

For immediate release

Emirates NBD Announces First Quarter 2019 Results

Net Profit up 15% y-o-y and 15% q-o-q to AED 2.7 billion

Dubai, 17 April 2019

Emirates NBD (DFM: EmiratesNBD), a leading bank in the region, delivered a strong set of results with net profit up 15% y-o-y and 15% q-o-q to AED 2.7 billion. This solid operating performance was supported by an increase in total income, driven by loan growth and stable margins. Core fee income increased 15% y-o-y and 9% q-o-q on the back of higher income from forex and derivatives. The Bank's balance sheet continues to strengthen with further improvements in capital & liquidity and stable credit quality.

Financial Highlights – Q1 2019

- Net profit of AED 2.7 billion, up 15% y-o-y and 15% q-o-q
- Total Income of AED 4.7 billion improved 15% y-o-y due to loan growth, an improvement in margins and higher fee income
- Net Interest Margin improved 15 bps y-o-y to 2.83%, helped by rate rises
- Total assets at AED 525.8 billion, up 5% from end 2018
- Customer loans at AED 337.7 billion, up 3% from end 2018
- Customer deposits at AED 359.4 billion, up 3% from end 2018
- Credit quality ratios stable with impaired loan ratio at 5.9% and coverage ratio at 123.9%
- Liquidity Coverage Ratio of 198.8% and AD ratio of 94% demonstrate the Group's healthy liquidity position
- Capital Ratios strengthened with Common Equity Tier 1 ratio improving to 16.8%, Tier 1 ratio to 20.9% and Capital Adequacy Ratio to 22%

Hesham Abdulla Al Qassim, Vice Chairman and Managing Director, Emirates NBD said: "I am delighted that Emirates NBD has delivered another strong net profit this quarter. I am also pleased that Emirates NBD was named the UAE's most valuable banking brand in The Banker's annual brand valuation league table. Our brand value reflects our solid financial performance as well as our ongoing initiatives in customer service, product development and corporate social responsibility. In keeping with the 'Year of Tolerance' initiative, launched by His Highness Sheikh Khalifa bin Zayed Al Nahyan, Emirates NBD will continue to engage its customers and the community with innovative campaigns, programmes and initiatives that celebrate the nation's unity and commitment to diversity."

Commenting on the Group's performance, Shayne Nelson, Group Chief Executive Officer said:

"Emirates NBD delivered a strong set of results with net profit advancing by 15% to reach AED 2.7 billion in the first quarter, underpinned by higher income on the back of loan growth, stable margins, and increased foreign exchange and derivative income. The Bank's balance sheet remains strong with an improvement in liquidity and capital ratios and a stable credit quality. The Bank has now converted 40% of its branch network in the UAE into disability-friendly branches. We will continue to introduce specialised banking

services and assistive solutions that support financial inclusion. As we prepare for Expo 2020 Dubai, Emirates NBD will remain at the forefront of innovation with its efforts to simplify banking and deliver a technology-driven banking experience with a human touch. I am pleased to announce that we have revised, on favourable terms, the Sale and Purchase Agreement relating to the acquisition of Denizbank. We expect this transaction to complete by the end of Q2 2019, subject to obtaining the required regulatory approvals.

Surya Subramanian, Group Chief Financial Officer said: “The operating performance for the first quarter of 2019 was pleasing as we delivered growth in both net interest income and fee income. Costs improved by 7% from the previous quarter due to a reduction in staff costs, lower professional fees and marketing expenses. NIMs declined by 2bp during the quarter as the effect of higher wholesale funding and fixed deposit costs were largely offset by an improvement in loan yields and higher CASA balances.”

Financial Review

AED million	Quarter ended 31-Mar-19	Quarter ended 31-Mar-18	Better / (Worse) (%)	Quarter ended 31-Dec-18	Better / (Worse) (%)
Net interest income	3,400	2,984	14%	3,352	1%
Non-interest income	1,317	1,119	18%	1,145	15%
Total income	4,717	4,103	15%	4,497	5%
General & administrative expenses	(1,397)	(1,276)	(9%)	(1,508)	7%
Operating profit before impairment charges	3,320	2,828	17%	2,989	11%
Impairment allowances	(570)	(440)	(30%)	(640)	11%
Operating profit	2,750	2,388	15%	2,349	17%
Share of profits of associates	27	31	(12%)	53	(48%)
Taxation charge	(34)	(32)	(6%)	(17)	(100%)
Net profit	2,743	2,386	15%	2,385	15%
Cost to income ratio (%)	29.6%	31.1%	1.5%	33.5%	3.9%
Net interest margin (%)	2.83%	2.68%	0.15%	2.85%	(0.02%)
EPS (AED)	0.47	0.40	17.5%	0.40	17.5%
Return on Tangible Equity (%)	22.4%	22.1%	0.3%	19.9%	2.5%
AED billion	as at 31-Mar-19	as at 31-Mar-18	Better / (Worse) (%)	as at 31-Dec-18	Better / (Worse) (%)
Total Assets	525.8	475.6	11%	500.3	5%
Loans	337.7	311.4	8%	327.9	3%
Deposits	359.4	331.9	8%	347.9	3%
Impaired Loan Ratio (%)	5.9%	6.0%	0.1%	5.9%	0.0%
Impaired Loan Coverage Ratio (%)	123.9%	127.9%	(4.0%)	127.3%	(3.4%)
Capital Adequacy Ratio (%)	22.0%	20.3%	1.7%	20.9%	1.1%
Tier 1 Ratio (%)	20.9%	19.0%	1.9%	19.8%	1.1%
Common Equity Tier 1 Ratio (%)	16.8%	15.5%	1.3%	16.6%	0.2%

