

For immediate release

## Emirates NBD's Q1 2023 profit more than doubles to a record AED 6 billion Quarterly income surpasses AED 10 billion for the first time

Dubai, 27 April 2023

Emirates NBD's profit more than doubles to a record AED 6 billion in the first quarter of 2023, demonstrating the success of the Group's diversified business model and a healthy regional economy. This is also a record quarter for income which exceeds AED 10 billion for the first time ever. The exceptional increase in profit reflects higher margins, growing non-funded income and a lower cost of risk on significant recoveries. Healthy sector liquidity helped deposits grow by AED 35 billion or 7% including a further AED 19 billion increase in Current and Savings Accounts, supporting a 3% increase in lending and impressive asset growth. Credit quality improved due to substantial recoveries reflecting the region's growing economy with impairment charge down 66%. Every business unit delivered higher income and improved profitability. We have launched new digital products and services and recharged our strategy within our international footprint to deliver future growth.

<b>Total Income</b> AED 10.5 billion ↑64% y-o-y	<b>Expenses</b> AED 2.6 billion ↑34% y-o-y	<b>Provisions</b> AED 0.5 billion ↓66% y-o-y	<b>Net Profit</b> AED 6.0 billion ↑119% y-o-y
<b>NIM</b> 4.05%	<b>Cost: Income ratio</b> 25.3%	<b>NPL Ratio</b> 5.6%	<b>CET-1 Ratio</b> 15.8%

### Key Highlights – First Quarter 2023

- **119% profit growth on higher margins, improved deposit & loan mix and substantial recoveries**
  - **Net profit** of **AED 6.0 billion** up by an outstanding 119% y-o-y and 54% q-o-q
  - **Total income** up 64% to **AED 10.5 billion** on our excellent deposit mix with higher interest rates feeding through to margins and strong growth across all business segments and products
  - **Net interest margin** rose significantly by 145 basis points y-o-y to **4.05%**
  - **Impairment allowances** substantially down 66% y-o-y on successful recoveries as coverage ratio increases to 152%
  - **Credit Quality** improved with NPL ratio 0.4% lower q-o-q at 5.6% enabling improved credit quality guidance
  - **Customer loans** up an impressive 3% in Q1-23 with highest ever retail disbursements across conventional and Islamic retail franchise coupled with strong new corporate lending
  - **Deposit mix is a key strength.** Deposits grew 7% or AED 35 billion in Q1-23 including a beneficial **AED 19 billion** increase in Current and Savings Accounts, demonstrating our effective deposit gathering strategy and low cost of funds
  - **Earnings per share** up significantly by 117% to **93 fils**, underlying up 159%

➤ **Emirates NBD's strength empowers its customers to benefit from a growing economy**

- **Total assets** up 5% at AED 782 billion
- **Capital and Liquidity** 187% Liquidity Coverage Ratio and 15.8% Common Equity Tier-1 ratio reflect the Group's solid balance sheet, used to empower customers and create opportunities to prosper
- **Expenses** well controlled, as the Group recharges international strategy with effective progress in broadening international branch network and accelerates investment in Digital and Data to drive future growth
- **Growing regional presence** helping drive significant income growth across our international footprint
- **Egypt** appointed a new CEO and CFO to recharge Egyptian growth strategy

➤ **Emirates NBD market leadership continues to advance**

- **Growing market share** with strongest ever quarter for retail lending with over AED 8 billion of retail loan disbursements in Q1-23 and over 144,000 new credit cards issued
- **Local currency issuance.** The Group became the first issuer of Dirham bonds and sukuks, following the Ministry of Finance's development of local yield curve
- **Global Custody Services** was launched by Emirates NBD Capital on DFM and ADX, providing regional and overseas clients with secure and efficient safekeeping of their assets across multiple geographies
- **Instant trading on ADX.** Emirates NBD Securities provides digital onboarding and instant trading access to ADX's listed companies
- **'ENBD X'** enhanced mobile banking app rolling out, delivering a new standard in customer service
- **Priority Banking** revamped value proposition for affluent clients
- **Emirates Islamic's ratings** affirmed, and Viability Rating upgraded by Fitch
- **ESG** 75% of cards issued are now eco-friendly bio-cards, reducing plastic consumption by over 4,200 kilograms
- **Earthquake contribution** of 350 million Turkish Lira to support Earthquake recovery



