

For immediate release

## Emirates NBD Announces Q3 2013 Results

**Income up 13% to AED 8.7 billion, Operating Profit up 24% to AED 2.3 billion  
Net Profit up 34% to AED 2.6 billion**

Dubai, 24 October 2013

Emirates NBD (DFM: EmiratesNBD), the leading bank in the region, today announced its results for the 9 months ended 30 September 2013.

### Results Highlights

- ❑ **Net profit for the 9 months ended 30 September 2013 of AED 2.6 billion**, up 34% compared with AED 1.9 billion in the same period of 2012
- ❑ **Total income of AED 8.7 billion**, up 13% from the comparable period in 2012
- ❑ **Operating profit of AED 2.3 billion**, up 24% from the first 9 months of 2012
- ❑ **Moderate improvement in impaired loans ratio** during the first 9 months of 2013 of **0.2%** and an **improvement in impaired loan coverage of 5%** during the period
- ❑ **Total assets up 8% at AED 332.3 billion** compared with AED 308.3 billion at the end of 2012
- ❑ **Customer loans at AED 234.4 billion**, up 7% relative to AED 218.2 billion at the end of 2012
- ❑ **Customer deposits at AED 228.6 billion**, up 7% from AED 213.9 billion at the previous year-end
- ❑ **Headline loan to deposit ratio of 102.5% continues to remain within target range of 95-105%**
- ❑ **Capital adequacy ratio at a healthy level of 19.0%** while **Tier 1 ratio strengthened to 14.9%** from 13.8% at the end of 2012
- ❑ **Continued progress in improving the balance sheet composition** with growth in higher yielding consumer products coupled with a more efficient funding and capital mix

**Emirates NBD's Chief Executive Officer, Rick Pudner, said:** "During the first 9 months of 2013, we have delivered a strong set of financial results with net profit for the period up by 34% compared to the same period in 2012. This is testament to our ability to take advantage of the improving economic backdrop in the UAE, and Dubai in particular, as well as the relentless and successful execution of our strategic agenda. Profitability has been underpinned by a strong 13% increase in revenue as growth momentum, particularly in our retail and Islamic franchises, has continued to gather pace."

**Emirates NBD's Chief Financial Officer, Surya Subramanian, said:** "Operating profits for the first 9 months of 2013 grew strongly by 24% over the comparable period of 2012. This excellent operating performance was achieved despite continued conservative provisioning as strong top line growth was supported by improved

operational, funding and capital efficiency. We are also on track to achieving our targeted impaired loan coverage by the end of 2013 as outlined 2 years ago.”

## Financial Review

AED million	9 months ended 30 Sep 2013	9 months ended 30 Sep 2012	Better / (Worse) (%)	Quarter ended 30 Sep 2013	Quarter ended 30 Sep 2012	Better / (Worse) (%)
Net interest income	5,915	5,146	15%	2,254	1,730	30%
Non-interest income	2,780	2,560	9%	891	791	13%
<b>Total income</b>	<b>8,695</b>	<b>7,706</b>	<b>13%</b>	<b>3,145</b>	<b>2,521</b>	<b>25%</b>
General & administrative expenses	(2,920)	(2,710)	(8%)	(1,038)	(874)	(19%)
Amortisation of intangibles	(47)	(60)	21%	(16)	(20)	20%
<b>Operating profit before impairment charges</b>	<b>5,728</b>	<b>4,936</b>	<b>16%</b>	<b>2,091</b>	<b>1,627</b>	<b>29%</b>
Impairment allowances	(3,400)	(3,064)	(11%)	(1,515)	(1,009)	(50%)
<b>Operating profit</b>	<b>2,328</b>	<b>1,872</b>	<b>24%</b>	<b>576</b>	<b>618</b>	<b>-7%</b>
Share of profits of associates	101	73	39%	34	27	26%
Gain on disposal of stake in an associate	191	-	n/a	191	-	n/a
Taxation charge	(36)	(16)	(125%)	(26)	(5)	(420%)
<b>Net profit</b>	<b>2,584</b>	<b>1,929</b>	<b>34%</b>	<b>775</b>	<b>640</b>	<b>21%</b>
Cost to income ratio (%)	33.6%	35.2%	1.6%	33.0%	34.7%	1.7%
Net interest margin (%)	2.56%	2.42%	0.14%	2.83%	2.35%	0.48%
EPS (AED)	0.42	0.31	35%	0.12	0.10	20%
Return on average shareholders' equity (%)	12.8%	10.1%	2.7%	11.7%	9.9%	1.8%

