Strategic Challenges Facing UAE and GCC Banks in the International Arena

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ABSTRACT

The strategies of four UAE banks—Emirates National Bank of Dubai, National Bank of Abu Dhabi, First Gulf Bank and Abu Dhabi Commercial Bank are analyzed with a focus on the innovations and management practices that are required to succeed in internationals banking. The performance of UAE based banks with and without Islamic finance is compared to their counterparts in regional and global settings. Some major findings are that technology combined with innovation and risk management functions are essential in the financial services industry. This study concludes using 2014 performance data and ratios of UAE, regional and global banks across range of metrics. This research adds to the growing body of knowledge about effective management practices in the region.

Keywords: Banking industry, strategic innovation, Islamic finance, risk management, and performance management

Track 1: Strategic Management

INTRODUCTION

The GCC, formed in 1981 in Abu Dhabi, is comprised of six nations (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) that are strategically located on the largest proven oil reserves in the world (MENA Report, 2012). These oil-rich nations are pursuing major economic initiatives with the goal of diversifying from an economy depending on natural resources to one that is fueled by innovation and knowledge (World Bank, 2010). Capital markets play a critical role in the efficient allocation of savings into productive investments and the financial sector is expected to provide the investments needed to accelerate major transformations in economic growth and development.

Oil is a commodity export from the GCC region. The reliance on hydrocarbon resources leads to economic growth and credit booms when prices are increasing which contributes to systemic risk and financial shocks when prices fall. The International Monetary Fund described the impact of the 2003-2008 oil price boom as initially leading to GDP growth, followed by a corresponding increase in the demand for credit from the private sector primarily for real estate and construction, which in turn fueled credit growth, inflation and ultimately an increase in asset prices (United Arab Emirates, 2013). When this period of prosperity came to an abrupt end in late 2008, stock and real estate markets fell, asset prices fell, and credit defaults loomed. The subsequent financial crisis was further exacerbated by changes in exchange rates.

Even though GCC countries are diversifying into sectors other than oil, banks face concentration risks in their credit portfolios for which they must hold sufficient buffer capital (Assessing Concentration Risks in GCC Banks, 2014). Concentration risk stems from several sources that generally relate to the dependence of GCC economies on oil. Credit portfolios are linked with government expenditures because the sectors to which the banks lend are dependent on government spending which in turn is influenced by oil revenues. Therefore, the benefits that accrue from diversification in lending do not materialize because of the interconnectedness between the oil and nonoil sectors.

Nonetheless, the Middle East weathered the global financial crisis well and the GCC, in particular, continues to become more integrated into the global economy due to the importance of oil and gas in world trade as well as the region's ambitious economic objectives (World Bank, 2010). In 2014, Global Finance reported that banks in the GCC were liquid, well capitalized, and more profitable (Best Banks, 2014). Net profit grew by 14.3% compared to 10% in 2013 and the majority of the banks maintained strong levels of liquidity and improved loan asset quality due to a decrease in nonperforming loans (Gulf Business, 2015). Economies in the region are expected to continue to expand with loan growth increasing about 10% and profitability is predicted to be in the high single digits in the coming year (Best Banks, 2014).

According to Retail Banking Trends in the Middle East (Rosenbaum, 2015), digital banking is an important trend but modern branches with the latest technologies and innovations are also important brand ambassadors for private and wealth banking. Countries in the GCC, such as Bahrain, Saudi Arabia and the UAE are investing in the financial sector as a source of competitive advantage by seeking to establish themselves as regional financial centers (World Bank, 2010). While there are numerous global banks in the GCC, the largest banks are domestic.

The next section provides an overview of global banking developments with a focus on how these trends impact the GCC. A comprehensive ratio analysis is presented for large international, national banks in the GCC and UAE banks. The final section gives an overview of the strategies and detailed financial performance of a select group of UAE banks.

External Environment Global Banking Trends

The world economy is undergoing significant shifts that affect the banking industry. The global financial crisis and the ensuing developments have heightened the role of transparency and regulation in a global context. In the post crisis period, many banks are focusing on recovering outstanding loans, acquiring new customers to build financial assets, reducing risk, meeting regulatory requirements and diversifying revenues.

An important driving force in the external environment is the pace of technological change which includes new technologies that change how products and services are delivered. In particular, the growth in internet usage, ATMs, online banking, smartphones and social networking are redefining the channels that reach consumers and illustrate a shift or decline in the popularity of branch banking in most countries.

In-branch transactions and branch visits have declined significantly in mature markets and in the US, an estimated 40% of branches are not profitable (Carter, 2012). In mature markets, branch banking is being replaced by digital channels and firms such as Barclays and HSBC are closing branches (Carter, 2012). If fact, ING Direct and HSBC both report that 90% of all their transactions occur over digital channels in some markets.

In a report on the future of branch banking, Carter (2012) reports that the top three types of transactions conducted in branches are checking balances, transferring funds, and withdrawing cash, all of which do not produce revenues and can easily be automated. Further, the results from a customer survey indicated that 43% wanted better access to ATMs and 33% wanted improvements in web sites. A study by IBM indicated that customer satisfaction varied across the banking channels. Call centers tend to have below average satisfaction, the internet and mobile slightly higher, and ATMs and branches receiving the highest satisfaction ratings (Giridhar, Notestein, Ramamurtby, & Wagle, 2011).

Banking habits of consumers are changing. In financial services, the accelerating pace of change due to new technologies provides significant opportunities for differentiation for those banks who are the first to implement successfully. New technologies can result in new business models. Reengineered and improved services that are more responsive, agile and efficient lead to a competitive advantage that is sustainable to the extent that it is difficult, costly, or time consuming for competitors to copy. Successful new products and services mirror the changing requirements of customers and go hand in hand with a growing demand for innovation and complementary IT applications. Consider NetApp in Australia, the world's leading direct saving bank, ranked 51 out of 100 companies by Forbes on a list of the world's most innovative companies. NetApp, via an integrated "Bank in a Box" project, is able to bring new banking products and services to the market quickly so that innovative ideas result in a competitive edge.

Technologies can be very disruptive for banks who do not or cannot adapt quickly. Nonetheless, while the payoffs may be high for first movers, the risk and costs of pioneering new technologies may indicate that a fast follower strategy is advantageous. Notwithstanding numerous success stories, there are notorious failures that cause consumer confidence to fall. After implementing a software *update* to its IT system, a system outage at Ulster Bank in Ireland affected over 600,000 customers. Customers could not access funds or view balances for over a month.