**Hesham Abdulla Al Qassim, Vice Chairman and Managing Director said:**

- “Emirates NBD’s profits more than doubles to a record AED 6 billion in the first quarter of 2023, reflecting the success of the Group’s diversified business model and a healthy regional economy.
- As a leading bank in the region, we are fully aligned with Dubai’s commitment to continue developing and stimulating entrepreneurship, attracting more foreign investment and consolidating Dubai’s position as a land of opportunity and innovation.
- Emirates NBD and Emirates Islamic are proud to be the first issuers of dirham bonds and sukus, following the development of a local yield curve, facilitating capital market access in local currency for UAE corporations.
- In response to February’s tragic earthquake in Turkey, Emirates NBD Group immediately donated 350 million Turkish Lira to the relief effort and is also providing deferral support to affected customers.”



**Shayne Nelson, Group Chief Executive Officer said:**

- “Emirates NBD delivers record quarterly income for the first quarter of 2023 as total income grew 64% to AED 10.5 billion on increased transaction volumes and improved margins from an efficient funding base and higher interest rates.
- We also delivered a record AED 6 billion quarterly profit on the back of higher income and a substantially lower cost of risk aided by significant recoveries, the highest ever quarterly profit delivered by a UAE bank.
- Q1-23 is the strongest ever quarter for retail lending with over 144,000 new credit cards issued and over AED 8 billion of retail loan disbursements.
- We upgraded our mobile banking app, revamped the value proposition for affluent clients and enabled instant trading on the Abu Dhabi Stock Exchange to deliver a new standard in customer service.
- We have recharged our strategy within our international footprint to deliver future growth.”



**Patrick Sullivan, Group Chief Financial Officer said:**

- “Emirates NBD’s diverse business model delivers record income, profit and retail disbursements during the quarter.
- Higher income enables us to accelerate our international expansion and investment in digital and data, which will deliver alternative revenue streams and offset against the impact from expected future interest rate cuts.
- Strong recoveries and the low cost of risk in the first quarter enables us to improve our credit quality guidance.
- Liquidity in the UAE banking sector remains healthy and we grew deposits by AED 35 billion in the first quarter of 2023, including a AED 19 billion increase in Current and Savings Account balances.
- Dubai’s economy continues to perform strongly and the Group’s solid balance sheet is supporting its customers and help them grow both locally and internationally.”

## Financial Review

<b>Income Statement</b> <i>All figures are in AED billion</i>	<b>3 months ended</b> <b>31-Mar-23</b>	<b>3 months ended</b> <b>31-Mar-22</b>	<b>%Δ YoY</b>
Net interest income	7.2	4.3	69%
Non-funded income	3.3	2.1	54%
<b>Total income</b>	<b>10.5</b>	<b>6.4</b>	<b>64%</b>
Operating expenses	(2.6)	(2.0)	34%
<b>Operating profit before impairment</b>	<b>7.8</b>	<b>4.4</b>	<b>77%</b>
Impairment allowances	(0.5)	(1.4)	(66)%
<b>Profit before tax &amp; others</b>	<b>7.4</b>	<b>3.0</b>	<b>145%</b>
Hyperinflation adjustment	(0.8)	-	-
Tax	(0.5)	(0.3)	91%
<b>Profit</b>	<b>6.0</b>	<b>2.7</b>	<b>119%</b>

<b>Key Metrics</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>%Δ YoY</b>
Cost to income ratio	25.3%	30.8%	(5.5)%
Net interest margin	4.05 %	2.60%	145 bps
Cost of Risk (bps)	41	116	(75) bps
EPS (AED)	0.93	0.41	52 fils
Return on Tangible Equity	30%	16%	14%

<b>Balance Sheet</b> <i>All figures are in AED billion</i>	<b>As at</b> <b>31-Mar-23</b>	<b>As at</b> <b>31-Dec-22</b>	<b>%Δ QoQ</b>
Total Assets	782	742	5%
Gross Loans	470	456	3%
Deposits	538	503	7%

<b>Key Metrics</b>	<b>31-Mar-23</b>	<b>31-Dec-22</b>	<b>%Δ QoQ</b>
NPL Ratio	5.6%	6.0%	(40) bps
Impaired Loan Coverage Ratio	152%	145%	7%
Liquidity Coverage Ratio	187%	182%	5%
Capital Adequacy Ratio	18.7%	18.3%	40 bps
Tier 1 Ratio	17.6%	17.2%	40 bps
Common Equity Tier 1 Ratio	15.8%	15.4%	40 bps

