

For immediate release

## Emirates NBD's 2022 profit rises 40% to AED 13 billion

### Strong results support 20% increase in proposed dividend to 60 fils

Dubai, 26 January 2023

Emirates NBD's profits jumped 40% to AED 13 billion in 2022, demonstrating the resilience of the Group's diversified business model and strong regional economic growth. Q4 profit was exceptionally strong at AED 3.9 billion, up 94% y-o-y, reflecting improving margins and a lower cost of risk. 2022 was a record year for retail lending and customer transactions, with all business units delivering an outstanding performance, driving income 36% higher. New corporate lending grew by AED 50 billion in 2022 reflecting continued business optimism and AED 20 billion further Current and Savings Account growth improved the deposit mix, helped by strong sector liquidity. Credit quality remains healthy reflecting the region's strong economy with impairment charge down 12%. We have opened new branches in KSA, Egypt and India, accelerating investment in our international footprint and digital capabilities to support further growth.

<b>Total Income</b> AED 32.5 billion ↑ 36% y-o-y	<b>Expenses</b> AED 9.3 billion ↑ 16% y-o-y	<b>Provisions</b> AED 5.2 billion ↓ 12% y-o-y	<b>Net Profit</b> AED 13.0 billion ↑ 40% y-o-y
<b>NIM</b> 3.43%	<b>Cost: Income ratio</b> 28.5%	<b>NPL Ratio</b> 6.0%	<b>CET-1 Ratio</b> 15.4%

#### Key Highlights – FY 2022

- **40% growth in profit on improving margins, record demand for retail financing and AED 50 billion of new corporate lending, AED 20 billion growth in Current and Savings Accounts and a substantially lower cost of risk**
  - **Net profit** of **AED 13.0 billion** up by an outstanding 40% y-o-y
  - **Total income** up 36% to **AED 32.5 billion** on our excellent deposit mix with higher interest rates feeding through to margins and strong growth across all business segment and products
  - **Net interest margin** rose significantly to **3.43%** and 2023 guidance set even higher on rising interest rates
  - **Customer loans:** record Retail and Islamic financing coupled with **AED 50 billion** of new corporate lending offset Sovereign repayments
  - **Deposit mix:** Current and Savings Accounts grew an impressive **AED 20 billion** in 2022 demonstrating our market penetration coupled with strong UAE liquidity, enabling the Group to benefit from interest rates rises
  - **Earnings per share** up significantly by 43% to **198 fils**, underlying up 79%
  - **Proposed Dividend** substantially increased by 20% to **60 fils** per share

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

- **Total assets** up 8% at AED 742 billion
- **IPOs:** Lead role in delivery of over **AED 31 billion IPOs** supporting growth in Dubai economy, with end-to-end IPO subscription website offering real-time on-boarding through state-of-the-art fully digital platform
- **Expenses** well controlled, as the Group opens further branches in KSA, India and Egypt and accelerates investment in Digital and Data to drive future growth
- **Credit quality** improved with NPL ratio 0.3% lower at 6.0% in 2022 on healthy writebacks and recoveries as regional economies remain robust. Coverage ratio very strong at 145%
- **Impairment allowances** substantially down 12% y-o-y reflecting robust provisioning actions in earlier periods
- **Capital and Liquidity** 182% Liquidity Coverage Ratio and 15.4% Common Equity Tier-1 ratio reflect the Group's solid balance sheet, used to empower customers and create opportunities to prosper
- **DenizBank syndicated loan** successful roll over in November 2022 with highest rollover ratio of any Turkish bank

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

- **30% market share:** Emirates NBD and Emirates Islamic have around a 30% market share of UAE Debit and Credit Card spend, processing over 1 million transactions per day
- **'ENBD X'** enhanced mobile banking app rolled out, delivering a new standard in customer service
- **100% Cloud Native** IT Architecture in place for the Digital Age supporting growth and efficiency
- **Digital:** 97% of all sales and servicing transactions now fully STP automated
- **Liv.** becomes first neo-bank in the UAE to offer digital IPO subscription platform to customers
- **Emirates NBD Pay:** launched to offer merchant acquiring services to institutional clients and provide loans against POS receivables
- **International** revenue diversifies income, representing 39% of total revenue with further branches opened in KSA, Egypt and India
- **Talent**
  - Emirates NBD leads the way on Emiratisation by significantly investing in upskilling, re-skilling and developing Emiratis through international training and development programs.
  - Successful long-term succession planning has led to 70% of UAE Group Executive Committee now Emiratis.
- **ESG** appointed a Group Head of ESG reporting directly to Group CEO, demonstrating our commitment of further advancing important Environmental, Social and Governance initiatives
- **Social contributions** more than doubled to AED 116 million in 2022

