emirates Islamic also contributed AED 5 million to Erada Center for Treatment and Rehab, an organisation tasked with treating substance abuse and addiction, to help equip new outpatient clinics and expand the center.