The growth in the internet has led to the subsequent growth and popularity in online banking. As shown in Table 1, the overall percentage of the population with the internet is 40% and the growth rate in users each year greatly exceeds the world's population growth rate from 1993 to 2014. According to Pew Research Center (2013), internet usage is less among the older generation and positively related to education and household income. Figure 1 shows that the trend in the use of online banking steadily increased from 2001-

Table 1. Internet Users and Penetration

Year	Internet Users	Users Growth	Population	Population Growth	Penetration
2014*	2,925,249,355	7.9%	7,243,784,121	1.14%	40.4%
2013	2,712,239,573	8.0%	7,162,119,430	1.16%	37.9%
2012	2,511,615,523	10.5%	7,080,072,420	1.17%	35.5%
2011	2,272,463,038	11.7%	6,997,998,760	1.18%	32.5%
2010	2,034,259,368	16.1%	6,916,183,480	1.19%	29.4%
2009	1,752,333,178	12.2%	6,834,721,930	1.20%	25.6%
2008	1,562,067,594	13.8%	6,753,649,230	1.21%	23.1%
2007	1,373,040,542	18.6%	6,673,105,940	1.21%	20.6%
2006	1,157,500,065	12.4%	6,593,227,980	1.21%	17.6%
2005	1,029,717,906	13.1%	6,514,094,610	1.22%	15.8%
2004	910,060,180	16.9%	6,435,705,600	1.22%	14.1%
2003	778,555,680	17.5%	6,357,991,750	1.23%	12.2%
2002	662,663,600	32.4%	6,280,853,820	1.24%	10.6%
2001	500,609,240	21.1%	6,204,147,030	1.25%	8.1%
2000	413,425,190	47.2%	6,127,700,430	1.26%	6.7%
1999	280,866,670	49.4%	6,051,478,010	1.27%	4.6%
1998	188,023,930	55.7%	5,975,303,660	1.30%	3.1%
1997	120,758,310	56.0%	5,898,688,340	1.33%	2.0%
1996	77,433,860	72.7%	5,821,016,750	1.38%	1.3%
1995	44,838,900	76.2%	5,741,822,410	1.43%	0.8%
1994	25,454,590	79.7%	5,661,086,350	1.47%	0.4%
1993	14,161,570		5,578,865,110		0.3%

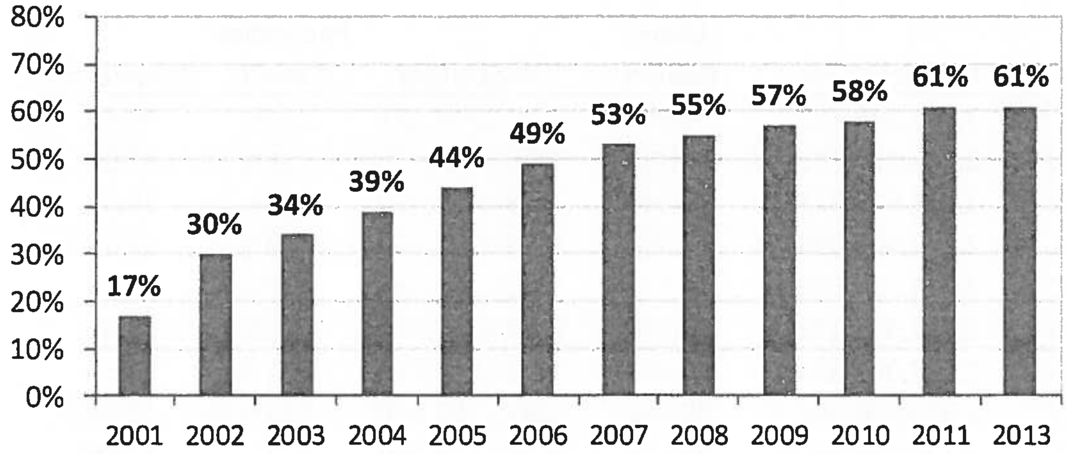
* estimate for July 1, 2014

Source: ***Internet Live Stats*** (elaboration of data by *International Telecommunication Union (ITU)* and *United Nations Population Division)*

2007. From 2008-2011, the growth rate slowed, and the last couple of years indicate that usage has transitioned to a mature stage with no growth in usage from 2011-2013.

Enormous untapped opportunities exist in banking to identify and integrate data across channels that will transform the status quo, improve productivity and risk management and increase customer satisfaction and revenues (Giridhar, Notestein, Ramamurthy and Wagle, 2011, McKinsey, 2011; World Economic Forum, 2013). Most financial

Figure 1. Online Banking Adoption
% of Adult Internet Users



institutions are using information to develop new offerings or strengthen relationships with employees, partners, customers and suppliers.

The World Economic Forum (2014) refers to *big data* as the new class of assets and the driver of business opportunities and economic growth if organizations can harness the potential of the increasingly large volume of data originating from different sources. Gartner (2015) echoes this theme by identifying the ability to translate large volumes of data across multiple sources into actionable insight as a key success factor to improve cost efficiency and profitability as well as grow revenues. Adding to the chorus for competitive advantages the result from increased analytic capabilities is the inaugural launch of a new journal, *International Journal of Big Data Intelligence* in 2014. In the words of the editor: "Today's IT technologies offer great opportunities to make the era of big data a reality. To gain value and insight from big data analytics, organizations need the ability not just to process the vast quantities of data being generated, but also to blend the right datasets together to give context and meaning. Big data intelligence goes beyond business intelligence; it gives significant potential for increasing productivity, competition and innovation. (Hsu, 2014, p. 1)"

Data driven decision making will require managers to have expertise in quantitative analysis with corresponding IT capability to integrate data across platforms. Successful banks will synchronize information from traditional and new banking channels to extract relevant information at every customer touch point. Some banks will need to increase IT budgets and the qualifications of banking employees will change to reflect these new requirements. Governments will play a vital role in whether organizations can capitalize on the intelligent use of big data by supporting broadband networks and digital developments such as 3G wireless networks.

Risk management is increasingly important in financial institutions. Bank fraud is a problem in the industry as financial crimes are growing and becoming more sophisticated. According to an American Bankers Association Deposit Account Fraud Survey, fraud cost the industry $1.744 billion in 2012 with debit card fraud accounting for 54%, check fraud for 37% and online banking and electronic transactions for 11%. Prevention measures stopped approximately $13 billion in fraudulent losses. Banks play a key role in data protection and ensuring consumer privacy.

UAE BANKING INDUSTRY

Mobile communication services and penetration have become important predictors of economic growth and prosperity (World Economic Forum, 2013). Mobile phones have improved communication with customers and expanded economic activity for financial institutions. As technology develops, mobile services are increasingly available and in demand from consumers and businesses. The growing use of the internet and mobile devices in both consumer and business spheres combined with the increasing presence of social networking have already led banks to create new solutions and tools to add greater value to customers.

According to the World Economic Forum (2014), the UAE ranks 24 in the world on overall network readiness which measures a country's capability to leverage information and communication technologies (ICTs) to improve competitiveness and well-being (see Table 2). In Table 2, each of the ten indices represents an average across a range of factors on a 1-7 rating scale where 7 demonstrates a high or favorable score. Over the last three years, the UAE has improved in all ten indices except infrastructure and digital content. The ranking reflects the government's commitment to develop ICTs to diversify and grow the economy. There is increasing pressure on telecommunication networks to increase capacity in response to an explosion in demand for newly available internet services such as online banking.

