

2021 net profit up 34% YoY to AED 9.3 billion demonstrating resilient business model and strong economic recovery

Strong performance supports 25% increase in proposed dividend to 50 fils

Dubai, 26 January 2022

Emirates NBD's net profit jumped 34% to AED 9.3 billion in 2021, demonstrating the resilience of the Group's diversified business model and the strong recovery as economic growth rebounded in 2021. Despite interest rates remaining at historically low levels, the underlying business momentum continues to strengthen with record demand for retail financing. The Group's balance sheet strengthened with further improvements in deposit mix, core capital and liquidity while credit quality remained stable. Emirates NBD has used this strength to support customers during the pandemic and empower them during last year's economic recovery. In light of the Group's strong performance, the Board of Directors are proposing a 25% increase in the cash dividend to 50 fils per share.

Income FY 2021 AED 23.8 billion ↑ 3% y-o-y	Expenses FY 2021 AED 8.0 billion ↑ 2% y-o-y	Provisions FY 2021 AED 5.9 billion ↓ 26% y-o-y	Net Profit FY 2021 AED 9.3 billion ↑ 34% y-o-y
NIM 2.53%	Cost:Income ratio 33.5%	NPL Ratio 6.3%	CET-1 Ratio 15.1%

Key Highlights – FY 2021

- **Strong operating performance as loan mix improved on strong demand for retail financing, an efficient funding base and a substantially lower cost of risk**
 - **Total income** up 3% y-o-y as higher retail volumes offset impact of low interest rates. Total income up 32% y-o-y in Q4-21 on increased transaction activity and FX & Derivative income
 - **Expenses** increased 2% y-o-y as business recovers and investment continues in International, digital and Advanced Analytics with 33.5% cost-to-income ratio within management guidance
 - **Impairment allowances** down substantially 26% y-o-y, with 124 bps cost of risk within pre-pandemic range
 - **Resulting net profit** jumped 34% y-o-y to AED 9.3 billion
 - **Proposed Dividend** substantially increased by 25% to 50 fils per share
- **Strong balance sheet and resilient profitability enables the Group to support customers and empower them to benefit from the strong economic recovery**
 - **Total assets:** down 2% at AED 687 billion due to currency translation
 - **Customer loans:** AED 422 billion with 2021 a record year for retail financing

- **Deposit mix:** highest ever CASA balances, increasing by AED 38 billion in 2021, positioning the Group very well for eventual rate rises
 - **Credit quality:** NPL ratio increased by 0.1% to 6.3% during 2021 with coverage ratio strengthening 10.2% to 127.5% reflecting the Group's prudent approach to earlier credit provisioning
 - **Capital and Liquidity:** 177.6% Liquidity Coverage Ratio and 15.1% Common Equity Tier-1 ratio reflect the Group's core strengths to support customers and create opportunities to prosper
- **The Group is committed to supporting and adapting to customers' changing needs by offering market-leading products and services, digital innovation and a superior customer experience while further expanding its international presence**
- **Customer support:** AED 10.7 billion of support provided to over 131,000 customers
 - **Customer repayments:** AED 8.2 billion of deferral support demonstrate the Group's successful efforts in mitigating the financial impact on customers from Covid-19
 - **Social responsibility:** Emirates NBD Asset Management strengthened its commitment to responsible investment by becoming a signatory of the United Nations supported Principles for Responsible Investment
 - **ESG:** Branches in UAE and KSA were the first in the region to secure LEED* Gold-certification, highlighting the Group's commitment to ESG
 - **Credit Rating:** All ratings affirmed with Stable Outlook, by Fitch, Moody's and Capital Intelligence
 - **Digital:** Launched Advanced Analytics Centre of Excellence to identify untapped revenue streams by scrutinising 21 million daily customer data points
 - **International expansion:** Expanded branch network in KSA and Egypt in 2021 with approval granted to expand branch network in India

* LEED – Leadership in Energy and Environmental Design

His Highness Sheikh Ahmed Bin Saeed Al Maktoum, Chairman, Emirates NBD said:



- “Emirates NBD’s profits grew 34% in 2021 demonstrating the resilience of the Group’s diversified business model.
- Emirates NBD continued financing the real economy and was rewarded as economic growth rebounded, helped by government economic stimulus packages and the successful handling of the pandemic by the Country’s wise and visionary

Leadership.

