



# Results Presentation

Q1 2021

*20 April 2021*

**“CREATE  
OPPORTUNITIES  
TO PROSPER”**

# Important Information

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## Emirates NBD delivers higher profits and maintains strong balance sheet in Q1 2021

Key Metrics				2021 Macro themes		
		Q1 2021	2021 Guidance		Regional	Global
<b>Profit</b>	Net Profit	AED 2.3bn +12% y-o-y		<b>+</b>	<ul style="list-style-type: none"> <li>UAE non-oil GDP expected to grow by 3.5% boosting overall economic growth to 1.4% in 2021</li> <li>Higher oil price reducing budget deficits</li> </ul>	<ul style="list-style-type: none"> <li>Strong global economic growth expected with pace influenced by vaccinations rates</li> <li>Sustained central bank and government support through monetary and fiscal stimulus</li> </ul>
	NIM	2.46%	2.35-2.45%			
	Cost to income	30.3%	35%			
<b>Credit Quality</b>	NPL Ratio	6.1%	Increasing			
	Coverage Ratio	125.1%	Strong			
<b>Capital</b>	CET 1	15.6%		<b>-</b>	<ul style="list-style-type: none"> <li>Recovery in tourism and hospitality dependent upon vaccination rates in other countries</li> </ul>	<ul style="list-style-type: none"> <li>Continued uncertainty from new strains of virus</li> <li>Rising inflation concerns</li> </ul>
	Tier 1	17.9%				
	CAR	19.0%				
<b>Liquidity</b>	LCR	165.1%				
	ADR	95.0%	95-100%			
<b>Assets</b>	Loan Growth	-2%	Low/mid-single Digit			



## Q1 2021 Financial results highlights

### Highlights

- Total income up 25% q-o-q due to increased transactional activity during Q1-21 and higher NIMs. Total income down 10% y-o-y as higher non-funded income was offset by decline in net interest income due to low interest rates
- Net interest income improved 1% q-o-q due to improved deposit mix and declined 17% y-o-y due to lower interest rates and the expected decline in DenizBank NIMs
- Non-funded income up 133% q-o-q due to higher activity, an increase in foreign exchange and derivative income from hedging and swaps and higher investment securities income
- Expenses improved 9% q-o-q as a result of management actions during 2020. Expenses also improved 9% y-o-y due to lower staff and operating costs, and lower costs from DenizBank
- Impairment allowances of AED 1,763m down 31% y-o-y, and 12% higher q-o-q mainly due to ECL on credit migration
- Net profit of AED 2,322m up 12% y-o-y and 76% q-o-q on improving economic conditions with DenizBank adding significant diversification to the Group
- Q1-21 results include DenizBank income of AED 2,039m and net profit of AED 642m
- Net loans down 2% q-o-q on repayments of corporate loans including loans receiving support and the FX translation impact on DenizBank's loan book
- NPL ratio improved to 6.1% and coverage ratio strengthened to 125.1% in Q1-21
- Net cost of risk of 158 bps lower than 210bp in Q1-20 on improved economic sentiment
- LCR of 165.1% and ADR of 95.0% demonstrate Group's healthy liquidity