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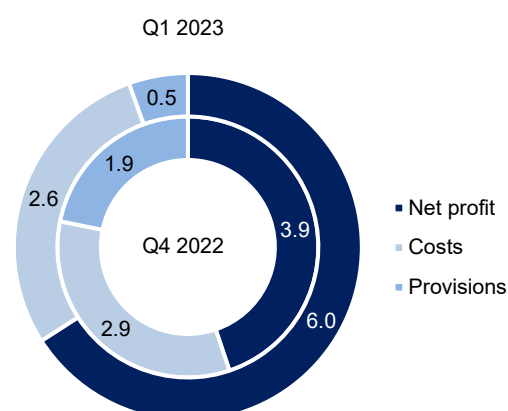
## Operating Performance

Total income for Q1-23 is up 64% y-o-y and up 7% q-o-q to AED 10.5 billion. Net interest income is up 69% y-o-y on an improved loan and deposit mix with higher rates feeding through to margins. Non-funded income is up 54% y-o-y from increased local and international card transactions, coupled with growth in FX & Derivative income.

Expenses remain well controlled with Q1-23 cost to income ratio within guidance at 25.3% reflecting stronger income enabling continued acceleration of investment for growth

Impairment allowances in Q1-23 are substantially lower, down 66% y-o-y, reflecting strong recoveries and the healthy operating environment and enabling improved credit quality guidance.

Quarterly profit rises to AED 6 billion on the back of higher income and a substantially lower cost of risk aided by significant recoveries, the highest ever quarterly profit delivered by a UAE bank.



## Balance Sheet Trends

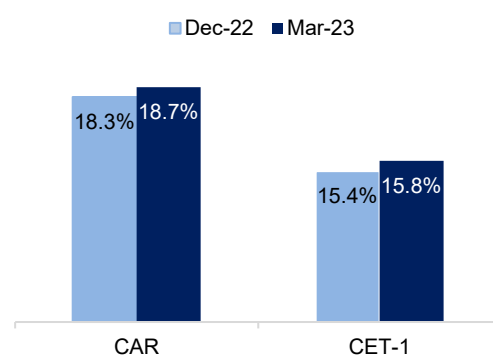
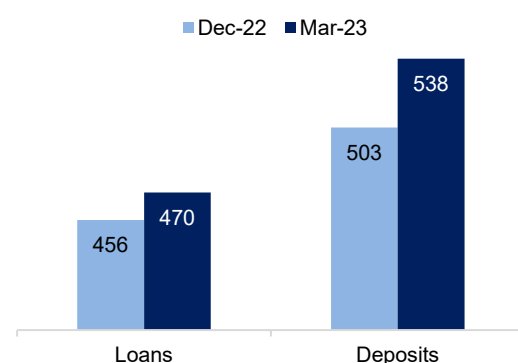
Lending increased during Q1-23 by AED 13 billion with the conventional and Islamic retail franchise having its strongest ever quarter, disbursing over 8 billion dirhams of loans.

Deposits grew by AED 35 billion in the first quarter of 2023, including a AED 19 billion increase in Current and Savings Account balances helping maintain a stable, efficient funding base.

Liquidity remains strong with the Liquidity Coverage Ratio at 187% and the Advances to Deposits Ratio at 80%.

During the quarter, the Non-Performing Loan ratio improved to 5.6% on significant writeback and recoveries whilst the Coverage ratio strengthened to 152%, demonstrating the Group's continued successful approach to loan management and its prudent approach towards credit risk management.

As at 31 March 2023, the Group's Common Equity Tier 1 ratio is 15.8%, Tier 1 ratio is 17.6% and Capital Adequacy ratio is 18.7%



## **Business Performance**

- **Retail Banking and Wealth Management** had an excellent first quarter with its highest ever revenue, strongest ever disbursement of loans and credit cards, and a stable, diverse deposit base.
  - Robust business momentum continues with loan origination up 29% y-o-y and Credit Card acquisitions up 84% y-o-y as 144,000 new credit cards issued in Q1-23
  - Lending increased by AED 5 billion and Deposits grew by AED 13 billion in first three months of 2023
  - Highest ever Cards spends of over AED 13 billion in March-23
  - Income up 39% y-o-y with 30% contribution from non-funded income
  - 'ENBD X' enhanced mobile banking app rolling out, delivering a new standard in customer service
  - Emirates Islamic Retail strengthened its digital offering, launching new mobile app and extending tablet banking for Credit Cards
  