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



- “Emirates NBD’s profits jumped 40% to AED 13 billion in 2022, reflecting strong regional economic growth and the success of the Group’s diversified business model.
- As a leading bank in the region, we are proud to support the ‘D33’ Dubai Economic Agenda which aims to double the size of the Emirate’s economy in 10 years and make Dubai one of the top three international destinations for tourism and business.
- Emirates NBD played a lead role in delivering over AED 31 billion of IPOs in 2022, growing the Dubai economy and developing the equity capital markets
- Our focus on long term succession planning has led to talented Emiratis moving into Senior roles and I am extremely proud that 70% of our Group Executive Committee in the UAE are Emiratis.
- In light of the Group’s strong performance, we are proposing a 20% increase in the cash dividend to 60 fils per share.”

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



- “Emirates NBD delivered record income and operating profit in 2022 as total income grew 36% to AED 32.5 billion on increased transaction volumes and improved margins from an efficient funding base and higher interest rates.
- International operations provide diversification and growth opportunities, contributing 39% of total income.
- New lending increased substantially with record growth in retail financing and AED 50 billion of new corporate lending, helped by a buoyant regional economy and our digital transformation.
- Earlier this month we became the first bank to issue a public Dirham-bond following the UAE Federal Government’s establishment of a dirham yield curve, reinforcing our national identity.
- The Group expanded its international economic links with further branches opened in the Kingdom of Saudi Arabia, India and Egypt.”

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



- “We maintained strong income growth momentum, kept a firm control of costs and benefited from writebacks and recoveries, reflecting a healthy regional economy.
- Profit of AED 3.9 billion in Q4-22 increased 94% reflecting improving margins and a lower cost of risk.
- Liquidity in the UAE banking sector remains healthy and we grew Current and Saving Account balances by AED 20 billion during 2022, enabling the Group to benefit from interest rates rises.
- As Emirates NBD celebrates its 60<sup>th</sup> anniversary in 2023 we have reshaped our leadership team, including the deserved appointment of a number of Emirati executives, the appointment of a Group Head of ESG and establishing a Corporate Venture Capital Fund to take advantage of future growth opportunities.
- Dubai’s economy is forecast to deliver strong growth in 2023 and the Group’s solid balance sheet is ready to support our customers and help them grow both locally and internationally.”

## Financial Review

<b>Income Statement</b>	<b>FY 22</b>	<b>FY 21</b>	<b>%Δ YoY</b>
<i>All figures are in AED billion</i>			
Net interest income	23.2	16.9	37%
Non-funded income	9.3	6.9	35%
<b>Total income</b>	<b>32.5</b>	<b>23.8</b>	<b>36%</b>
Operating expenses	(9.3)	(8.0)	16%
<b>Pre-impairment operating profit</b>	<b>23.3</b>	<b>15.8</b>	<b>47%</b>
Impairment allowances	(5.2)	(5.9)	(12)%
Tax and others	(2.0)	(0.6)	214%
<b>Profit after tax &amp; before hyperinflation</b>	<b>16.1</b>	<b>9.3</b>	<b>73%</b>
Hyperinflation adjustment	(3.1)	-	-
<b>Net profit</b>	<b>13.0</b>	<b>9.3</b>	<b>40%</b>

<b>Key Metrics</b>	<b>FY 22</b>	<b>FY 21</b>	<b>%Δ YoY</b>
Cost to income ratio	28.5%	33.5%	(5.0) %
Net interest margin	3.43%	2.53%	90 bps
Cost of Risk (bps)	108	124	(16) bps
EPS (AED)	1.98	1.38	60 fils
Return on Tangible Equity	17.1%	12.8%	4.3%

<b>Balance Sheet</b>	<b>31-Dec-2022</b>	<b>31-Dec 2021</b>	<b>%Δ YoY</b>
<i>All figures are in AED billion</i>			
Total assets	742	687	8%
Loans	456	459	(1)%
Deposits	503	456	10%

