

For immediate release

Emirates NBD Announces Third Quarter 2014 Results

Top line growth powers Net Profit up 51% to AED 3.91 billion supported by strong economic growth in Dubai

Pre-impairment Operating Profit up 34% to AED 7.68 billion

Dubai, 22 October 2014

Financial Highlights

Emirates NBD (DFM: EmiratesNBD), the largest bank in UAE by Total Income and branch network, delivered an impressive set of financial results with net profit up 51% year on year to AED 3,913 million. The strong operating performance was helped by all parts of the business delivering year-on-year revenue growth supported by strong economic growth in Dubai as SMEs and Trade Finance drive recovery.

Total Income for the first nine months of 2014 grew by 25% to AED 10.89 billion. Net interest income grew 19% as the Bank focused asset growth on higher margin Retail and Islamic products, whilst the Bank's liability profile improved thanks to current and saving account growth. Non-interest income grew 39% boosted by increased income from trade finance, foreign exchange and brokerage & asset management business as well as gains from the sale of investments and property.

Emirates NBD Asset Management delivered another milestone when Assets Under Management passed the 10 billion dirham mark. The bank continues to lead digital banking innovation with the launch of the e-IPO platform. Over 50% of customer subscriptions for the Emaar Malls IPO were received via the bank's ATM, online and mobile channels.

The Bank's Impaired Loan ratio improved by 1.3% in 2014 to 12.6% due to a significant increase in repayments and recoveries on the back of an improved economy. The Impaired Loan Coverage Ratio also improved significantly by 12.8% to 70.3% in 2014.

Group Chief Executive Officer, Emirates NBD, Shayne Nelson, said: "During the first nine months of 2014, we have delivered another healthy set of results, with net profit up by 51% to AED 3.91 billion. This is driven by strong growth in both net interest income and non-interest income. It is very pleasing that each part of the business was able to deliver year-on-year revenue growth. The balance sheet continues to strengthen as we see a significant improvement in the capital ratios, the Impaired Loan ratio and coverage ratios. I am confident that the Bank will continue to deliver excellent service to our customers and superior value to our shareholders."

Group Chief Financial Officer, Emirates NBD, Surya Subramanian, said: "The Bank has continued to deliver strong levels of operating profitability which is evident from the growth in both total income and pre-

provision operating profit. Despite a competitive environment we have been able to widen margins helped by growth in higher margin Retail and Islamic products, a more efficient funding and capital base and contribution from our Egyptian business. Costs remain firmly under control with a cost-to-income ratio of 29.5% for the first 9 months on 2014, 4.6% lower than the comparable period in 2013.”

Financial Review

AED million	9 months ended 30 Sep 2014	9 months ended 30 Sep 2013	Better / (Worse) (%)	Quarter ended 30 Sep 2014	Quarter ended 30 Sep 2013	Better / (Worse) (%)
Net interest income	7,024	5,915	19%	2,465	2,254	9%
Non-interest income	3,863	2,780	39%	1,380	891	55%
Total income	10,887	8,695	25%	3,845	3,145	22%
General & administrative expenses	(3,212)	(2,967)	(8%)	(1,075)	(1,053)	(2%)
Operating profit before impairment charges	7,675	5,728	34%	2,770	2,091	32%
Impairment allowances	(3,831)	(3,400)	(13%)	(1,219)	(1,515)	(20%)
Operating profit	3,844	2,328	65%	1,552	576	169%
Share of profits of associates	159	101	57%	38	34	10%
Gain on disposal of stake in associates / subsidiaries	-	191	n/a	-	191	n/a
Taxation charge	(90)	(36)	(152%)	(27)	(26)	(3%)
Net profit	3,913	2,584	51%	1,563	775	102%
Cost to income ratio (%)	29.5%	34.1%	4.6%	27.9%	33.5%	5.6%
Net interest margin (%)	2.83%	2.58%	0.25%	2.95%	2.83%	0.12%
EPS (AED)	0.64	0.42	52%	0.26	0.12	117%
Return on average shareholders' equity (%)	17.9%	12.8%	5.1%	21.1%	11.7%	9.4%