AED billion	as at 30 Sep 2013	as at 31 Dec 2012	Better / (Worse) (%)	as at 30 Jun 2013	Better / (Worse) (%)
Total Assets	332.3	308.3	8%	334.8	(1%)
Loans	234.4	218.2	7%	231.8	1%
Deposits	228.6	213.9	7%	230.3	(1%)
Impaired Loan Ratio (%)	14.1%	14.3%	0.2%	13.9%	(0.2%)
Impaired Loan Coverage Ratio (%)	54.8%	49.4%	5.4%	52.7%	2.1%
Capital Adequacy Ratio (%)	19.0%	20.6%	(1.6%)	18.5%	0.5%
Tier 1 Ratio (%)	14.9%	13.8%	1.1%	14.5%	0.4%

### Total Income

*Total income* for the 9 months ended 30 September 2013 amounted to AED 8,695 million; an increase of 13% compared with AED 7,706 million in the same period of 2012.

*Net interest income* for the 9 months ended 30 September 2013 improved by 15% to AED 5,915 million from AED 5,146 million in the comparable period of 2012. The improvement in net interest income is attributable to a combination of year-on-year loan growth at 10% and an improvement in the net interest margin of 0.14% to 2.56% resulting from a more efficient capital and funding structure, the positive mix impact of higher growth in consumer lending and the positive impact of declining Eibor rates on loan spreads. Q3 2013 net interest income

of AED 2,254 million recorded an improvement of 30% and 18% from Q3 2012 and Q2 2013 respectively, principally due to improved net interest margins and balance sheet growth.

*Non-interest income* for the 9 months ended 30 September 2013 recorded an increase of 9% to AED 2,780 million from AED 2,560 million in the comparable period of 2012, driven primarily by increased trade finance activity, core banking fees, brokerage income and property related income. Q3 2013 non-interest income improved by 13% compared with Q3 2012 due to growth in most core fee income streams.

### **Total Costs**

Costs in the first 9 months of 2013 amounted to AED 2,920 million, an increase of 8% over the comparable period of 2012 primarily due to customer service and relationship related costs, the BNP Paribas Egypt acquisition and administrative costs. However, the cost to income ratio for the first 9 months of 2013 improved by 1.6% as improving top line momentum offset the increase in costs which were primarily directed at customer facing activities.

### **Credit Quality and Impairments**

Emirates NBD continues to pro-actively manage credit quality and impaired loans across the bank's corporate, retail and Islamic financing portfolios have improved marginally during the first 9 months of 2013 by 0.2% to end the period at 14.1%.

The impairment charge for the 9 months ended 30 September 2013 was raised to AED 3,400 million compared with AED 3,064 million in the comparable period of 2012. This impairment charge was primarily composed of conservative specific provisions made in relation to the bank's corporate and Islamic financing portfolios and resulted in an improvement of 5.4% in the impaired loan coverage ratio to end the period at 54.8%. As at 30 September 2013, total portfolio impairment allowances amounted to AED 3.9 billion or 2.5% of unclassified credit risk weighted assets, in excess of the UAE Central Bank requirement of 1.5% by AED 1.5 billion.

### **Associates and Joint Ventures**

The positive contribution of the Bank's investments in associates and joint ventures amounted to AED 101 million during the period compared with AED 73 million in the first 9 months of 2012. During the 9 months ended 30 September 2013, the Group sold 32.6% of its stake in Union Properties PJSC resulting in a decrease in the Group's shareholding from 47.6% as at 31 December 2012 to 15% and gain of AED 191 million was recorded on the disposal of the stake.

### **Net Profit**

Net profit for the Group was AED 2,584 million for the 9 months ended 30 September 2013, 34% above the profit posted in the comparable period of 2012 of AED 1,929 million principally due to higher top line growth.

### **Customer Loans and Deposits**

Customer Loans as at 30 September 2013 (including Islamic financing) amounted to AED 234.4 billion, an increase of 7% from the end of 2012.

Customer Deposits as at 30 September 2013 were AED 228.6 billion, an increase of 7% from 31 December 2012.

The loan to deposit ratio continued to remain within the Bank's target range of 95% to 105% throughout 2013 to end the period at 102.5%.