- **Corporate and Institutional Banking** capitalised its strategic partnership with major Government entities and Corporates by enhancing digitized service platforms
  - Global Custody Services launched by Emirates NBD Capital on DFM and ADX, providing regional and overseas clients with secure and efficient safekeeping of assets across multiple geographies
  - Profitability jumped 128% on higher fee income due to increased customer hedging, increased Trade Finance and Investment banking income, improved net interest income due to rate rises and strong recoveries
  - CASA balances grew enabling Group to maintain low cost of funds
  - Emirates NBD Securities provides digital onboarding and instant trading access to ADX's listed companies
  
- **Global Markets and Treasury** delivered an outstanding performance with quarterly income and profit exceeding AED 1 billion for the first time
  - Net interest income grew significantly from Balance Sheet positioning coupled with a significant increase in banking book investment income
  - Non funded income grew by 76% as the Trading desk navigated volatile market conditions, with particularly strong performances from Rates and FX trading desks
  - Sales Revenue grew by a healthy 60% with Structured Product revenue more than doubling and income from Foreign Exchange sales growing by 48% y-o-y
  - Group Funding issued the UAE's first Dirham denominated Sukuk and Conventional bonds from a bank, building on the UAE Ministry of Finance's development of the local yield curve
  
- **DenizBank** profit up 37% to AED 861 million helped by strong recoveries

## Outlook

In April the International Monetary Fund trimmed its global GDP growth forecast to 2.8% for 2023 but expect most countries within Emirates NBD's footprint, including the UAE, KSA, Turkey, Egypt and India to match or exceed this level. Emirates NBD Research expects UAE GDP to grow by 3.9% this year, well ahead of the IMF's global growth forecast and this optimism is supported by UAE's PMI registering a five-month high of 55.9 in March.

Recent events in the US and European banking sectors did not deter major central banks from pushing ahead with rate hikes in March, as inflation remains above target. Liquidity in the UAE banking sector continues to remain very healthy.

Emirates NBD Research revised its 2023 forecast for Brent oil down to an average of USD 88/b and the outlook for the UAE economy remains constructive. Despite this lower forecast oil price, it is expected that the Kingdom of Saudi Arabia will still deliver a balanced budget this year.

**-ENDS-**

## Awards:

- ✧ Emirates NBD won 'Middle East's Best Private Bank for Digital' and 'Best Domestic Private Bank in the UAE' by Euromoney Global Private Banking Awards 2023
- ✧ Emirates NBD won 'Best Private Bank Digital Solutions for Clients' in the Middle East and UAE by Global Finance World's Best Private Banks Awards 2023
- ✧ Emirates NBD KSA won 'Best Foreign Bank in KSA' by International Finance Awards, The Global Economics Awards and The Global Business Outlook Awards 2022, and 'Most Innovative Retail Bank – Saudi Arabia 2022' by Global Economics Awards and 'Best Green Building Initiative – Banking KSA 2022' by the International Finance Awards
- ✧ Emirates NBD Capital won 'Best Investment Bank in the Middle East', 'Best Local Investment Bank in the UAE', 'Best Debt House in the UAE', 'Best Loan House in the UAE', 'Best Foreign Bank in the KSA by EMEA Finance - Middle East Banking Awards 2022
- ✧ Emirates NBD Capital won 'Best Islamic Investment Bank (Global)', 'IFN Syndicated Deal of the Year', 'IFN Turkiye Deal of the Year' and 'Best Investment Bank in the UAE' by the Islamic Finance News Awards 2022
- ✧ Emirates NBD was named the UAE's most valuable banking brand and MENA's third most valuable banking brand, with a value of USD 3.89 billion, in The Banker's 2023 brand valuation
- ✧ Emirates NBD won Grand Prix in 'Glass: The Award for Change' category for Emirati Women's Day Campaign at the Dubai Lynx Awards 2023

Emirates NBD has a leading retail banking franchise, with 874 branches and 4,144 ATMs / SDMs in the UAE and overseas. It is a major player in the UAE corporate and retail banking arena, and has strong Islamic banking, investment banking, private banking, asset management, global markets & treasury and brokerage operations. The bank has operations in the UAE, Egypt, India, Turkey, the Kingdom of Saudi Arabia, Singapore, the United Kingdom, Austria, Germany, Bahrain, Russia and representative offices in China and Indonesia. For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com)

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