AED billion	as at 30 Sep 2014	as at 31 Dec 2013	Better / (Worse) (%)	as at 30 Sep 2014	as at 30 Sep 2013	Better / (Worse) (%)
Total Assets	353.9	342.1	3%	353.9	332.3	7%
Loans	247.7	238.3	4%	247.7	234.4	6%
Deposits	249.7	239.6	4%	249.7	228.6	9%
Impaired Loan Ratio (%)	12.6%	13.9%	1.3%	12.6%	14.1%	1.5%
Impaired Loan Coverage Ratio (%)	70.3%	57.5%	12.8%	70.3%	54.8%	15.5%
Capital Adequacy Ratio (%)	20.4%	19.6%	0.8%	20.4%	19.0%	1.4%
Tier 1 Ratio (%)	17.2%	15.3%	1.9%	17.2%	14.9%	2.3%

Total income for nine months ended 30 September 2014 amounted to AED 10,887 million; an increase of 25% compared with AED 8,695 million during same period in 2013.

Net interest income for the period improved by 19% to AED 7,024 million from AED 5,915 million during the comparable period in the previous year. The improvement in net interest income is attributable to an improved asset mix due to retail and Islamic growth, a lower cost of funds helped by both CASA growth and the full repayment of relatively expensive Ministry of Finance Tier 2 deposits as well as a contribution from our Egyptian business.

Non-interest income for the period improved by 39% to AED 3,863 million from the previous year, driven primarily by increases in trade finance and foreign exchange income, brokerage & asset management fees and gains from the sale of investments and property.

Costs for nine months ended 30 September 2014 amounted to AED 3,212 million, an increase of 8% over the same period in the previous year. Excluding Egypt, costs were up 4% y-o-y. This increase is due to staff and occupancy costs linked with rising business volumes and partially offset by a control of professional fees and marketing costs. The cost to income ratio improved by 4.6% y-o-y to 29.5%, as improving top line momentum more than offset the increase in costs base. Excluding one-offs, the cost to income ratio would have been 31.6%.

The Impaired Loan ratio improved to end the period at 12.6% as net impaired loans decreased by AED 1.4 billion due to a sharp rise in repayments and recoveries on the back of an improved economy. The impairment charge for first nine months of 2014 increased to AED 3,831 million, compared with AED 3,400 million in the previous year. This was primarily driven by continued conservative provisioning on the Corporate and Islamic financing portfolios, which helped boost the coverage ratio to 70.3% in Q3 2014, an increase of 12.8% during 2014.

Net profit for the Group was AED 3,913 million for nine months ended 30 September 2014, 51% above the profit posted during the same period in 2013. The increase in net profits was driven by net interest income and non-interest income both outpacing the expense growth.

Deposits increased by 4% and regular customer loans increased by 2% from the end of 2013. The quarter end also saw a temporary buildup of assets to finance a recent IPO which added another 2% to Customer loans. Advances to Deposits Ratio is reported at 99.2% compared to 99.5% at the end of 2013.

As at 30 September 2014, the Bank's total capital adequacy ratio and Tier 1 capital ratio were 20.4% and 17.2% respectively. The 1.9% improvement in the Tier 1 ratio is due to retained profit coupled with a \$500 million Tier 1 issue. Total Capital Adequacy ratio grew at a more modest 0.8% as the entire Ministry of Finance Tier 2 deposits, received during the crisis era, were fully repaid.

Business Performance

Retail Banking & Wealth Management (RBWM)

The bank's Retail Banking and Wealth Management division recorded a robust performance with income reaching AED 4,204 million, a growth of 9% for the nine months ended 30 September 2014.

Net interest income increased by 3% while fee income grew by an impressive 24% driven by a focus on offering tailored wealth solutions to the high net worth and affluent customers. In addition, the division continued its strong momentum in gathering low cost liabilities growth, resulting in an increase in customer deposits by 9% over the nine month period to reach AED 110.5 billion and gaining market share.

