

## Emirates NBD's 2023 profit surges 65% to AED 21.5 billion

### Dividend doubles to 120 fils recognising record results and celebrating 60 years

Emirates NBD's profit surges 65% to AED 21.5 billion in 2023 on asset growth, a stable low-cost funding base, increased transaction volumes and substantial impaired loan recoveries. Q4-23 profit of AED 4 billion was up 3% y-o-y on higher income reflecting a buoyant regional economy. In light of the Group's excellent performance, the Board of Directors is proposing a 100 fils dividend plus 20 fils celebrating its 60th anniversary, doubling last year's dividend.

Emirates NBD's asset base jumped 16% in 2023 as the Group's market-leading deposit franchise grew AED 82 billion, with low-cost Current and Savings Accounts adding an impressive AED 30 billion. Lending grew 5% on strong Retail loan growth, coupled with AED 70 billion new Corporate lending. The rock-solid balance sheet makes Emirates NBD a regional powerhouse. Credit quality improved significantly with impairment charge down 33% and the impaired loan ratio improving to 4.6%, the lowest level since 2009. All business units delivered an outstanding performance. Our network in the Kingdom of Saudi Arabia expanded to 15 branches and we refreshed our branch presence in Egypt, enhancing our international footprint and digital capabilities to drive further growth. Emirates NBD were proud to be the Principal Banking Partner for COP28.

<b>Income</b> AED 43.0 billion ↑ 32% y-o-y	<b>Expenses</b> AED 11.7 billion ↑ 26% y-o-y	<b>Provisions</b> AED 3.4 billion ↓ 33% y-o-y	<b>Net Profit</b> AED 21.5 billion ↑ 65% y-o-y
<b>NIM</b> 3.95%	<b>Cost: Income ratio</b> 27.2%	<b>NPL Ratio</b> 4.6%	<b>CET-1 Ratio</b> 14.9%

#### Key Highlights – 2023

- **65% surge in profit on significant balance sheet growth, a stable low-cost funding base, increased transaction volumes and substantial recoveries**
  - **Total income** substantially up 32% to **AED 43 billion** on excellent deposit mix, solid loan growth and strong fee & commission growth across all business segments
  - **Healthy asset growth** of 16% to **AED 863 billion** at end 2023
  - **Solid loan growth**, up 5% on record Retail financing momentum with AED 70 billion of new Corporate lending benefiting from our effective regional presence
  - **Deposit mix is a key strength** growing a remarkable AED 82 billion in 2023 including AED 30 billion of low-cost Current and Savings Accounts
  - **Net interest margin** rose 52 basis points in 2023 to 3.95% on favourable loan & deposit mix and higher interest rates
  - **Impairment allowances** substantially down 33% y-o-y due to exceptionally strong recoveries achieved through the year with impaired loan ratio improving to 4.6%
  - **Earnings per share** up significantly by 68% to **332 fils**

- **Emirates NBD's investment in customer focused services & products is propelling business growth**
  - **Record year for Emirates NBD Capital**, with the investment bank raising USD 79 billion of capital on behalf of local, regional and international clients across 134 landmark deals
  - **Launched Tablet X**, a tablet banking platform enabling instant account opening, immediate credit card issuance, personal loan request and fixed deposit opening
  - **New Escrow Management System** introduced providing efficient Escrow services
  - **SME lending** grew significantly in the UAE, supporting this bedrock sector of the economy
  - **One-third market share** of UAE Credit Card spend as card spend grew 25% y-o-y
  - **'ENBD X'** mobile banking app successfully rolled out, using latest technology, security and user experience trends propelling it to the #1 banking app in the region
  - **Digital wealth platform** expanded access to global equities, facilitating over AED 1 billion investments since launch, elevating ENBD X as a one-stop banking and wealth management solution
  - **AUMs** grew by an impressive 40% in 2023, reflecting Emirates NBD's full service platform
  - **Fully digital business banking onboarding** process, with over 70% of onboarding now digital
  - **KSA loan growth** up significantly with Retail lending accelerating 27% y-o-y as branch network expands to 15
  
- **Looking to the future, Emirates NBD is transforming into a data-first and digital-focused bank, delivering ESG solutions to customers as their Net Zero ambitions drive economic activity**
  - **Carbon Trading and real-time FX quotes** enhance product offering
  - **Fractional bonds** offered for first time by a regional bank, widening customer access to fixed income instruments
  - **Paperless cash solutions** offered to Corporate customers as part of on-going digitisation journey
  - **Generative AI implementation** across business operations in partnership with Microsoft
  - **Implementing over 50 AI use cases** to enhance digital customer service, risk analysis and operational efficiency
  - **Hub71 Partnership** to Accelerate FinTech innovation
  - **Innovation Fund** made exciting investment in Komgo to revolutionise its digital trade finance offering
  - **ESG-Linked Supply Chain Finance Programme** launched in collaboration with major Corporates
  - **Net Zero goals** commitment by signing UAE Climate-Responsible Companies Pledge
  - **Reduced** Scope 1 emissions by 8% and Scope 2 emissions by 20% in 2023
  - **Gender equality** commitment by signing UAE Gender Balance Pledge
  - **Sustainable Finance Framework** published by Emirates NBD and DenizBank reinforcing Group-wide dedication and allowing green and sustainability-linked bond issuance
  - **USD 750 million green bond issued**, the largest ever from a bank in the MENAT region
  - **Microsoft Sustainability Manager** implemented to drive digital transformation in sustainability operations
  - **Automated ESG Scoring Solutions** provided by partnering with CoriolisESG