### **Capital**

As at 30 September 2013, the bank's total capital adequacy ratio and Tier 1 capital ratio were 19.0% and 14.9% respectively compared with 20.6% and 13.8% as at 31 December 2012. The movement in the total capital adequacy ratio was mainly due to an increase in risk weighted assets resulting from the BNP Paribas Egypt acquisition, the repayment of AED 7.8 billion of UAE Ministry of Finance Tier 2 deposits and the 2012 dividend payment, partly offset by retained earnings and new Tier 1 and Tier 2 capital raised during the period. The improvement in the Tier 1 ratio of 1.1% during the period resulted from the issuance of AED 3.7 billion new Tier 1 capital notes and retained earnings generation more than offsetting the 2012 dividend payment.

## **Business Performance**

### **Consumer & Wealth Management (CWM)**

Income for the Division increased by 13% over the first 9 months of 2013 to AED 3,716 million from AED 3,289 million. This was driven by 11% growth in net interest income and an 18% improvement in fee income. During the period, CWM continued its focus on increasing revenues and enhancing service standards with several new products, process and channel initiatives being launched.

Credit quality remained tightly managed and retail loan portfolio delinquencies during the quarter continued to witness the improving trends evident throughout 2011 and 2012.

CWM's sustained focus on deposit growth, driven by a strong momentum in current and savings account balances, resulted in a growth of 7% in customer deposits from end-2012 levels to reach AED 93.6 billion. In addition, strong loan growth of 20% was witnessed during the period, particularly in credit cards, auto loans and SME lending, to reach AED 24.3 billion from AED 20.2 billion at the end of 2012.

For Auto Loans, an exclusive tie up with Porsche Financial Services was launched across all dealer counters at Porsche, Audi and Volkswagen in the UAE - the first of its kind in the region. Mortgage bookings continued steady growth from Q4 2012 with the revival in the real estate sector. Various new products were launched during the period - these included the Chinese Yuan account, the Retail Islamic Liabilities product suite and the Goal based Recurring Deposit. Also launched were newer versions of our Mobile Banking application for various mobile devices. The first 9 months of 2013 saw a 50% growth in the number of customers active in our online and mobile banking platforms and a 70% growth in online and mobile transactions.

Another first for the UAE was the launch of our co-branded card with a leading English football club. Emirates NBD launched co-branded MasterCard credit and prepaid cards with Manchester United Football Club in a historic partnership. Another pioneering initiative was the launch of the RISE initiative, providing SME businesses in the UAE with a comprehensive online platform to connect and grow their businesses.

Emirates NBD was awarded "Best Retail Bank in the UAE" by Asian Banker in March 2013 in recognition of its long-term, sustainable, profitable franchise with the customer as our core proposition. The Emirates NBD Corporate Card was awarded the 'Best Corporate Card' at the Smart Card Awards Middle East 2013, for the second consecutive year. The Bank was also conferred the 2013 Visa Leader Award for excellence in fraud management as the 'Best Issuing Institution' in Middle East & North Africa. Additionally, Emirates NBD Asset Management was awarded the "Best Regional Fund Manager" at the Banker Middle East Industry Awards 2013.

### **Wholesale Banking**

Wholesale Banking continued its strong operational performance in the first 9 months of 2013, delivering 7% growth in operating income to AED 3,388 million compared with AED 3,160 million in the comparable period of 2012.

Net interest income increased by 8% for the period to AED 2,457 million compared with AED 2,269 million in the same period of 2012 resulting from increased underwriting translating to a 9% year-on-year growth in loans and receivables. Management's focus on non-funded and service related avenues resulted in growth in fee and commission income of 5% to AED 931 million compared with AED 891 million in the first 9 months of 2012, particularly from foreign exchange and debt capital markets activities.

In terms of balance sheet, the first 9 months of 2013 registered an increase of 6% and 2% in its loan and deposits book respectively, reflecting management's continued focus on growing quality assets while proactively managing the cost of deposit funding.

The Investment Banking platform, Emirates NBD Capital Ltd, continued its strong performance during the period and executed several notable transactions which included acting as mandated lead arranger, advisor and bookrunner for syndicated loans with total deal value of USD 15.1 billion for Saudi Oger Limited, SBER Bank, Turk Telecom, Dubai Duty Free, Investment Corporation of Dubai and other key clients in GCC, Turkey, Sri Lanka and India. It also acted as joint lead arranger and bookrunner for several Sukuk and Bond issuers including Emirates NBD PJSC, Emirates Airlines, Government of Dubai, Bank Asya, DEWA, Dubai Islamic Bank, Al Baraka, AK Lease and Dar Al Arkan.