RBWM's strategy of effective customer acquisition is bearing strong results with higher revenues per customer, lower provisions and better product penetration levels. The bank has entered into a preferred

partnership with MetLife to provide comprehensive savings and insurance solutions to retail customers. The cards business continued to grow strongly led by innovative products and valuable usage programs. Auto loan business during Ramadan was strong supported by promotional programs with automobile manufacturers and dealers.

Our best-in-class online and mobile banking solutions have been instrumental in dealing with higher volumes of routine transactions resulting in improved customer experience and lower operational costs. The bank continues to lead digital banking innovation with the launch of the e-IPO platform, a first in the region. Over 50% of the recent Emaar Malls IPO subscriptions from the bank's customers were received via the bank's ATM, online and mobile channels.

Emirates NBD Private Banking showed strong growth from its core segments across the UAE, Saudi Arabia, Singapore and UK. Emirates NBD Asset Management continued to deliver exceptional results compared to last year and recently passed a milestone with over AED 10 billion under management.

Wholesale Banking (WB)

Wholesale Banking delivered a strong performance for the period ended 30 September 2014 with operating income at AED 3.73 billion, up 13% compared with the corresponding period in 2013.

For the first nine months of 2014, Net interest income of AED 2.77 billion was higher by 17% due to a combination of asset growth and conscious efforts to provide longer term financing.

Fee income increased by 3% to AED 959 million thanks to strong performances in foreign exchange and Investment Banking businesses.

During 2014 Emirates NBD Capital Ltd has acted as joint lead arranger and bookrunner for loan syndication and capital market transactions totaling USD 7.1 billion. As at the end of September 2014, Emirates NBD was in the top 3 arrangers of US dollar denominated sukuk globally. Emirates NBD Capital Ltd has also been active in the Equity Capital Markets, acting as bookrunner for the recent AED 5.8 billion Emaar Malls IPO and the US\$ 201 million Emirates REIT IPO.

Global Markets & Treasury (GMT)

GMT reported a 104% increase in total income of AED 676 million for the nine month period ended 30 September 2014.

The strong performance is primarily due to an increase in Net Interest Income from effective balance sheet positioning & hedging. The Investment and Credit Trading desks delivered strong performances in spite of market volatility caused by geopolitical challenges.

Revenue from Foreign exchange and fixed income sales were also higher in the first nine months of 2014 as the Treasury Sales team continues to deliver improved results.

Global Funding issued \$500m Tier 1 capital in September 2014 following the repayment of the remaining MOF Tier 2 deposits in July, further strengthening the capital base. Emirates NBD is the first Middle East based institution to issue a public note in the New Zealand Dollar market, representing the cheapest 5-year funding raised by Emirates NBD in the last 6 years.

Emirates Islamic (EI)

EI continued to deliver healthy performance with total income (net of customers' share of profit) increasing by 27% to AED 1.41 billion from the comparable previous period in 2013. Financing and investing receivables grew by 17% to AED 25.3 billion from the end of 2013. The bank also expanded its branch and ATM/CDM network in Q3-14.

EI's net profits grew by 83% to AED 116 million for the first nine months of 2014 reflecting EI's success in attracting new customers.

EI's focus in 2014 has been on growing the SME portfolio supported by an increased product offering. The Bank's success continued to be recognized across the industry, with EI winning Best Premium Islamic Card and Best Self Employed Finance at the CPI Financial in 2014.

Outlook

The UAE remains well-positioned to enjoy solid growth in 2014 driven primarily by an expansion in non-oil sectors, particularly tourism, retail and manufacturing. We believe the construction sector will contribute more significantly to GDP growth this year as the recovery in real estate prices encourages new development. Following a boost to oil production in excess of 4% in 2013, we expect growth in the hydrocarbon sector to slow this year. Against an improving global economic backdrop, the Bank forecasts 2014 GDP growth of 5% in the UAE and Dubai. The Bank will continue to implement its successful strategy and take advantage of the positive growth opportunity in Dubai and the region. 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 diversifying sources of income.