Particularly relevant to the banking industry, mobile network coverage, the % of the total population that is covered by a mobile network signal is ranked one of the highest in the world. In addition, the accessibility of digital content via multiple platforms is ranked 20 out of 148 countries. However, regarding the level of competition for internet services, international long distance services, and mobile telephone services, the UAE is ranked 126 reflecting Etisalat's virtual monopoly in the market. Under the category, individual usage, mobile telephone subscriptions are 150/100 in the population and the % of internet users is 85% both of which are among the highest in the world. The UAE ranks 10th in the world on business to business internet usage and 20th on business to consumer internet use. Government use has the highest index at 6.1 which results from the UAEs implementation plan to utilize ICTs to improve the country's overall competitiveness (1st place ranking) as well as the degree of success the government has experienced in promoting ICTs (2nd place ranking).

Table 2. Networked Readiness Index from 2012-2014

	Rank			Value			2012-1014 Change	
	2012	2013	2014	2012	2013	2014	Rank	Value
Networked Readiness Index (1-7)	30	25	24	4.8	5.1	5.2	+	+
Components								
1 Political and regulatory environment	31	26	24	4.7	4.8	4.9	+	+
2 Business and innovation environment	22	17	13	5.0	5.3	5.3	+	+
3 Infrastructure and digital content	25	30	30	5.7	5.5	5.6	-	-
4 Affordability	92	89	85	4.7	4.7	5.1	+	+
5 Skills	38	25	33	5.5	5.5	5.6	+	+
6 Individual usage	31	36	29	4.8	4.9	5.3	+	+
7 Business usage	30	28	29	4.2	4.3	4.4	+	+
8 Government usage	32	2	2	4.6	6.0	6.1	+	+
9 Economic impact	29	28	27	4.1	4.1	4.2	+	+
10 Social impact	33	7	5	4.8	5.8	5.8	+	+

Source: The Global Information Technology Report 2012, 2013, & 2014

While the Gulf region continues to pose important political, social, economic and environmental risks, the UAE has weathered the geopolitical instability well. The UAE continues to expand and grow by investing the revenues from oil and international investments into public and private ventures (The United Arab Emirates and the World: Scenarios to 2025, 2007). Dubai and Abu Dhabi have numerous government related entities (GREs)--commercial corporations, financial institutions and investment firms that are related to the municipality's government. In the wake of the 2009 financial crisis, the UAE has introduced changes in regulation to improve financial stability, corporate governance and transparency, provide early warning signs and moderate the effects of volatility in oil prices (United Arab Emirates, 2013), such as, maintaining higher capital and limiting large dividend payouts in periods of prosperity.

For years, high oil revenues served as a catalyst for infrastructure development, economic growth and the accumulation of financial reserves in local banks. But in 2009, Moody's rated the fundamental credit outlook for the UAE banking system as negative (Global Credit Research, 2013). The assessment was based on the falling property prices in Dubai which reflected the number of bank loans given to "opportunistic" developers struggled to repay the loans when corrections were made to reflect the decreasing value of assets. Another problem was tightening liquidity, which was predicted to affect asset growth and profits.

Throughout 2012, the outlook for the banking industry remained negative driven by asset quality challenges especially in the Dubai-based banks. Moody's based the projections on low provisioning coverage levels and the expectation that problem loan levels would remain elevated, "driven by exposures to large, stressed, government-related issuers (GRIs), and legacy corporate impairments, primarily real-estate-related, which are still emerging after failed attempts to restructure earlier in the crisis," (Tribune Business News, 2012). The problems with high risk loans were expected to cause future loan growth to slow as well as constrain profitability for banks in the coming year. While analysts expected Abu Dhabi banks to have stronger credit growth and profitability, a fall in oil prices would weaken the UAE's fiscal surpluses and negatively impact economic growth.

More positively, UAE banks' deposit ratings have a high probability of systemic support, and had strong financial fundamentals overall, it said "The banking sector's strong association with local governments and quasi-government institutions, which are the principal architects and drivers of infrastructure, have helped to boost the franchises of local banks."

Late in 2013, Moody's reassessed the UAE banking industry outlook from negative to stable (Global Credit Research, 2013). Some summary highlights of the report:

- Real GDP growth is expected to be almost 4% in 2014, supported by public sector spending, particularly in Abu Dhabi and recovery in Dubai's more diversified private sector.
- Economic growth, and continued recovery in the real estate market is predicted to support credit growth of 7%-10% in 2014.
- The decline in the problem loans is expected to continue.
- Profitability will increase which will provide the banks with the internal capital generation to support asset growth.
- Continued high liquidity and capital buffers that were built up since the onset of the global financial crisis.
- Asset-quality metrics will also be supported by a reduction in the stock of problem loans due to the increasing volume of settlements, recoveries and commercial restructurings and expected loan growth. Although loan loss coverage levels remain relatively low at around 53% for June 2013, this metric will improve as the problem loan balance falls.
- Other weaknesses, such as limited transparency, sizeable related-party lending and high loan and deposit concentrations, will continue to leave UAE banks susceptible to single-borrower or sector-specific risks, such as real estate and construction.

In the aftermath of the financial crisis, the UAE, especially Dubai, experienced a wave of loan restructuring, e.g., reductions in interest rates and maturity extensions. Between 2014 and 2018, many of these loans will mature. In addition, internally, the country faces challenges in the areas of social, political and environmental concerns including unemployment, skewed demographics and income distribution regarding the expatriate/national balance, water conservation as well as pollution and conspicuous consumption.

There are 49 and 69 foreign banks operating in Abu Dhabi and Dubai, respectively, including JP Morgan Chase Bank, Citigroup, Wells Fargo, Royal Bank of Scotland, Bank of Singapore, Bank of India, Bank of China, and the Philippine National Bank. At the end of 2013, according to the UAE Central Bank Report, there were 23 local banks with a total of 841 branches and 4664 ATMs. Bank deposits increased from AED 1167.8 billion in 2012 to AED 1278.9 billion in 2013. Total bank assets increased from AED 1791.6 in 2012 to AED 2025.8 in 2013. There were 25 finance companies and 25 investment firms. The number of licensed foreign banks grew to 120 in 2013 and the number of money changers grew to 134 offices and 786 branches.

The growth in branch banking and ATMs in the UAE is shown in Table 3 and 4, respectively.