- As the Official Banking Partner of Expo 2020 Dubai, the Group is honoured to showcase its pioneering vision for the future of global banking and spotlight the UAE’s investment potential.
- In light of the Group’s strong performance we are proposing a 25% increase in the cash dividend to 50 fils per share.

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



- “Emirates NBD’s profits jumped 34% to AED 9.3 billion in 2021 as the strong economic recovery drove record demand for retail financing.
- The diversified balance sheet and solid capital base remains a core strength of the Group. We used this strength to support clients in 2021, empowering them to be part of the economic recovery.

▪ With 98% of transactions now through digital channels, we continue to be a leader in digital banking and innovation. We are honoured to help the UAE be ranked in the Top 10 of the IMD Digital Competitiveness Index for the first time ever in 2021.

- Emirates NBD Asset Management became a signatory of the UN Principles for Responsible Investment and branches in the UAE and KSA were the first in the region to secure LEED Gold-certification, highlighting the Group’s commitment to ESG.”

Shayne Nelson, Group Chief Executive Officer said:



- “There are many positives in the Group’s strong set of results. The rise in income despite low interest rates, coupled with an improvement in the cost of risk to pre-pandemic levels, helped deliver a AED 9.3 billion profit.
- International operations contributed 38% of total income in 2021.

▪ The funding mix improved as we added a further AED 38 billion of Current Accounts and Saving Account balances during 2021 and we are well positioned to benefit from a potential rise in interest rates.

- We continue to maintain a strict control on expenses and have headroom to invest in Advanced Analytics, enabling us to leverage further from our Digital transformation.
- The balance sheet remains rock solid with sound capital, liquidity and credit quality enabling the Board to propose a substantial increase in dividend to 50 fils per share.”

Financial Review

AED billion	12 months period ended 31-Dec-21	12 months period ended 31-Dec-20	Better / (Worse) (%)
Net interest income	16.9	17.5	(3)%
Non-funded income	6.9	5.7	21%
Total Income	23.8	23.2	3%
Operating expenses	(8.0)	(7.9)	(2)%
Pre-impairment operating profit	15.8	15.4	3%
Impairment allowances	(5.9)	(7.9)	26%
Operating profit	9.9	7.4	34%
Net profit	9.3	7.0	34%

Key Metrics			
Cost to income ratio (%)	33.5%	33.8%	30 bps
Net interest margin (%)	2.53%	2.65%	(12) bps
Cost of Risk (bps)	124	163	39 bps
EPS (AED)	1.38	1.00	0.38
Return on Tangible Equity (%)	12.8%	9.5%	330 bps

AED billion	as at 31-Dec-21	as at 31-Dec-20	Increase / (Decrease)
Total assets	687.4	698.1	(2)%
Loans	422.3	443.5	(5)%
Deposits	456.5	464.2	(2)%

Key Metrics			
NPL Ratio (%)	6.3%	6.2%	10 bps
Impaired Loan Coverage Ratio (%)	127.5%	117.3%	1020 bps
Liquidity Coverage Ratio (%)	177.6%	165.0%	1260 bps
Capital Adequacy Ratio (%)	18.3%	18.5%	(20) bps
Tier 1 Ratio (%)	17.2%	17.4%	(20) bps
Common Equity Tier 1 Ratio (%)	15.1%	15.0%	10 bps

Rounding differences may appear throughout the document

Operating Performance

Total income for Q4-21 was up 32% y-o-y and 13% q-o-q to AED 6.5 billion on higher non-funded income due to increased transaction activity, growth in foreign exchange & derivative income and a AED 0.3 billion gain relating to the sale of Dubai Bank. Record CASA balances kept the cost of funding stable. Total income for 2021 was up 3% y-o-y to AED 23.8 billion as higher retail volumes offset the impact of low interest rates.

Expenses for 2021 were 2% higher than the previous year as business activity recovers and investment continues in International, digital and Advanced Analytics. The cost to income ratio improved in 2021 supported by positive income momentum.

Impairment allowances for 2021 were 26% lower at AED 5.9 billion due to improving economic conditions and following proactive provisioning in 2020. The 124 bps cost of risk for 2021 is within the pre-pandemic range despite the Group maintaining the highest coverage level amongst its peers.