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

- “Emirates NBD delivered its highest ever profit of AED 21.5 billion in 2023, reflecting a healthy regional economy and the success of the Group’s diversified business model.
- Emirates NBD used its strong balance sheet to support economic growth in the UAE, providing over AED 70 billion of new corporate lending, and a significant increase in lending to Small and Medium Enterprises.
- As a leading bank in the region, we were proud to be the Principal Banking Partner of COP28, underlining Emirates NBD’s commitment to the UAE’s Year of Sustainability.
- We published our Sustainable Finance Framework, issued the largest ever green bond from a regional bank and committed to the UAE Climate-Responsible Companies Pledge and the UAE Gender Balance Pledge.
- In light of the Group’s excellent performance we are proposing a 100 fils dividend, and to celebrate our 60<sup>th</sup> Anniversary a further 20 fils, doubling the total dividend to 120 fils per share.”



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

- “Emirates NBD generated a record AED 43 billion of income on significant asset growth, a stable low-cost funding base, increased transaction volumes and substantial recoveries.
- Higher income and lower impairment charges drove Emirates NBD’s profits 65% higher to a record AED 21.5 billion.
- AED 70 billion of new Corporate lending helped deliver an impressive 18% growth in Corporate lending while Retail financing grew by 19% as Dubai successfully continues to be a beacon of economic growth.
- Our market-leading deposit franchise grew AED 82 billion with low-cost Current and Savings Accounts increasing by AED 30 billion, despite higher interest rates.
- Our leading IT architecture enabled us to launch the award winning ‘ENBD X’ mobile banking app, which integrates our digital wealth platform, making it a one-stop, complete banking services solution.”



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

- “The Group’s strong capital base enabled the balance sheet to grow 16% to AED 863 billion in 2023.
- International operations now generate 39% of total income.
- Emirates NBD has 15 branches in the Kingdom of Saudi Arabia with plans to increase our presence to 24 branches by 2025.
- Credit quality improved substantially on significant recoveries with the impaired loan ratio improving to 4.6%, the lowest level since 2009.
- With the UAE’s economy thriving, and the nation an attractive destination for ultra-high net-worth individuals from across the world, Emirates NBD competently caters to all sectors of the wealth spectrum.”

## Financial Review

<b>Income Statement</b> <i>All figures are in AED billion</i>	<b>FY'23</b>	<b>FY'22</b>	<b>%Δ YoY</b>
Net interest income	30.1	23.2	30%
Non-funded income	12.9	9.3	39%
<b>Total income</b>	<b>43.0</b>	<b>32.5</b>	<b>32%</b>
Operating expenses	(11.7)	(9.3)	26%
<b>Operating profit before impairment</b>	<b>31.3</b>	<b>23.3</b>	<b>35%</b>
Impairment allowances	(3.4)	(5.2)	(33)%
<b>Profit before tax &amp; others</b>	<b>27.9</b>	<b>18.1</b>	<b>54%</b>
Hyperinflation adjustment	(4.2)	(3.1)	37%
Tax	(2.1)	(2.0)	9%
<b>Profit</b>	<b>21.5</b>	<b>13.0</b>	<b>65%</b>

<b>Key Metrics</b>	<b>FY'23</b>	<b>FY'22</b>	<b>%Δ YoY</b>
Cost to income ratio	27.2%	28.5%	(1.3)%
Net interest margin	3.95%	3.43%	52 bps
Cost of Risk (bps)	71	108	(37) bps
EPS (AED)	3.32	1.98	134 fils
Return on Tangible Equity	24.3%	17.1%	7.2%

<b>Balance Sheet</b> <i>All figures are in AED billion</i>	<b>As of 31-Dec-23</b>	<b>As of 31-Dec-22</b>	<b>%Δ YoY</b>
Total Assets	863	742	16%
Gross Loans	481	456	5%
Deposits	585	503	16%
<b>Key Metrics</b>	<b>FY'23</b>	<b>FY'22</b>	<b>%Δ YoY</b>
NPL Ratio	4.6%	6.0%	(140) bps
Impaired Loan Coverage Ratio	163%	145%	18%
Liquidity Coverage Ratio	210%	182%	28%
Capital Adequacy Ratio	17.6%	18.3%	(70) bps
Tier 1 Ratio	16.5%	17.2%	(70) bps
Common Equity Tier 1 Ratio	14.9%	15.4%	(50) bps