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Notes to editors:

Awards

- ✧ **Best Bank and Best Regional Bank Awards – Emirates NBD**
 - Best Local Bank – United Arab Emirates' at the 2014 annual Euromoney Private Banking and Wealth Management Survey
 - 'Best Consumer Credit Product award' and 'Best Risk Management award' for its Personal Loan business at the 2014 Asian Banker's 'International Excellence in Retail Financial Services Awards'
 - 'Middle East Regional Bank of the Year' at the International Financing Review (IFR) Middle East Awards 2013
 - 'Bank of the Year' at Gulf Business Industry Awards 2014
 - Emirates NBD Investment Bank is ranked as the leading arranger of USD Sukuk globally according to league tables published by Bloomberg
 - 'Best Consumer Internet Bank for the UAE' by Global Finance magazine's World's Best Internet Banks Award. Winner of the 'Best Mobile Banking App' for the Middle East and Africa region
- ✧ **Asset management and Consumer Finance Awards – Emirates NBD Asset Management**
 - 'UAE Asset Manager of the Year' for second consecutive year, at the 5th annual MENA Fund Manager Performance Awards 2014

- 'MENA Equity Fund of the Year' for the Emirates MENA Top Companies Fund, at the 5th annual MENA Fund Manager Performance Awards 2014
 - 'Balanced Fund of the Year' for the Emirates MENA Opportunities Fund, at the 5th annual MENA Fund Manager Performance Awards 2014
 - "Best Investment Management Company 2014, UAE" at the World Finance Investment Management Awards 2014
- ✧ **Treasury, Emerging and Capital Markets Awards – Emirates NBD**
- UAE's "Best Foreign Exchange Provider 2014" by Global Finance
 - "Best Treasury Management Project" award in the Middle East at the Asian Banker Middle East Banking Products and Projects 2014 Awards
 - 'Most impressive emerging market financial institution borrower' by Global Capital (formerly Euroweek) at the Global Capital Bond Awards 2014
 - 'Best debt house' at EMEA Finance's Middle East Banking Awards 2013
- ✧ **Marketing, Social Media and Customer Engagement Awards – Emirates NBD**
- ranked 25 on the Power 100 Social Media Rankings compiled by The Financial Brand
 - wins a 'Silver' and 'Bronze' award in the Social Media category, at the 2014 Dubai Lynx Awards
 - 'Social Brand of the Year' at MENA Digital Awards
 - 'Best Social Media Engagement' award at the Asian Banker Middle East Banking Products and Projects 2014 Awards
 - 'Banking & Finance Customer Care Excellence Award' at the 8th annual Middle East Government and Business Customer Care Excellence Awards 2014
 - 'Best New Card' and 'Best Customer Engagement Program' at the Smart Cards Middle East 2014
 - 'Best Sports Marketing Campaign' at Sports Industry Awards
 - Marketing Campaign of the Year, Best Use of Social Media, Brand Excellence in Financial Services, Effective Use of Marketing Communications at the Global Brand Excellence Awards 2014
- ✧ **Card Awards**
- Emirates NBD Man United Card Awarded 'Best International Sports Affinity Co-brand Card in the UAE for 2013' by MasterCard
- ✧ **Other Awards**
- Emirates Money named the "Best Non-Bank Consumer Finance Business" at the Asian Banker Middle East Banking Products and Projects 2014 Awards
 - Emirates NBD Ranked No. 1 in the Gulf News honors list for handling of customer issues
 - Emirates NBD received four 'Excellence in Practice' citations from American Society for Training and Development (ASTD) for training programs at the bank

About Emirates NBD

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

Emirates NBD has a leading retail banking franchise, with 224 branches and over 885 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, Qatar, the Kingdom of Saudi Arabia, Singapore, the United Kingdom and representative offices in China, India and Indonesia. For more information, please visit: www.emiratesnbd.com

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