Total income for the quarter ended 31 March 2019 amounted to AED 4,717 million; an increase of 5% compared with AED 4,497 million in the preceding quarter.

Net-interest income improved 1% over the previous quarter as 3% loan growth more than offset a small decline in net interest margins.

Core fee income increased 9% over the preceding quarter and 15% year-on-year on the back of higher foreign exchange and derivative income generated by the Trading and ALM desks.

Costs for the quarter ended 31 March 2019 amounted to AED 1,397 million, an improvement of 7% over the preceding quarter due to an improvement in staff costs, lower professional fees and marketing expenses. Costs increased 9% y-o-y in Q1-19 due to investment in our digital transformation and technology refresh.

The cost to income ratio at 29.6% remains within 2019 guidance of 33% and gives us headroom to invest selectively to support future growth.

During the quarter, the Impaired Loan Ratio remained unchanged at 5.9%. The impairment charge in Q1-19 of AED 570 million is 30% higher than in Q1-18 and an 11% improvement on the preceding quarter.

The Group's strong net profit of AED 2,743 million in Q1-19 is 15% above that posted in the comparable quarter in 2018. The increase in net profit was driven by loan growth, fee income and higher margins which helped offset an increase in provisions and operating costs

Both Loans and Deposits increased by 3% during the quarter. The Advances to Deposits Ratio remains comfortably within Management's target range at 94%. In Q1-19, the Bank raised AED 4.7 billion of term debt issued in 4 currencies with maturities out to 20 years, covering 67% of 2019 total maturities.

As at 31 March 2019, the Bank's Common Equity Tier 1 ratio is 16.8%, Tier 1 ratio is 20.9% and Total Capital ratio is 22%, as calculated under Basel III.

Business Performance

Retail Banking & Wealth Management (RBWM)

RBWM had a strong start to the year delivering a total income of AED 1,939 million during the first quarter, up 8% year-on-year, supported by growth in net interest income from liabilities. Fee income represents 34% of revenues, led by cards and FX.

The liabilities book grew faster than the market, registering an increase of AED 7.1 billion, up 5% over end 2018, backed by both CASA and fixed deposits. The division continued to grow customer advances aided by strong acquisitions of both personal loans and credit cards, up 34% and 41% year-on-year respectively. Card spend also increased by 15% year-on-year while the new U By Emaar co-branded credit card was established firmly in the market.

The Personal Banking Beyond proposition strengthened its franchise during the first quarter with 22% higher customer acquisition compared to the first quarter of 2018. Priority Banking's revenues grew 5% year-on-year while continuing to extend the new retail wealth advisory framework to affluent clients. Business Banking grew its customer base by 16% year-on-year, along with a further improvement in customer net promoter scores. Liv., the lifestyle digital bank for millennials continued to be the fastest

growing bank in the UAE, acquiring 40% more customers over the same period last year and reaching a base of over 200,000 customers. The Liv. Sure insurance product line was introduced and Olivia, Liv.'s conversational AI based chatbot was launched.

The bank continued to advance its digitization agenda with ongoing enhancements of the Mobile App including the launch of a revamped Smart Pass digital authentication token providing enhanced security for transactions. The network footprint was augmented with the opening of two new branches including one in Downtown Dubai. Disability friendly access was also extended to more branches and now covers 40% of the network.

Emirates NBD was named the UAE's most valuable banking brand in The Banker's annual brand valuation league table, with a brand value of USD 4.04 billion. The division was recognized with prestigious awards including the "Best Retail Bank in the Middle East 2019" by The Asian Banker and the "Asian Trailblazer of the Year 2019" by Retail Banker International.

Private Banking concluded a very strong first quarter with significant revenue growth on the back of improved margins. The unit held its annual Global Investor Outlook client event introducing the new Chief Investment Officer to the market. It has also launched its new brand proposition 'Inspiring what's next' across several media channels.

Wholesale Banking (WB)

WB delivered another strong performance for the first quarter of 2019 with income increasing by 12% to AED 1,541 million compared to the corresponding period in 2018.

Net interest income of AED 1,143 million for the quarter was 9% higher than the corresponding period in 2018 driven by both an increase in lending volumes and an improvement in margins. Fee income of AED 398 million for the quarter rose by 23% due to the continuing strong momentum in Treasury Sales together with higher Investment Banking and lending fees.