The Group's net profit of AED 2.0 billion for Q4-21 is 53% higher than Q4-20 and the net profit for 2021 is 34% higher y-o-y.

Balance Sheet Trends

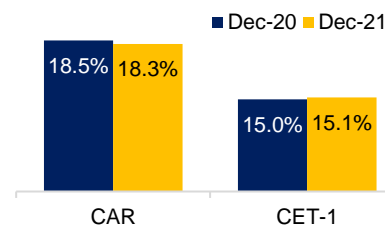
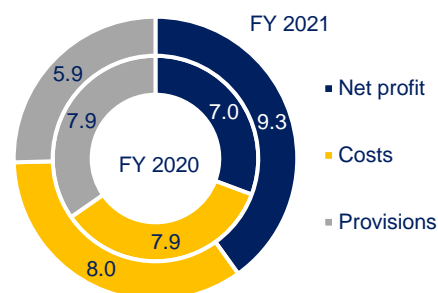
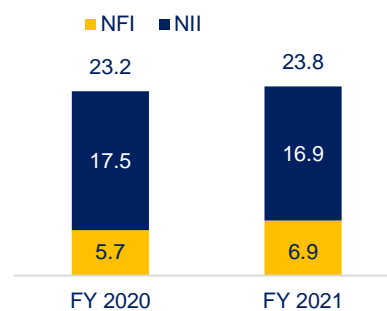
Net loans declined 5% y-o-y as record demand for retail financing was largely offset by the decline in corporate lending due to repayments and the FX translation impact from DenizBank. DenizBank's Turkish Lira loan book grew 31% in 2021.

Deposit mix improved in 2021 with AED 38 billion growth in CASA replacing AED 33 billion of Fixed Deposits.

Liquidity remains strong with the Liquidity Coverage Ratio at 177.6% and the Advances to Deposits Ratio at 92.5%. During 2021, the Group raised AED 27.5 billion of senior term funding, taking advantage of historically low cost of term funding.

During 2021 the Non-Performing Loan ratio increased by 0.1% to 6.3% whilst the Coverage ratio strengthened further by 10.2% to 127.5%, demonstrating the Group's continued prudent approach towards credit risk management.

As at 31 December 2021, the Group's CET-1 ratio is 15.1%, Tier 1 ratio is 17.2% and CAR is 18.3%.



Business Performance

- **Retail Banking and Wealth Management (RBWM)** maintained strong business momentum, delivering a record year for origination of new consumer loans, cards acquisitions and low-cost CASA
 - Customer advances increased by 17% with good credit quality; whilst CASA grew by AED 20 billion (15%) during 2021
 - Balance sheet growth and higher fee income provided resilience against low interest rates
 - Retail Banking fee income grew 11% y-o-y with strong momentum across all Retail products
 - Private Banking fee income up 15% y-o-y and Asset Management revenue grew by 17%
 - Close to 25% market share of UAE debit and credit card spends
 - Revamped Mobile & Online platforms and Business Banking proposition; 80% digital adoption in customer base
- **Corporate and Institutional Banking (C&IB)** had a record year in the capital markets and strong growth in the International segment. C&IB continued its strategic partnership with major Government entities and key Corporates on digitization of service platforms and leading key ESG transactions.
 - Non-funded income grew 8% on increased transaction volumes and investment banking activity
 - Income impact from falling interest rates partially offset by improved funding cost on CASA growth
 - Firm cost control and digitization drove reduced transaction costs
 - Gross cost of risk improved in 2021 following an earlier large corporate restructuring
 - Strong new loan origination helped partially cover anticipated repayments during the year
- **Global Markets and Treasury (GM&T)** net interest income improved 61% y-o-y, despite the prevailing low interest rate environment, driven by increased income from hedging and banking book investments
 - The Trading desk delivered a strong performance and successfully navigated through volatile global markets as it anticipated higher inflation and the prospect of higher interest rates
 - The Sales and Structuring team offered hedging solutions to institutional customers in a range of currencies to enable them to lock in favourable borrowing costs
 - Group Funding helped issue USD 6.75 billion of term debt
 - GM&T demonstrated readiness for the global transition to new indices by issuing notes based on new reference rates and assisting customers update their derivative and lending documentation
- **Emirates Islamic's** net profit grew to AED 823 million on higher non-funded income and lower impairment allowances
- **DenizBank** contributed AED 7,042 million or 30% to Group's income and AED 1,643 million or 18% to Group's profit.