### Key performance indicators

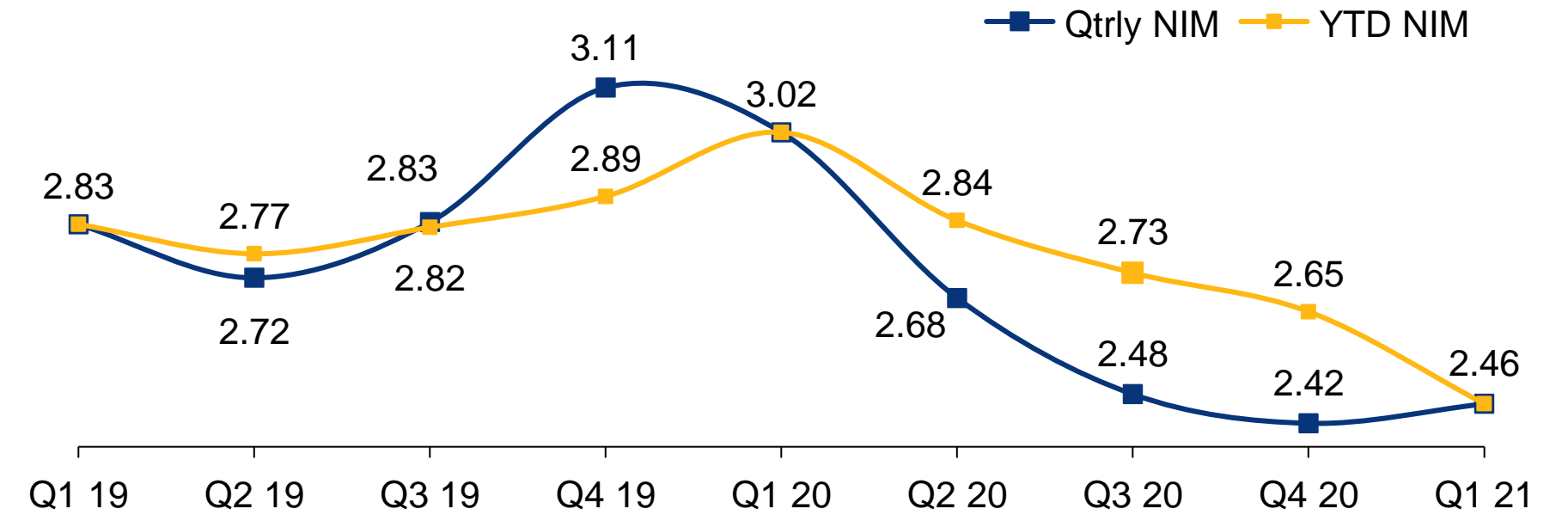
AED million	Q1-21	Q1-20	Better / (Worse)	Q4-20	Better / (Worse)
Net interest income	4,088	4,936	(17)%	4,044	1%
Non-funded income	2,075	1,948	6%	890	133%
<b>Total income</b>	<b>6,163</b>	<b>6,885</b>	<b>(10)%</b>	<b>4,934</b>	<b>25%</b>
Operating expenses	(1,868)	(2,049)	9%	(2,047)	9%
<b>Pre-impairment operating profit</b>	<b>4,296</b>	<b>4,836</b>	<b>(11)%</b>	<b>2,887</b>	<b>49%</b>
Impairment allowances	(1,763)	(2,558)	31%	(1,575)	(12)%
<b>Operating profit</b>	<b>2,533</b>	<b>2,278</b>	<b>11%</b>	<b>1,312</b>	<b>93%</b>
Taxation charge and others	(210)	(197)	(7)%	6	-
<b>Net profit</b>	<b>2,322</b>	<b>2,081</b>	<b>12%</b>	<b>1,318</b>	<b>76%</b>
Cost: income ratio	30.3%	29.8%	(0.5)%	41.5%	11.2%
Net interest margin	2.46%	3.02%	(0.56)%	2.42%	0.04%
AED billion	31-Mar-21	31-Mar-20	%	31-Dec-20	%
Total assets	695.1	691.7	0%	698.1	0%
Loans	436.1	443.0	(2)%	443.5	(2)%
Deposits	459.1	467.2	(2)%	464.2	(1)%
ADR (%)	95.0%	94.8%	(0.2)%	95.6%	0.6%
LCR (%)	165.1%	149.7%	15.4%	165.0%	0.1%
NPL ratio (%)	6.1%	5.5%	(0.6)%	6.2%	0.1%