During the first 9 months of 2013, Wholesale Banking continued execution of its comprehensive wholesale banking strategy and transformation process of becoming the dynamic Wholesale Banking powerhouse in the

Middle East and witnessed successful results during the period which enhanced the division's overall performance.

### **Global Markets & Treasury (GMT)**

GMT reported a total income of AED 332 million for the 9 months ended 30 September 2013 compared with AED 548 million in the comparable period of 2012. Total income at AED 116 million in Q3 2013 showed a marginal improvement compared to AED 104 million in Q2 2013 and AED 105 million in the comparable period of 2012.

Net interest income improved as Treasury benefited from increased hedging income as the Bank took advantage of a recent rise in swap rates to hedge some positions. This was offset by lower non-funded income mainly from trading desks which faced challenges during Q3 2013 due to the market volatility caused by the US Federal Reserve's decision to defer the tapering of quantitative easing.

During the period, the Sales desk continued to show healthy revenue growth on demand for foreign exchange and interest rate hedging products.

In a landmark deal by the Global Funding desk, Emirates NBD improved the capital structure of the bank by issuing AED 3.67 billion Tier I Perpetual non call 6 notes. AED 7.8 billion of UAE Ministry of Finance funds were also repaid.

### **Islamic Banking (IB)**

The financial results for the 9 months ended 30 September 2013 reflects IB's aspiration to become the leading Islamic bank in the region with a net profit of AED 128 million compared with a net loss of AED 206 million in the same period last year.

Total income after customers' share of profit witnessed a strong 38% increase to AED 1,100 million from AED 794 million for the same period last year. Financing receivables were largely unchanged at AED 23.3 billion from end-2012.

IB continued to implement its aggressive growth plans with primary focus on the retail segment and strengthening the corporate segment by introducing innovative products. During the period, IB continued to expand its offerings to target SMEs and priority clients, with several new products like commercial finance and POS finance. Management is also aiming to introduce Islamic overdraft and receivable finance products by the end of 2013 to target both SME and corporate customers.

In recognition of the IB transformation, the Bank has been recognized as the "Best Islamic Bank in the UAE 2013" by two prestigious international magazines, Capital Finance International (CFI) and World Finance. The awards came as a confirmation of the success the bank had in 2012.

### **Information Technology and Operations (ITO)**

During the first 9 months of 2013, Group IT finalized the Transition Service Agreement with BNP Paribas Paris. Project board approval was obtained and a mandate project was initiated to finalise the application and Infrastructure landscape for the integration. In the last quarter, Group IT continued with the planning for migration of Emirates NBD Egypt including completion of a gap analysis between Egypt and Emirates NBD practices.

Following the Customer Relationship Management (CRM) implementation for Emirates Islamic Bank, Siebel CRM was rolled out for Emirates NBD as well, as the 'Campaign, Lead & Opportunity Management' tool enables the bank to have a structured marketing and sales experience across all frontline staff. Since the go-live date, Emirates Islamic Bank has launched multiple campaigns across channels, such as internet banking, SMS, e-mail and the website. Cross-sell campaigns have been launched across branches and the online channels. The Contact Center and Direct Sales Force were also migrated to CRM for lead and opportunity management.

Group IT's Lean Transformation program continued with its focus on strengthening the customer experience and enhancing end user satisfaction during the period.

As part of Emirates NBD's focus on innovative solutions, the first (incentive management) ICM Cloud implementation was launched, which gives Emirates NBD real time Information and transparency in sales and retention performance, leading to improved customer service. It was an implementation across 2,000 bank wide users in branches, the direct sales force and priority banking channels. In addition, the Bank's corporate online banking platform was put onto mobile banking to allow more flexibility for customers and will be fully rolled out in Q4 2013. The BPM (Business Process Management) program is progressing well with the account opening process automation roll out completed for retail and corporate customers. This will be followed by the credit card process automation.

Negotiations have been concluded for a single ATM vendor providing the Group with significant added value including the replacement of more than 200 machines.

### **Tanfeeth**

During the first 9 months of 2013, Tanfeeth made significant progress in delivering its target of a 15% improvement in all key performance areas for the Group, in addition to the across-the-board service improvements of 20-30% made in 2012.

Tanfeeth's strategy to achieve this focuses on continuing to institutionalise a lean operating culture through wide-scale business transformations, implementation of its best-practice 'Tanfeeth Operating Model,' and through extensive people investments. This includes comprehensive learning and development, and performance management systems.