<b>Key Metrics</b>	<b>FY 22</b>	<b>FY 21</b>	<b>%Δ YoY</b>
NPL Ratio	6.0%	6.3%	(30) bps
Impaired Loan Coverage Ratio	144.6%	127.5%	17.1%
Liquidity Coverage Ratio	182.3%	177.6%	4.7%
Capital Adequacy Ratio	18.3%	18.3%	0 bps
Tier 1 Ratio	17.2%	17.2%	0 bps
Common Equity Tier 1 Ratio	15.4%	15.1%	30 bps

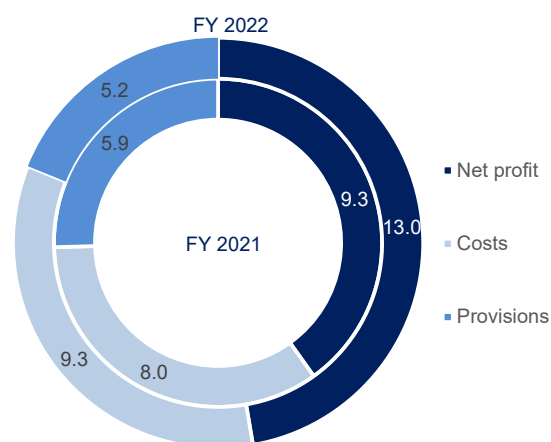
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## Operating Performance

Total income for 2022 was up 36% y-o-y to AED 32.5 billion. Net interest income was up 37% y-o-y on improved loan and deposit mix with higher rates feeding through to margins. AED 20 billion further CASA growth improved funding costs and the balance sheet is well positioned to continue benefiting from rate rises. Non-funded income was up 35% y-o-y from increased local and international card transactions, coupled with growth in FX & Derivative income.

Expenses remain well controlled and within guidance. Higher income enables accelerated investment in Digital and Data and the international network to drive future growth.

Impairment allowances in 2022 were substantially down 12% y-o-y reflecting higher recoveries and writebacks and the improving operating environment, with 108 bps cost of risk within guidance.



## Balance Sheet Trends

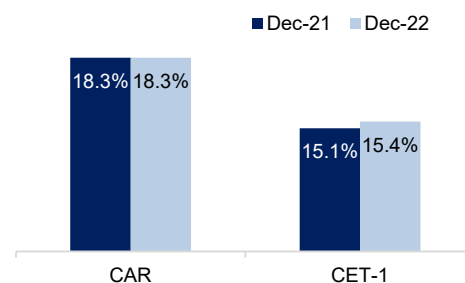
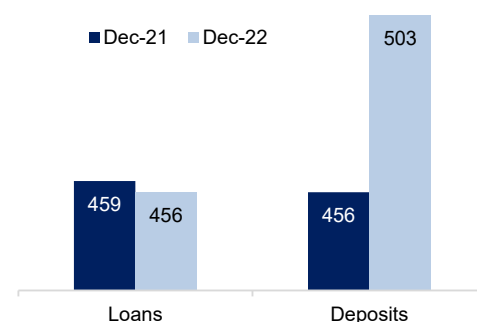
Lending was stable during 2022 as AED 50 billion of new Corporate loan growth, coupled with record financing for Retail, offset strong Sovereign repayments.

Deposit grew by AED 47 billion in 2022 with Current and Savings Accounts growing by an impressive AED 20 billion demonstrating our market penetration coupled with strong UAE liquidity, enabling the Group to benefit from interest rates.

Liquidity remains strong with the Liquidity Coverage Ratio at 182% and the Advances to Deposits Ratio at 82%.

During the year, the Non-Performing Loan ratio improved to 6.0% on significant writeback and recoveries whilst the Coverage ratio strengthened to 143%, demonstrating the Group's continued prudent approach towards credit risk management.

As at 31 December 2022, the Group's Common Equity Tier 1 ratio is 15.4%, Tier 1 ratio is 17.2% and Capital Adequacy ratio is 18.3%.