# Net interest income

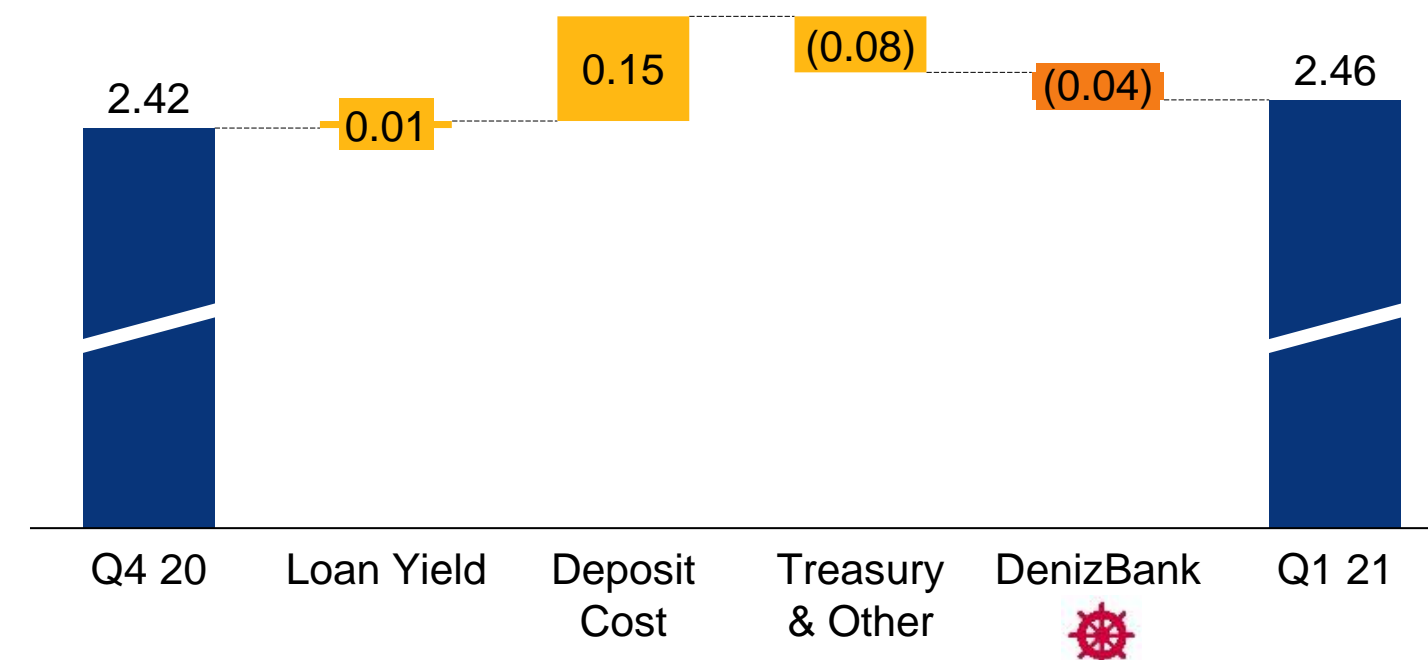
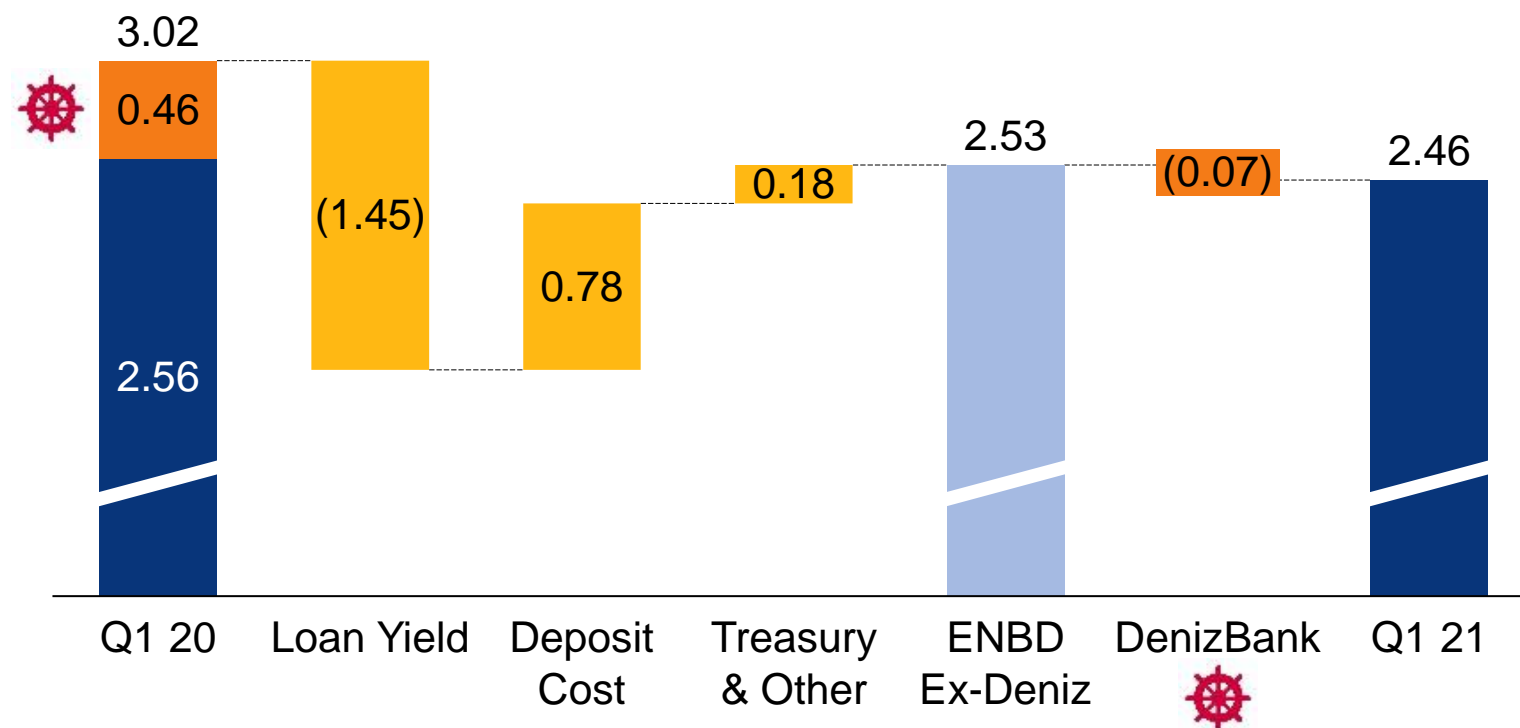
## Highlights