Costs were 8% higher in the first quarter compared to the corresponding period as WB's Transaction Banking Services continue to invest in technology to enhance its product offering. A number of new product propositions including a new digital transaction banking platform with best-in-class user experience, are being launched in 2019 as part of the Bank's digitization program.

Credit quality on newly originated business continues to be good. Normal credit provisions together with lower recoveries led to an increase in net provisioning.

In terms of the balance sheet, assets grew by 5% due to an increase in the Bank's short term lending and trade businesses together with a higher level of term lending. Deposits were marginally lower by 1% with a reduction in higher cost fixed deposits being largely offset by an increase in Current Account and Savings Account balances. This change in deposit mix reflects the Bank's focus on lowering its average cost of funding while at the same time maintaining liquidity at an optimum level.

The strong performance of the business in the first quarter 2019 is further evidence of the progress being made to become the leading Wholesale Bank in the Middle East and North Africa by providing a full range of Wholesale Banking products and solutions to the Bank's clients across the region.

Global Markets & Treasury (GM&T)

GM&T reported an impressive 73% growth in income to AED 265 million for Q1 2019 against AED 153 million for the same period in 2018.

The ALM business continued to deliver excellent results by positioning the balance sheet to take advantage of a rise in short term interest rates.

Trading desk revenue grew by 171% on account of increased activity from new issues, capitalizing on the volatility in the yields and healthy derivative client flow. The desk positioned itself to monetize opportunities to benefit from the increased volatility.

The Global Funding Desk raised AED 4.7 billion of term funding through private placements with maturities out to 20 years. The desk also successfully issued a US\$ 1 billion Perpetual Additional Tier 1 Capital security.

Emirates Islamic (EI)

EI delivered a strong set of results for the first quarter of 2019 with a record high quarterly net profit of AED 411 million, up 97% compared to the same period last year.

EI reported total income of AED 663 million for Q1 2019, a 12% increase compared to the same period last year, supported by balance sheet growth, higher funded income and strong momentum in fee income. An enhanced collections drive coupled with an improved cost of risk during Q1-19 resulted in 117% lower net impairments compared to the same period last year.

EI's total assets reached AED 60.6 billion at the end of the first quarter of 2019. Financing and Investing Receivables increased by 1% to AED 36.4 billion compared to Dec 2018. Customer deposits also increased by 4% to AED 43.4 billion over the same period. CASA balances represented 67% of total customer accounts. EI's headline Financing to Deposit ratio stood at 84% and is comfortably within the management's target range. EI has a strong Capital Adequacy Ratio of 18.5%.

Network International (NI)

We have recently confirmed the sale of approximately half of our stake in NI after a successful IPO on the London Stock Exchange. We will continue to have a relationship going forward with NI as a 22.4% shareholder and as a long-standing customer.

Outlook

We expect economic activity in 2019 to be underpinned by higher oil production as well as increased government spending, following softer than expected growth in 2018. The UAE economy grew 1.7% last year, according to official statistics. The Bank's Research team retain their growth forecast of 3.1% for the UAE in 2019. The Bank will continue to implement its successful strategy built around five pillars which

include delivering excellent customer experience with a digital focus, building a high performance organisation, driving core businesses, running an efficient organisation and driving geographic expansion.

-ENDS-

Notes to editors:

Awards:

✧ **Best Bank and Best Regional Bank Awards – Emirates NBD**

- Emirates NBD won Asian Trailblazer of the Year, Institutional and Best Retail Bank – UAE at Retail Banker International (RBI) Asia Trailblazer Awards 2019
- Emirates NBD won “Dubai’s Best Bank for Asia” at the 2019 Asiamoney Middle East Best Banks for Asia Awards
- Emirates NBD won ‘Asian Private Banker’s Excellence in Private Banking – Middle East & North Africa’ award by Asian Private Banker
- Emirates NBD won ‘Best Financial Institution Syndicated Loan’ and ‘Best Syndicated Loan House’ and ‘Best Equity House’ in the Middle East awards at EMEA Finance Middle East Banking Awards

✧ **Marketing, Social Media and Customer Engagement Awards – Emirates NBD**

- Emirates NBD was named the UAE’s most valuable banking brand, with a value of USD 4.04 billion, in The Banker’s annual brand valuation league table
- Emirates NBD won ‘Best CX Strategy’ and ‘Customer Complaints’ at Gulf Customer Experience Awards 2019

✧ **Emirates Islamic**

- Emirates Islamic won ‘Human Resources Development’ award from Emirates Institute for Banking and Financial Studies
- Emirates Islamic’s Kunooz Savings Account named ‘Best Banking Product’ by Global Banking & Finance Review
- Emirates Islamic named ‘Most Innovative Islamic Bank’ by Islamic Finance News

About Emirates NBD

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

Emirates NBD has a leading retail banking franchise, with 234 branches and 1076 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, the Kingdom of Saudi Arabia, Singapore, the United Kingdom and representative offices in China, Indonesia and Turkey. For more information, please visit: www.emiratesnbd.com

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