## **Business Performance**

- **Retail Banking and Wealth Management** had a remarkable 2022 with the highest ever revenue, strongest ever acquisition of loans and credit cards, and a record growth in CASA.
  - Strong loan growth in 2022 with Loan origination up 39%, Credit Card acquisitions up 100% and Card spends up 31% y-o-y
  - Lending increased by AED 7 billion, whilst CASA grew by AED 27 billion in 2022
  - Income up 27% with fee income growing by 34%
  - Rollout of enhanced mobile banking App 'ENBD X', delivering a new standard of excellence to customers
  - Enhanced credit card and personal loan application process, enabling instant credit approval
  - Successful launch of a series of Strategic Investment Funds supporting investment into UAE IPOs
  - Launched DEWA, TECOM and Salik IPO portal on the Emirates NBD website with real time direct integration with DFM for new investors
- **Corporate and Institutional Banking** capitalised its strategic partnership with major Government entities and Corporates by further offering digitized service platforms
  - Took lead in delivering over AED 31 billion of IPOs, with end-to-end IPO subscription website offering real-time on-boarding through a state-of-the-art fully digital platform
  - Implemented cutting-edge new 'businessONLINE' platform
  - Profit is 5% higher on higher fee income due to increased equity capital market activity, trade finance and treasury sales income and lower impairment allowances
  - AED 50 billion of new lending offset substantial contractual repayments
  - Continued focus on growing CASA balances to improve funding costs by retiring expensive deposits
- **Global Markets and Treasury** delivered an outstanding performance with profit surpassing the 1.5 billion dirham mark for the first time in the Group's history.
  - Net interest income grew significantly as the balance sheet was strategically positioned to benefit from interest rate rises, coupled with a significant increase in banking book investment income.
  - Non funded income doubled as Trading delivered improved results and the Sales and Structuring team grew revenue by 55% on very strong client FX flows.
  - International Treasuries doubled their revenue contribution.
  - GM&T were one of the most active primary dealers for T-Bonds issued by Ministry of Finance.
  - GM&T upgraded its systems to support an expanded product offering and enhance customer experience through smart digitization initiatives.
- **Emirates Islamic's** net profit jumped to a record AED 1.24 billion on higher funded income and non-funded income with a significant reduction in the cost of risk reflecting the strong economic recovery.
- **DenizBank** income up 50% by AED 3.5 billion and Impairment allowances AED 1.0 billion lower on strong writebacks and recoveries helping offset AED 3.1 billion hyperinflation adjustment

## Outlook

The outlook for the Middle East remains positive despite a weaker global backdrop. Higher oil prices in 2022 have pushed GCC budgets into surplus and strengthened sovereign balance sheets. Emirates NBD Research expect UAE GDP to grow by 3.9% in 2023, well ahead of the World Bank's global growth forecast of 1.7%.

Inflation has started to fall in many economies with the markets anticipating that interest rates are approaching their summit.

Egypt and Turkey have seen strong services inflow and tourism revenue helping offset some of the impact from rising energy costs on the current account deficit.

**-ENDS-**

## Awards:

- ◇ Emirates NBD won 'Best Bank in the UAE' by Global Finance World's Best Banks 2022 Awards
- ◇ Emirates NBD won 'Best Foreign Exchange Bank in the UAE' by Global Finance World's Best Foreign Exchange Banks 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 won 'Company of the Year' in the Banking category by Gulf Business Awards 2022
- ◇ Emirates NBD won 'Best Innovation in Retail Banking', 'Best Domestic Private Bank in the UAE' and 'Best Bancassurance Implementation' by MEA Finance Awards 2022
- ◇ Emirates NBD won 'Best Bank for Trade Finance in the Middle East', 'Best Bank for Trade Finance in the UAE' and 'Outstanding Supply Chain Finance Solution' by The Digital Banker Global Transaction Banking Innovation Awards 2022
- ◇ Emirates NBD won 'Best Retail Bank in the Middle East and the UAE' for the fifth year in a row and 'Best Credit Card in the Middle East' and 'Best Data Management Initiative' in the Middle East' and 'Best Trade and Supply Chain Finance Bank in the UAE' and 'Best Cash Management Bank in the UAE' by The Asian Banker
- ◇ Emirates NBD won 'Best Use of Big Data in Customer Strategy' at the Retail Banker International Asia Trailblazer Awards 2022
- ◇ Emirates NBD Capital won 'Structured Finance Bank of the Year', 'Islamic Syndication House of the Year' and eight deal awards by Bonds, Loans & Sukuk Middle East Awards 2022, and five awards by Islamic Finance News 2022 Awards
- ◇ Emirates Islamic was named 'Best Islamic Bank in UAE', 'Best Islamic Bank for Customer Experience' and 'Best Credit Card in UAE' at the World Finance Islamic Finance Awards 2022
- ◇ Emirates Islamic named 'Best Islamic Bank for SMEs' at MEA Finance Awards 2022

Emirates NBD has a leading retail banking franchise, with 885 branches and 4,113 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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