- Q1-21 NIM increased by 4 bps to 2.46% as improved deposit mix more than offset the expected decline in DenizBank NIMs
- Loan yields were stable q-o-q reflecting modest change in short term interest rates in recent quarters. 1 & 3-month EIBOR fell 4 and 12 bps respectively in Q1-21
- Funding costs improved on higher CASA
- DenizBank margins contracted due to Q4-20 and Q1-21 interest rate rises
- NIM declined 56 bps y-o-y as improved funding costs were more than offset by reduced loan yields due to lower interest rates and lower DenizBank NIMs
- NIM guidance maintained at 2.35-2.45%

## Net Interest Margin (%)



## Net Interest Margin Drivers (%)

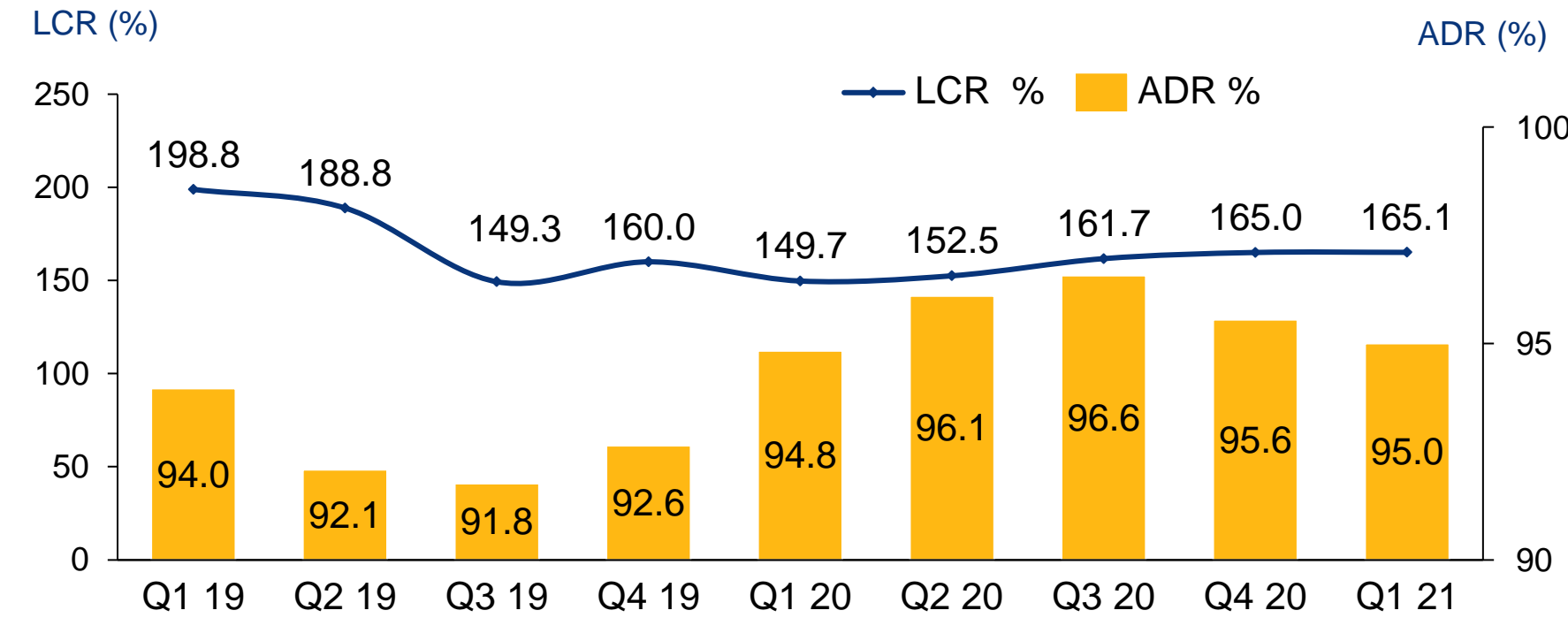