During the period, Tanfeeth continued delivering services for a leading telecommunications provider and government authority in the UAE, and also successfully completed its first transformation and advisory engagement for a regional banking organisation. After reaching the milestone headcount of 2,000 full time employees in May 2013, the employee base continued to grow in Q3 2013 by another 10 per cent.

Tanfeeth's top strategic priority for the remainder of 2013 will be to maintain concerted efforts to delivering further value for its parent company and clients.

### **BNP Paribas Egypt**

On 9 June 2013, the Group acquired a 95.2% stake in BNP Paribas Egypt S.A.E. for a consideration of USD 476 million while the remaining minority interest of 4.8% was acquired in September 2013 for a further USD 24 million.

Despite a challenging political and economic backdrop, the BNP Paribas Egypt operation has continued to perform well since its consolidation with the Group on 9 June 2013, contributing AED 201 million revenue and AED 79 million net profit to the Group results.

Cultural, system and policy integration is ongoing and proceeding as expected against our integration plans.

### **Outlook**

The UAE remains well-positioned to enjoy solid growth in 2013 driven primarily by an expansion in non-oil sectors, particularly manufacturing, tourism and retail sectors, while oil production is also likely to contribute to growth given a 4.6% increase in oil production for the first 9 months of 2013. Although the external environment remains challenging, economic data during the period supports the Bank's view that GDP growth of 4.4% could be achieved during 2013. Emirates NBD is well placed to capitalise on the improving economic fundamentals as the Bank has a clear strategy in place to further enhance shareholder returns and take advantage of the selected growth opportunities. This strategy is built around five core building blocks which include delivering excellent customer experience, building a high performance organisation, driving core businesses, running an efficient organisation and driving geographic expansion.

**END**



## Notes to editors:

### Awards

Emirates NBD named UAE's 'Best Foreign Exchange Provider 2013' by Global Finance  
Emirates NBD Asset Management named 'UAE Asset Manager of the Year' at MENA Fund Manager Awards 2013  
Emirates NBD Securities has been declared as 'Winner of NASDAQ Dubai's Retail Broker of the Month Award' for the months of February and March 2013  
Emirates NBD named 'Best Retail Bank in the UAE' by the Asian Banker  
Emirates NBD wins bronze award for best sponsorship of Omega Dubai Desert Classic  
Emirates NBD wins 'Best SME Internet Banking Service' at Banker Middle East Product Awards 2013  
Emirates NBD wins 'Best Corporate Card Award' for two consecutive years at the 'Smart Card Awards Middle East – 2013'  
Emirates NBD wins Visa LEADER Award as 'The Best Issuing Institution in MENA' at the Visa APCEMEA 2013 Security Summit  
Emirates NBD wins 'eBanking 2013 Excellence Award' for best mobile banking application at the 18th Middle East e-Government and e-Services Excellence Awards  
Emirates NBD wins "Best Borrower in the ME" by Euroweek  
Emirates NBD named "Best Bank in the UAE" by Euromoney  
Emirates NBD wins "Best Sales Program" at INSIGHTS Middle East Call Centre Awards  
Emirates NBD Asset Management named 'Best Regional Fund Manager' at Banker Middle East Industry Awards  
Emirates NBD ranked No. 1 Bank for Investment Advice across MENA in the September issue of FTSE Global Markets  
Emirates NBD Asset Management named 'Best Asset Management Company' at the annual Arab Achievement Awards 2013

### About Emirates NBD

Emirates NBD (DFM: Emirates NBD) is a leading bank in the region.

Emirates NBD has a leading retail banking franchise, with 219 branches and over 921 ATMs and CDMs 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, the Kingdom of Saudi Arabia, Qatar, Singapore, the United Kingdom and Jersey (Channel Islands), and representative offices in India, China and Indonesia. For more information, please visit: [www.emiratesnbd.com](http://www.emiratesnbd.com)

### For more information:

Ibrahim Sowaidan

Head - Group Corporate Affairs

Emirates NBD

Telephone: +971 4 6094113 / +971 50 6538937

Patrick Clerkin

Head – Group Funding, Principal Investments & Investor Relations

Emirates NBD

Telephone: +971 4 2012606 / +971 4 230 7805

e-mail: [IR@EmiratesNBD.com](mailto:IR@EmiratesNBD.com) / [PatrickE@EmiratesNBD.com](mailto:PatrickE@EmiratesNBD.com)