Table 3. UAE Publicly Listed National Banks and Branches, 2005-1013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1 National Bank of Abu Dhabi	48	54	55	57	68	74	80	86	85	88
2 Abu Dhabi Commerical Bank	36	39	39	39	41	42	46	45	48	46
3 ARBIFT	5		5			7		9	9	9
4 Union National Bank	29	30	37	35	39	46	52	54	54	61
5 Emirates NBD	29	33	34	42	45	45	111	115	119	119
6 Commercial Bank of Dubai	18	20	20	20	23	23	24	25	26	26
7 Dubai Islamic Bank	19	24	32	43	48	53	61	68	79	85
8 Emirates Islamic Bank	11	12	17	23	30	32	32	33	49	51
9 Mashreq Bank	37	49	49	45	60	63	66	66	66	66
10 Sharjah Islamic Bank	9	9	16	18	22	24	24	26	27	28
11 Bank of Sharjah	3	3	3	4	4	4	3	4	5	5
12 United Arab Bank	9	9	9	9	9	10	12	13	17	25
13 InvestBank	7	7	11	12	12	12	12	12	14	15
14 National Bank of Ras Al Khaimah	13	18	19	20	25	27	28	30	33	33
15 Commerical Bank International	7	7	7	8	12	15	17	17	17	19
16 National Bank of Fujairah	6	6	9	12	14	14	14	15	14	14
17 National Bank of Umm Al Qaiwai	10	10	12	15	17	17	17	17	18	18
18 First Gulf Bank	6	9	11	15	17	17	18	18	20	22
19 Abu Dhabi Islamic Bank	14	23	31	43	45	54	64	66	77	82
20 Dubai Bank	2	3	4	10	20	22	22	24	2	2
21 Noor Islamic Bank				5	12	15	15	15	17	18
22 Al Hilal Bank					8	15	18	22	21	21
23 Ajman Bank					2	4	8	11	11	11
Total	318	365	420	475	573	635	744	791	828	864
% Change Previous Year		15%	15%	13%	21%	11%	17%	6%	5%	4%

Table 4. UAE ATMs 2007-2013

	2007	2008	2009	2010	2011	2012	2013	2007-2013
Number of ATMs	2057	2420	3599	3758	4172	4492	4664	127%
% Change Previous Year		17.6%	48.7%	4.4%	11.0%	7.7%	3.8%	

Source: UAE Central Banks Annual Reports, 2007-2013

NATIONAL BANK OF ABU DHABI (NBAD)

With operations in 18 countries, NBAD is one of the largest banks in the UAE with total assets in 2013 of just over AED 325 billion and customer deposits over AED 211 billion. NBAD's vision is to be recognized as the World's Best Arab Bank. Their mission is to provide excellent products and customer service across a range of banking and related financial products including deposits, savings, loans and brokerage services. The bank targets individual and corporate customers at the corporate, retail and private levels and in their home market, they aim to be the largest, safest and best performing bank. In addition, NBAD offers asset management platforms and caters to high-net-worth clients with wealth management and investment services. The Abu Dhabi government, through the Abu Dhabi Investment Council, is the largest shareholder at 70%.

NBAD is organized into three core businesses: global wholesale, global wealth and retail and commercial operations. The bank is implementing several strategic initiatives over the next five years. First, in their home market, there is a major initiative to rebrand and boost its extensive network of branch businesses. Furthermore, the bank is changing its e-banking platform and plans to offer smartphone and tablet applications by the end of 2014. The UAE is home to a range of nationalities—in fact, nationals account for less than 20% of the population. Appointed as CEO in 2013, Alex Thursby reports that several market segments will be targeted: "I think we can do a better job in the Arab expatriate segment. I think we can do a better job in the UAE national segment and I think to an extent the non-resident Indian segment. (The National, 2013)."

On the international front, NBAD is focusing on the $137 billion corporate banking market in the West-East corridor which spans from West Africa to East Asia. By targeting megacities (cities with a population of more than 10 million) and a growing middle class, NBAD plans to build bank franchises in the largest, fastest growing markets in the world. To illustrate, NBAD is one of the largest foreign banks in Egypt and Mr. Thursby asserts that "Egypt can be one of the leading franchise markets for the group in five to 10 years. My aspiration is to develop Egypt as a $100 million profit business if the fundamentals are right. (The National, 2013)."

NBAD has received numerous impressive accolades. Since 2009, the bank has been ranked as one of the World's 50 Safest Banks by Global Finance magazine. In 2013, the bank was awarded the Sheikh Khalifa Excellence Award (SKEA)—the diamond category.* No other banks received the award in 2013. In the same year, NBAD was upgraded in ratings by Standard & Poor from A+ to AA-.

*Note: The UAE adopted the SKEA in 1999. SKEA uses the European Foundation for Quality Management (EFQM) model which recognizes organizations that demonstrate high levels of performance excellence and continuous improvement. There are three award levels: diamond, gold and platinum.

FIRST GULF BANK (FGB)

Established in 1979, FGB offers a wide range of financial services through its Wholesale, Consumer, and Treasury and Global Markets divisions that both meet client needs and support the development of the UAE. On the international front, FGB has branches in Singapore and Qatar, representative offices in India and Hong Kong and a subsidiary in Libya. Their mission is to maximize value for shareholders, customers and employees. Stemming from a commitment to excellence, the bank invests significantly in people and technology to provide superior customer service. The majority of FGB is owned by several sons of the late Sheikh Zayed bin Sultan Al Nahyan.

FGB had a banner year with record profits of AED 4.8 billion. At the end of 2013, FGB's shareholder equity was AED 31.8 billion making it one of the leading equity based banks in the UAE (see Table X for the financial data). At the Banker Middle East Industry Awards in 2013, FGB was awarded the Best Bank in the United Arab Emirates. FGB received the award for above average financial performance due to a winning strategy based on (1) concentration on core processes and fundamentals, (2) market development through geographic expansion, (3) differentiation through innovation, and (4) product development through strategic alliances. Today, FGB is ranked as the 3rd most powerful company in the UAE, the 6th leading bank in Forbes 'Top 500 in the Arab World' list (http://www.fgb.ae/en/about-fgb/index.aspx).

Like other banks in the UAE, FGB is pursuing a rebranding platform to reflect their global, contemporary and ambitious plans to grow revenues. While committed to the development of nationals and being a leading service provider across all core businesses and operations, FGB is focusing on both the Emirati (nationals) and the expatriate markets. To address prominent health concerns in the UAE, FGB developed insurance programs for diabetes and breast cancer. Moreover, FGB formed a strategic partnership with an insurance company in India to develop insurance and retirement plans primarily for the Indian expatriate market—the largest demographic group in the UAE.

Late in 2013, FGB purchased Dubai First, a consumer financial services business with a strong market share in credit cards for AED 601 million. The acquisition afforded FGB the opportunity to offer an impressive range of new credit cards that were targeted to meet the needs and add value to various market segments. Dubai First specializes in innovative and value-centric credit cards, that serve the unique characteristics of contemporary "lifestyle-savvy" customers. The product line includes exclusive, super-premium, premium, commercial and value cards. For example, the Royale Card is a MasterCard that targets royalty and the elite echelons of society. The Royale Card is the region's first *diamond-embedded* World MasterCard. It is available by invitation only and has no pre-set spending limit. Costing a mere AED 1,500 annual fee, the card, has a myriad of benefits and perks to the user.