## **Business Performance**

- **Retail Banking and Wealth Management (RBWM)** had a remarkable 2023 with the highest ever annual revenue, strongest ever loan acquisition and a substantial growth in balance sheet
  - Lending increased by a record AED 18 billion and Deposits grew by AED 35 billion in 2023 with a healthy CASA to Deposits ratio of 77%
  - One-third market share of UAE Credit Card spend as card spend grew 25% y-o-y
  - Income grew 31% y-o-y as RBWM delivered its highest ever annual funded & non-funded income
  - 'ENBD X' & 'EI +' mobile banking app successfully rolled out in the UAE, using latest technology, security and user experience trends, offering a market-leading array of products and services
  - Digital wealth platform expanded, giving customers access to over 11,000 global and regional equities, elevating ENBD X as a one-stop solution for both everyday banking and wealth management
  - AUMs grew by an impressive 40% in 2023, reflecting Emirates NBD's full service platform
  
- **Corporate and Institutional Banking** capitalised on its strategic partnership with major Government entities and Corporates by enhancing digitised service platforms
  - Profitability almost doubled y-o-y on higher margins due to rising interest rates, growth in lending activity, higher fee income across all products and strong recoveries
  - Corporate lending (ex. Sovereign) up 18%, driven by AED 70 billion of new lending throughout the region, on strong origination in Manufacturing, Trade, Transport, Communication and conglomerates
  - Significant CASA growth helped efficiently manage cost of funding
  - Record year for Emirates NBD Capital, with the investment bank raising USD 79 billion of capital on behalf of local, regional, and international clients across 134 landmark deals
  - Enhanced key focus on Sustainable financing across sectors with ESG-Linked Supply Chain Finance Programme launched in collaboration with major Corporates
  - Paperless cash solutions offered to Corporate customers as part of on-going digitisation journey
  
- **Global Markets and Treasury** delivered an outstanding performance, with profit doubling to AED 3.4 billion in 2023, driven by favourable Balance Sheet positioning and higher banking book investment income
  - The trading desk reported higher profits with Foreign Exchange trading posting 64% growth
  - Sales delivered strong growth, driven by Structured products and Foreign Exchange
  - Emirates NBD is a leading primary dealer in the Dirham sovereign market and was the first bank to issue a Dirham denominated bond and Sukuk.
  - Product offering enhanced with real-time FX quotes and Carbon Trading offered to customers
  - First bank in region to offer fractional bonds, widening customer access to a range of fixed income instruments
  
- **DenizBank** maintained profit at AED 1.6 billion and provided fresh funding to the economy, growing their balance sheet 19% to AED 147 billion

## Outlook

GCC economies have been resilient against a weaker global backdrop and higher interest rates. PMI surveys in the UAE and the Kingdom of Saudi Arabia indicate robust activity in non-oil sectors in the final quarter of 2023, with strong new order growth pointing to continued momentum into 2024. Emirates NBD Research expects 4.5% non-oil growth in the UAE and 4% non-oil growth in the Kingdom of Saudi Arabia, underpinned by continued investment and consumption. In the wider MENAT region, Egypt continues to explore asset sales, reflecting their commitment to revamp the economy and Türkiye increased interest rates to help address inflation.

-ENDS-

## Awards:

- ✧ Emirates NBD won **Best Bank in the Middle East, Best Bank in the UAE and Best Bank for ESG in the UAE** at the Euromoney Excellence Awards 2023
- ✧ Emirates NBD won **Bank of the Year UAE 2023** by The Banker
- ✧ Emirates NBD won **Innovation in Digital Banking Awards in the ME Category** by The Banker
- ✧ Emirates NBD won **Best Bank in the Middle East by Euromoney's Real Estate Awards 2023**
- ✧ Emirates NBD won **Middle East's Best Private Bank for Digital and Best Domestic Private Bank in the UAE** by Euromoney Global Private Banking Awards 2023
- ✧ Emirates NBD ranked **1<sup>st</sup> in Tier One Capital and 2<sup>nd</sup> by Total Assets in the UAE, ranked 4<sup>th</sup> in the Top 25 banks in the Middle East and ranked 85<sup>th</sup>** at The Banker's Top 1000 World Banks ranking
- ✧ Emirates NBD won **Strongest Bank in UAE, Best Mobile Banking Service** for "ENBD X" – Product, Digital and Frictionless Awards, **Best Transaction Bank in UAE - Financial Technology Innovation Awards** by The Asian Banker Global - MEA Awards 2023
- ✧ Emirates NBD ranked **1<sup>st</sup> in the UAE** in Forbes' World's Best Banks for 2023
- ✧ Emirates NBD ranked **9<sup>th</sup>** in Forbes Middle East's Top 100 Listed Companies for 2023
- ✧ Emirates NBD ranked **7<sup>th</sup>** in the Forbes Middle East Most Valuable Banks for 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 five prestigious awards at the MENA Banking Excellence Awards 2023
- ✧ Emirates NBD KSA won **Best Foreign Bank in KSA** by International Finance Awards, **Most Innovative Retail Bank – Saudi Arabia 2022** by Global Economics Awards and **Best Green Building Initiative – Banking KSA 2022** by the International Finance Awards
- ✧ Emirates NBD was named the **UAE's most valuable banking brand** and MENA's third most valuable banking brand, with a value of USD 3.89 billion, in The Banker's 2023 brand valuation

Emirates NBD has a leading retail banking franchise, with 850 branches and 4,431 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, Türkiye, 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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