Outlook

The global economy grew by 5.9% in 2021, according to IMF estimates, more than offsetting the contraction in 2020 growth induced by Covid-19. Global growth is expected to moderate slightly to 4.9% in 2022 although the emergence and potential impact of Covid variants increases uncertainty. It currently appears that the impact on economic activity from the latest variant will be less severe than from earlier variants.

The UAE economy has enjoyed a strong finish to 2021, with Expo 2020 Dubai opening and rebounding tourism boosting domestic demand. Emirates NBD Research estimates that the non-oil economy grew by 3.5% in 2021, and forecasts faster growth of 4.0% in 2022. Increased oil production will contribute to headline GDP growth of 4.6% for 2022.

Turkey's economy rebounded strongly from the pandemic, with growth estimated at 9.3% in 2021. GDP is likely to moderate this year to 3.7%. High Inflation may continue to weigh on the Lira.

The Kingdom of Saudi Arabia's economy is also expected to benefit from increased oil output in the coming months, and GDP is forecast to grow by 5.7% in 2022. Higher oil revenues will also help the budget move into surplus in 2022 for the first time since 2013.

The Egyptian economy should benefit from a recovering tourism sector this year, while supply chain dislocations, that earlier weighed on the manufacturing sector should also improve as the year progresses. Egypt's real GDP growth is forecast to accelerate to 5.0% in 2022 from 3.3% in 2021.

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Awards:

Best Bank and Best Regional Bank Awards – Emirates NBD

- ✧ Emirates NBD won the 'Best Bank in the Middle East and 'Best Bank in the UAE' award at the 2021 Euromoney Awards for Excellence
- ✧ Emirates NBD won the 'Bank of the Year - UAE' for the sixth year in a row by The Banker at the 2021 Bank of the Year Awards
- ✧ Emirates NBD won the 'Best Domestic Bank in Dubai' and 'Best Corporate and Investment Bank in Dubai' awards at the Asiamoney Middle East's Best Bank Awards 2021
- ✧ Emirates NBD won 'Best Data Management Implementation in the Middle East and the UAE' at The Asian Banker Middle East and Africa Regional Awards
- ✧ Emirates NBD ranked 5th in Forbes' Top 100 companies in the Middle East for 2021
- ✧ Emirates NBD ranked 95th globally in The Banker list of the World's top 1,000 Banks for 2021
- ✧ Emirates NBD won the 'Best Application of Data Analytics' and 'Best Credit Scoring Innovation', and Highly Commended 'Best ATM and Self-Service Innovation' and 'Excellence in Service Innovation' at the 12th Annual Retail Banker International Asia Trailblazer Awards 2021
- ✧ Emirates NBD's Visa Flexi Credit Card recognized as 'Best Credit Card in the Middle East and the United Arab Emirates' at The Asian Banker Middle East and Africa Regional Awards
- ✧ Liv. won 'Best Digital Bank in the Middle East and UAE' for the fourth consecutive time at The Asian Banker Middle East and Africa Regional Awards 2021
- ✧ Emirates NBD won the 'Best Bank in KSA' and the 'Best Credit Card in KSA' award at the 2021 International Finance Awards

Marketing, Social Media and Customer Engagement Awards – Emirates NBD

- ✧ Emirates NBD was named the UAE's most valuable banking brand and MENA's second most valuable banking brand, with a value of USD 3.73 billion, in The Banker's annual brand valuation

Emirates Islamic

- ✧ Emirates Islamic won 'Best Islamic Bank in Customer Experience, UAE, 2020' and 'Best Credit Card in the UAE' at the World Finance Islamic Finance Awards 2021
- ✧ Emirates Islamic won the 'Best Digital Innovation in Islamic Banking' award at MEA Finance Banking Technology Summit & Awards
- ✧ Emirates Islamic won the 'Best Credit Card' award for its Emirati Visa Signature credit card at the 2021 International Finance Awards

Emirates NBD has a leading retail banking franchise, with 900 branches and 4,079 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

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