In 2013, FGB had profits of AED 4,801,970, slightly more than NBAD, AED 4,733,125, despite having 60% of NBADs asset base, 195,032,370 and AED 325,061,656, respectively.

ABU DHABI COMMERCIAL BANK (ADCB)

ADCBs vision is to be the preferred bank in the UAE based on a strategy of innovative, cutting edge and reliable customer services. Owned primarily by the AD government, the Bank provides a broad range of banking services including corporate and retail banking, private banking, wealth management, cash management, and property management. By 2014, ADCB operated a network of 48 branches, most of which were located in the UAE. Two branches operated in India and one in the UK. ADCB's financial performance indicators are in Table X. About 44% of the bank's workforce is women and in April, 2013, the bank appointed the first woman to the Board of Directors.

ADCB has won numerous accolades in the banking industry. In 2009, they won The Sheikh Khalifa Excellence Award (SKEA) for the finance sector in the Silver class category. In 2010, the Bank was named the Best Retail Bank in UAE for the third year in a row. The award was based on comparisons to national and peer competitors in the GCC. The same year, ADCB won the Best Retail Bank in the Gulf States for the second year in a row. In 2013 and based on industry experts comparisons with 83 countries around the world, they were awarded the "Best Bank in Trade Finance" in the UAE. In 2014, ADCB was assigned an A1 rating from Moody's in global local currency and foreign currency deposits.

ADCB has implemented strategic endeavors that involve (1) strategic alliances with stakeholders, (2) market development through innovation and reengineering of core technologies, and (3) product/service development and continuous improvement of existing systems. In 2010, ADCB joined forces with Merrill Lynch in a strategic partnership to provide access to services to clients of both organizations. More recently, the Wholesale Banking Group in ADCB partnered with companies in health and life insurance, corporate finance, and utilities to provide an innovative, integrated cash management platform that ensured accurate and streamlined operations.

In Consumer Banking, ADCB has introduced a number of innovative strategic initiatives aimed at developing innovative solutions for customers. To encourage new customers to open savings accounts, the Bank awards a Millionaire Destiny Saving Accounts and an Emirati Millionaire Saving Account. Convenient, new services are provided at the bank's customer service centers through partnerships with the local water and electricity company, phone company and parking authority. In 2014, SimplyLife, launched a new Titanium MasterCard credit card that offered customers a 1.5%, hassle free cash back on purchases.

In the last year, ADCB has demonstrated a continued commitment to provide unequalled service to customers through improving internal operating efficiencies and effectiveness in internet banking, mobile phone technology and branch operations. To this end, the bank is redesigning the branch experience with a facelift that will focus on being accessible, intuitive and welcoming to the customer. To herald their enhanced, new image, ADCB launched a new advertising campaign to rebrand the Bank. In the words of their CEO, Ala's Eraiqat, "We feel it's important to invest not only in the brand, but the complete banking experience, as providing an unparalleled service to our customers is our top priority, no matter how they prefer to bank," (17 November, 2013, ADCB launches new brand identity; accessed 7/21/2014 at http://www.adcb.com/common/pr/2013/nov/ADCB-bi.asp).

EMIRATES NATIONAL BANK DUBAI (ENBD)

Formed in 2007, the Emirates National Bank Dubai (Emirates NBD) is the leading bank in the UAE. The contributing factor that led to the formation of the Emirates NBD is the merger that occurred between the National Bank of Dubai and its major competitor, the Emirates Bank International; thus the name, the Emirates NBD. The resulting institution became one of the most successful organizations in the UAE responsible for offering banking and financial services.

At the time, the Emirates Bank International was the second largest bank and the National Bank of Dubai was the fourth largest banking institution in the UAE. The institution that was formed as a result of the merger of these two organizations was large, and had the potential of revolutionizing the banking system in the UAE. Emirates NBD is currently the second largest banking organization in the GCC region with an asset base of 388.1 billion AED (June 31,2015). There are four major financial services that Emirates NBD offers which are Islamic, corporate, investment and retail banking. The main geographic markets for the Emirates NBD are the UAE, the Kingdom of Saudi Arabia, and Qatar as well as the United Kingdom, India, and Singapore. Their operations extend globally throughout the Middle East North Africa, Africa, Europe, Central Asia and South East Asia regions.

The company's vision is to be recognized as a leading financial service provider, and a dynamic company when it comes to the provision of banking services, in the Middle East. Emirates NBD is a market leader in the core line of its business, i.e. offering of banking and financial services. The company has over 220 franchised branches, and more than 900 ATMs and cash deposit machines. The Bank also does well in the corporate banking segment. Furthermore, there is a growth in affiliated Islamic banking organizations, and it is a leader in the provision of investment banking and brokerage services. Emirates NBD has a strong potential for growth.

In offering its services, the company operates under six major values. These values are service excellence, customer focus, integrity, innovation, teamwork and passion for performance. To achieve a competitive advantage over its rivals, the company seeks to put the interests of its customers first by listening to them, and developing services that cater to their needs. The company believes that to be successful it has to be innovative. Through innovation, Emirates NBD can provide services that are of high quality, and ones that satisfy the needs of their customers. Regarding integrity, the company seeks to promote honesty and ethics while partnering with its customers.

In private banking, Emirates NBD promises a "red carpet" banking experience that is personalized and customized. This includes advisory services on investment decisions as well as asset management, brokerage, treasury, corporate and trade finance as well as investment banking. When it comes to risk, we think of ourselves as risk manages and not risk takers. Our approach to risk is a measured one wherein your portfolio is designed to match your personal tolerance for risk and your expectations for returns.

The Bank employs a team of economists, research analysts and investment professionals that work together to achieve a common goal, which is their customers' sustainable financial success.

National Bank of Abu Dhabi

Balance Sheet	2014 AED '000	2013 AED '000	2012 AED '000	2011 AED '000	2010 AED '000
Assets					
Cash and balances with central banks	55,452,341	35,061,054	54,943,221	24,468,641	18,429,827
Investments at fair value	15,425,662	2,645,893	3,274,313	1,610,745	1,292,826
Due from banks and finance institutions	11,134,262	20,100,371	14,615,968	15,166,763	14,764,757
Reverse repurchase agreements	15,844,377	18,932,199	18,509,608	16,425,020	10,898,457
Derivative financial statements	7,422,828	6,146,006	5,583,080	-	-
Loans and advances	194,279,352	183,811,494	164,599,378	159,522,178	136,833,496
Non-trading investments/investments	67,493,122	50,846,059	32,286,857	26,569,340	21,396,005
Other assets	6,370,981	4,909,712	4,300,195	5,605,647	5,601,350
Investment properties	177,533	135,260	140,061	4,083,411	
Property and equipment	2,498,254	2,473,608	2,346,488	2,215,760	2,210,552
Total assets	**376,098,712**	**325,061,656**	**300,599,169**	**255,667,505**	**211,427,270**
% Growth in assets	15.7%	8.1%	17.6%	20.9%	
Liabilities					
Due to banks and financial institutions	36,679,504	35,760,382	35,477,275	39,795,601	31,551,346
Repurchase agreements	13,875,917	1,352,121	2,017,041	3,513,726	2,542,896
Euro commercial paper	5,484,176	6,752,015	2,831,198	-	35,053
Derivative financial instruments	10,953,124	7,454,016	6,652,508	4,784,473	-
Customers' deposits	243,184,652	211,097,222	190,303,573	151,816,887	123,130,589
% Growth in customer deposits	15.2%	10.9%	25.4%	23.3%	
Term borrowings	14,998,716	18,690,168	19,073,630	15,148,516	14,458,665
Other liabilities	11,442,600	7,764,868	7,448,492	6,228,763	7,283,019
	336,618,689	288,870,792	263,803,717	221,287,966	179,001,568
Subordinated notes	1,516,641	1,512,323	5,662,361	7,990,054	8,312,286
Total liabilities	338,135,330	290,383,115	269,466,078	229,278,020	187,313,854
Equity					
Share capital	4,723,172	4,280,470	3,874,558	2,870,043	2,391,703
Share premium	245,473	143,608	-	-	-
Statutory and special reserves	4,736,112	4,305,556	4,065,532	3,563,274	3,324,105
Other reserves	17,387,121	15,936,184	14,067,140	11,466,410	10,089,739
Government of AD tier 1 capital notes	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Share option scheme	151,427	107,682	95,312	76,497	52,739
Convertible notes - equity component	108,265	108,265	21,420	27,639	74,925
Retained earnings	6,611,812	5,796,776	5,009,129	4,385,622	4,180,205
Total equity	**37,963,382**	**34,678,541**	**31,133,091**	**26,389,485**	**24,113,416**
Total liabilities and equity	**376,098,712**	**325,061,656**	**300,599,169**	**255,667,505**	**211,427,270**

Income Statement	2014 AED '000	2013 AED '000	2012 AED '000	2011 AED '000	2010 AED '000
Interest income	8,634,612	8,085,522	7,979,592	7,651,786	7,146,858
Interest expense	(1,935,649)	(1,881,653)	(2,156,628)	(2,156,538)	(2,129,245)
Net interest income	**6,698,963**	**6,203,869**	**5,822,964**	**5,495,248**	**5,017,613**
Income from Islamic financing contracts	336,892	328,691	316,085	362,811	283,225
Depositors' shares of profits	(17,837)	(22,903)	(42,957)	(55,165)	(51,998)
Net income from Islamic financing contracts	319,055	305,788	273,128	307,646	231,227
Net interest and Islamic financing income	**7,018,018**	6,509,657	6,096,092	5,802,894	5,248,840
Fee and commission income	3,002,520	2,355,228	1,905,488	1,635,945	1,460,578
Fee and commission expense	(691,928)	(503,058)	(361,488)	(245,126)	(176,527)
Net fee and commission income	2,310,592	1,852,170	1,544,000	1,390,819	1,284,051
Net foreign exhange gain	196,085	389,875	403,000	522,231	273,891
Net gain on investments	764,402	311,022	318,182	93,540	301,220
Other operating income	125,620	335,264	307,115	71,378	70,532
	1,086,107	1,036,161	1,028,297	687,149	645,643
Operating income	**10,414,717**	**9,397,988**	**8,668,389**	**7,880,862**	**7,178,534**
General, administration and other operating expenses	(3,696,033)	(3,230,388)	(2,867,657)	(2,563,724)	(2,186,002)
Profit before net impairment and taxation	6,718,684	6,167,600	5,800,732	5,317,138	4,992,532
Net impairment charge	(868,127)	(1,205,906)	(1,336,543)	(1,498,555)	(1,206,771)
Profit before taxation	5,850,557	4,961,694	4,464,189	3,818,583	3,785,761
Overseas income tax expense	(271,688)	(220,324)	(131,961)	(111,036)	(102,602)
Profit for the year	**5,578,869**	**4,741,370**	**4,332,228**	**3,707,547**	**3,683,159**
Basic earnings per share	1.05	1.05	0.96	1.21	1.2
Diluted earnings per share	1.04	1.04	0.95	1.19	1.16

First Gulf Bank

Balance Sheet	2014 AED '000	2013 AED '000	2012 AED '000	2011 AED '000	2010 AED '000
Assets					
Cash and balances with central banks	21,541,399	15,944,554	12,844,336	9,586,770	8,526,300
Due from banks and financial institutions	14,907,509	22,864,465	18,329,081	12,225,320	10,267,516
Loans and advances	139,708,657	126,941,519	114,644,479	104,719,799	95,628,016
Investments	16,707,823	17,113,420	17,278,266	18,789,456	14,988,304
Investments in associates	155,675	147,145	392,965	443,810	516,757
Investment properties	8,469,563	8,044,163	7,771,812	7,537,900	7,049,254
Other assets	9,510,667	3,167,107	3,147,027	3,557,019	3,156,187
Property and equipment	1,167,208	809,997	625,643	620,263	625,670
Total assets	**212,168,501**	**195,032,370**	**175,033,609**	**157,480,337**	**140,758,004**
Liabilities					
Due to banks	12,590,527	5,204,642	3,919,498	8,247,336	1,527,086
Customers' deposits	141,271,750	137,953,532	119,304,634	103,473,733	98,741,936
Term loans	11,674,347	11,729,095	13,400,771	12,694,724	11,723,675
Sukuk financing instruments	4,223,950	4,223,950	4,223,950	2,387,450	-
Other liabilities	7,670,965	7,328,611	4,321,666	3,909,978	4,134,159
Total liabilities	**177,431,539**	**166,439,830**	**145,170,519**	**130,713,221**	**116,126,856**
Equity					
Share capital	3,900,000	3,000,000	3,000,000	1,500,000	1,375,000
Treasury shares		-	-	-	(1,056,332)
Capital notes	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Legal reserve	8,780,110	8,780,110	8,780,110	8,780,110	5,305,110
Special reserve	1,950,000	1,500,000	1,262,083	846,648	846,648
General reserve	120,000	120,000	120,000	120,000	120,000
Revaluation reserve	305,851	87,554	87,554	87,554	87,554
Proposed bonus shares	600,000	900,000	-	1,500,000	900,000
Proposed cash dividends	3,900,000	3,000,000	2,500,000	1,500,000	-
Retained earnings	10,074,510	9,592,434	9,227,477	8,256,566	8,955,085
Cumulative changes in fair values	519,091	263,999	393,239	83,053	11,796
Foreign currency translation reserve	146	(13,149)	(22,253)	(22,503)	(18,489)
Mandatory convertible bonds		-	-	-	3,600,000
	34,149,708	31,230,948	29,348,210	26,651,428	24,126,372
Non-controlling interests	587,254	539,523	514,880	115,688	504,776
Total equity	**34,736,962**	**31,770,471**	**29,863,090**	**26,767,116**	**24,631,148**
Total equity and liabilities	**212,168,501**	**198,210,301**	**175,033,609**	**157,480,337**	**140,758,004**

First Gulf Bank

Income Statement	2014 AED '000	2013 AED '000	2012 AED '000	2011 AED '000	2010 AED '000
financing	8249137	7,868,599	7,644,488	7,073,337	6,578,936
Interest expense & Islamic financing	-1779357	(1,875,037)	(2,124,104)	(1,994,446)	(2,321,737)
Net interest income & income Islamic financing	**6,469,780**	**5,993,562**	**5,520,384**	**5,078,891**	**4,257,199**
Share of (loss) profit of associates	8,710	(1,020)	43,084	(7,570)	(37,803)
Other operating income	2,761,753	2,428,019	1,706,303	1411561	2,085,588
Operating income	**9,240,243**	**8,420,561**	**7,269,771**	**6,482,882**	**6,304,984**
General & administrative expenses	-2,130,228	(1,766,052)	(1,425,895)	(1,222,481)	(1,121,548)
Profit before impaired assets charge	7,110,015	6,654,509	5,843,876	5,260,401	5,183,436
Provision for impairment of loans & advan	-1,361,419	(1,760,927)	(1,653,128)	(1,553,091)	(1,639,087)
Impairment of available for sale investmei	-11000	(58,993)	-		
Profit before taxation	5,737,596	4,834,589	4,190,748	3,707,310	3,544,349
Income taxes	(32,561)	(32,619)	(19,886)	(1,555)	
Profit for the year	**5,705,035**	**4,801,970**	**4,170,862**	**3,705,755**	**3,544,349**
Basic & diluted earnings per share	1,42	1.16	1.30	1.15	2.10

Abu Dhabi Commercial Bank

Balance Sheet	**2014**	**2013**	**2012**	**2011**	**2010**
Assets	AED '000	AED '000	AED '000	AED '000	AED '000
Cash and balances with central banks	15,092,192	9,961,206	9,337,874	6,629,945	5,887,630
Due from banks and financial institutions	16,019,461	11,344,700	16,517,118	20,839,932	18,397,534
Trading securities	199,599	884,640	641,877	15,755	-
Derivative financial instruments	4,288,506	3,616,203	4,993,226	4,844,764	122,771,870
Investments	21,651,838	20,854,772	18,712,916	15,052,103	3,976,969
Loans and advances	140,562,498	131,648,670	123,195,295	124,754,737	8,263,138
Investment in associates	195,854	-	-	81,817	5,358,199
Investment properties	615,778	560,690	529,395	396,912	289,192
Other assets	4,551,844	3,404,638	5,925,962	10,021,494	12,101,161
Property and equipment	806,188	805,322	849,934	964,518	1,070,321
Intangible assets	35,705	61,695	92,126	123,653	155,180
Total assets	**204,019,463**	**183,142,536**	**180,795,723**	**183,725,630**	**178,271,194**
Liabilities					
Due to banks	4089019	4,291,011	4,411,271	3,138,486	4,841,865
Derivative financial instruments	5,000,067	3,965,587	4,768,338	4,821,568	3,854,327
Customers' deposits	126,011,227	115,427,708	109,216,925	109,170,825	106,134,185
Euro commercial paper	6,375,284	5,940,435	4,557,108	716,652	-
Borrowings	30,320,121	23,785,568	26,139,647	31,897,009	29,925,803
Other liabilities	5,804,912	4,910,917	6,994,845	11,903,567	13,941,666
Total liabilities	**177,600,630**	**158,321,226**	**156,088,134**	**161,648,107**	**158,697,846**
Equity					
Share capital	5,595,597	5,595,597	5,595,597	5,595,597	4,810,000
Share premium	3,848,286	3,848,286	3,848,286	3,848,286	-
Other reserves, net of treasury reserves	5,791,798	5,135,440	6,288,591	4,919,896	4,458,581
Retained earnings	7,172,755	5,597,275	4,537,315	3,708,227	1,524,201
Capital notes	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Equity attributable to equity holders	26,408,436	24,176,598	24,269,789	22,072,006	14,792,782
Non-controlling interests	10,397	644,712	437,800	5,517	-
Mandatory convertible securities		-	-	-	4,633,883
Employee' incentive plan shares, net		-	-	-	(36,677)
Cumulative changes in fair values		-	-	-	174,799
Total equity	**26,418,833**	**24,821,310**	**24,707,589**	**22,077,523**	**19,564,787**
Total equity and liabilities	**204,019,463**	**183,142,536**	**180,795,723**	**183,725,630**	**178,262,633**

Income Statement	2014 AED '000	2013 AED '000	2012 AED '000	2011 AED '000	2010 AED '000
Interest income	6367955	6,519,957	7,469,680	7,365,090	7,158,894
Interest expense	-1,288,783	(1,551,605)	(2,356,370)	(2,817,299)	(3,507,961)
Net interest income	**5,079,172**	**4,968,352**	**5,113,310**	**4,547,791**	**3,650,933**
Income from Islamic financing	617433	596,818	354,045	351,073	217,541
Islamic profit distribution	-112096	(135,988)	(260,124)	(211,093)	(186,269)
Net income from Islamic financing	505,337	460,830	93,921	139,980	31,272
Total net interest & Islamic financing income	5,584,509	5,429,182	5,207,231	4,687,771	3,682,205
Net fees and commission income	1242948	992,536	940,035	898,157	956,253
Net trading income	406,988	537,393	302,686	335,949	308,284
Decrease in fair value investment properties	22330		(28,836)		
Other operating income	272623	360,508	174,032	159,435	169,276
Decrease in fair value investment properties				(11,900)	(116,412)
Operating income	**7,529,398**	**7,319,619**	6,595,148	**6,069,412**	**4,999,606**
Operating expenses	-2563060	(2,358,186)	(2,069,264)	(2,063,225)	(1,648,982)
Profit before impairment allowances	4,966,338	4,961,433	4,525,884	4,006,187	3,350,624
Impairment allowances	-762247	(1,334,298)	(1,709,719)	(2,397,828)	(3,287,071)
Share of profit of associates				158,658	336,294
Net gain on sale of investment in associate				1,314,315	
Profit before taxation	4,204,091	3,627,135	2,816,165	3,081,332	399,847
Income taxes	-2707	(7,491)	(5,830)	(36,221)	(9,232.00)
Profit for the year	**4,201,384**	**3,619,644**	**2,810,335**	**3,045,111**	**390,615**
Basic earnings per share	0.74	0.59	0.45	0.51	0.04

Emirates National Bank of Dubai

Balance Sheet	**2014**	**2013**	**2012**	**2011**	**2010**
Assets	AED '000	AED '000	AED '000	AED '000	AED '000
Cash and balances with central bank	56,638,973	38,354,998	30,771,862	21,526,137	37,682,944
Due from banks	19,812,067	20,587,161	17,478,447	19,851,579	13,850,467
Loans and receivables	212,019,599	205,990,170	186,865,840	176,815,034	178,971,313
Islamic financing receivables	33,954,142	32,353,928	31,295,568	26,325,279	18,124,376
Trading securities	832,255	1,316,297	1,220,872	588,679	1,329,907
Investment securities	14,479,676	16,193,978	14,265,483	15,883,727	13,631,203
Investment in associates and joint venture	1,781,072	1,630,882	2,080,157	2,041,459	1,411,687
Positive fair value of derivatives	1,310,455	1,776,551	2,218,382	2,398,874	2,445,559
Investment properties	1,213,077	1,185,936	1,138,731	1,130,916	1,907,291
Customer acceptances	3,859,864	4,986,419	6,301,961	3,777,759	4,632,810
Property and equipment	2,659,787	2,757,869	2,469,156	2,576,990	2,336,860
Goodwill and intangibles	6,156,380	6,262,498	5,751,018	5,831,018	5,924,878
Other assets	8,303,644	8,664,588	6,438,874	5,865,935	3,138,764
Assets held for sale	-	-	-	-	827,829
Total assets	**363,020,991**	**342,061,275**	**308,296,351**	**284,613,386**	**286,215,888**
Liabilities					
Due to financial institutions	15,385,907	23,637,377	22,168,827	26,105,233	18,856,725
Customer deposits	203,971,458	195,271,203	176,318,158	154,013,407	162,782,309
Islamic customer deposits	54,287,171	44,354,565	37,610,289	39,300,646	37,189,699
Repurchase agreements with banks	35,369	67,129	730,873	2,519,660	892,309
Debt issued and other borrowed funds	26,697,691	20,110,692	17,190,792	15,636,867	19,415,809
Sukuk payable	3,673,000	3,667,360	3,673,000	1,239,181	1,267,185
Negative fair value of derivatives	1,645,777	1,438,172	2,034,144	2,068,771	1,969,346
Customer acceptances	3,859,864	4,986,419	6,301,961	3,777,759	4,632,810
Other liabilities	6,701,837	6,813,046	5,769,731	4,970,808	4,976,389
Liabilities held for sale	-	-	-	-	483,717
Total liabilities	**316,258,074**	**300,345,963**	**271,797,775**	**249,632,332**	**252,466,298**
Equity					
Issued capital	5,557,775	5,557,775	5,557,775	5,557,775	5,557,775
Treasury shares	-46,175	(46,175)	(46,175)	(46,175)	(46,175)
Tier 1 capital notes	9,477,076	7,648,497	4,000,000	4,000,000	4,000,000
Share premium reserve	12,270,124	12,270,124	12,270,124	12,270,124	12,270,124
Legal and statutory reserve	2,778,888	2,778,888	2,706,815	2,451,405	2,198,205
Other reserves	2,869,533	2,869,533	2,869,533	2,869,533	2,869,533
Fair value reserve	891,290	801,159	593,823	248,289	105,899
Currency translation reserve	-71,739	5,343	(4,793)	(3,686)	-
Retained earnings	13,031,219	9,825,643	8,505,205	7,587,509	6,700,409
Equity attributable to the equity holders of the Bank	46,757,991	41,710,787	36,452,307	34,934,774	33,655,770
Noncontrolling interest	4,926	4,525	46,269	46,280	93,820
Total equity	**46,762,917**	**41,715,312**	**36,498,576**	**34,981,054**	**33,749,590**
Total liabilities and equity	**363,020,991**	**342,061,275**	**308,296,351**	**284,613,386**	**286,215,888**

Emirates National Bank of Dubai

	2014	2013	2012	2011	2010
Income Statement	AED '000	AED '000	AED '000	AED '000	AED '000
Interest income	10,419,145	9,643,395	9,236,309	10,151,445	11,288,438
Interest expense	-2,282,352	(2,587,952)	(2,977,163)	(3,436,433)	(4,922,924)
Net interest income	**8,136,793**	**7,055,443**	**6,259,146**	**6,715,012**	**6,365,514**
Income from Islamic financing	1,833,656	1,622,922	1,325,163	1,281,565	1,378,311
Islamic profit distribution	-474,230	(539,432)	(672,669)	(738,318)	(948,961)
Net income from Islamic financing	1,359,426	1,083,490	652,494	543,247	429,350
Total net interest & Islamic financing incom	**9,496,219**	**8,138,933**	**6,911,640**	**7,258,259**	**6,794,864**
Fee and commission income	3,232,952	2,416,619	1,884,385	1,856,760	2,596,195
Fee and commission expense	669,533	(458,067)	(325,476)	(107,700)	(757,120)
Net fee and commission income	2,563,419	1,958,552	1,558,909	1,749,060	1,839,075
Net gain/loss on trading securities	110,348	22,482	70,550	(139,635)	52,892
Other operating income	2,271,905	1,736,212	1,676,198	1,062,418	1,034,656
Total operating income	**14,441,891**	**11,856,179**	**10,217,297**	**9,930,102**	**9,721,487**
General and administrative expenses	(4,388,818)	(4,114,942)	(3,674,252)	(3,507,734)	3,053,289
Amortisation of intangibles		(79,500)	(80,000)	(93,860)	(93,860)
Operating profit before impairment	10,053,073	7,661,737	6,463,045	6,328,508	12,680,916
Net impairment loss on financial assets	(4,994,818)	(4,712,855)	(4,003,908)	(4,969,843)	(3,549,967)
Net impairment loss on non-financial assets	-	-	-	(8,121)	-
Operating profit after impairment	5,058,255	2,948,882	2,459,137	1,350,544	9,130,949
Share of profit of associates and joint ventur	209,952	146,531	110,119	(653,992)	(664,330)
Gain on disposal of stake in subsidary	-	11,618	-	1,812,798	-
Gain on disposal of stake in associate	-	190,459	-	-	-
Group profit for the year before tax	5,268,207	3,297,490	2,569,256	-	-
Taxation charge	129,177	(41,124)	(15,237)	(25,867)	(20,858)
Group profit for the year after tax	**5,139,030**	**3,256,366**	**2,554,019**	**2,483,483**	**2,339,183**
Equity holders of the Group	5,138,629	3,256,213	2,554,030	2,531,023	2,339,508
Non-controlling interest	401,153	153	(11)	(47,540)	(325)
Earnings per share	0.83	0.52	0.41	0.41	0.37