# Funding and liquidity

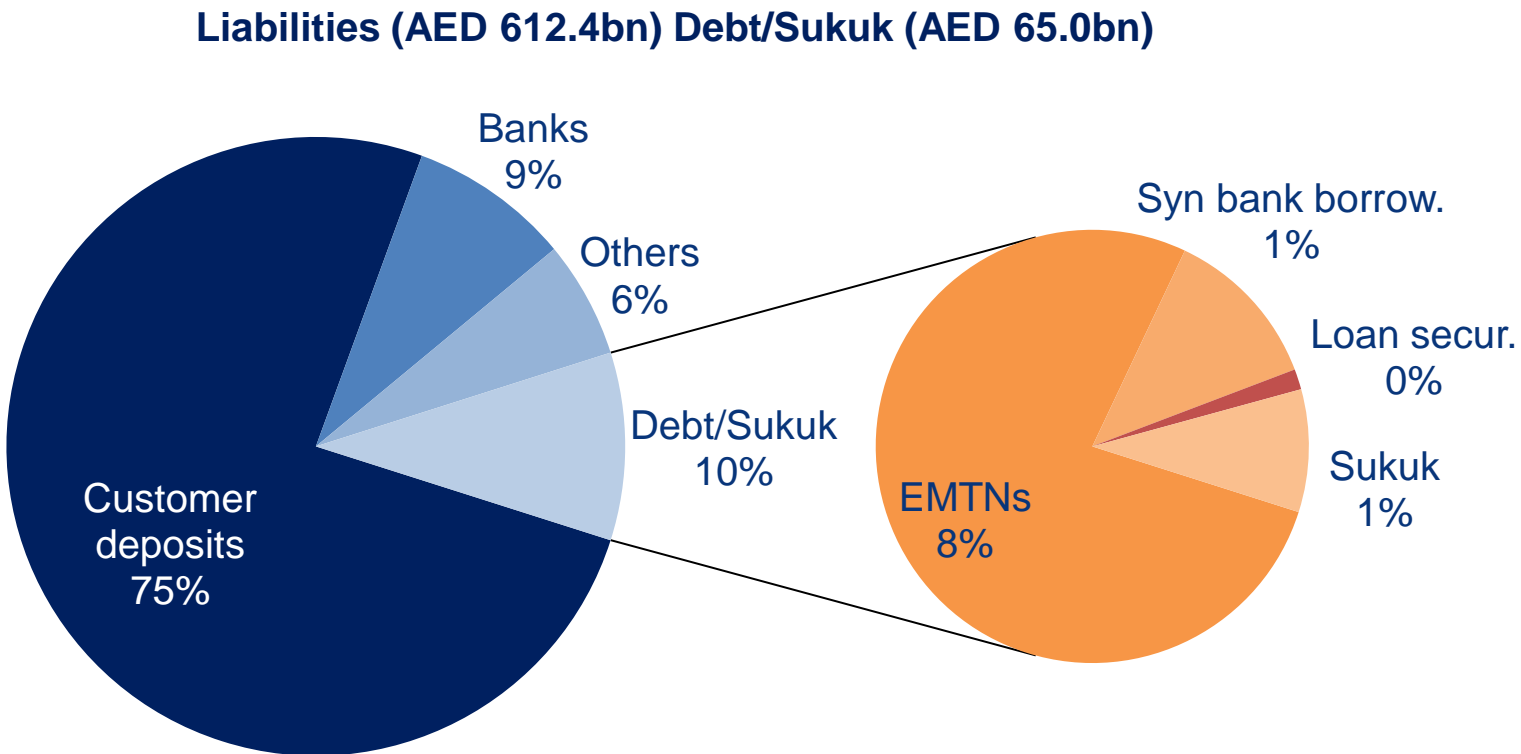
## Highlights

- Q4-20 LCR of 165.1% and ADR of 95.0% demonstrate the Group’s continuing healthy liquidity position
- Liquid assets\* of AED 88 billion cover 14% of total liabilities and 19% of deposits
- 2021 issuances of AED 15.4bn cover 90% of this year’s term debt maturities
- Emirates NBD became first bank from Gulf region to issue an ESG-linked syndicated loan, raising \$1.75 billion of 3-year funding with interest ratchet linked to performance of ESG criteria
- DenizBank issued a \$435m equivalent Diversified Payment Rights transaction with 3, 5 & 7-year tranches in Feb-21, significantly increasing and extending its term liability profile

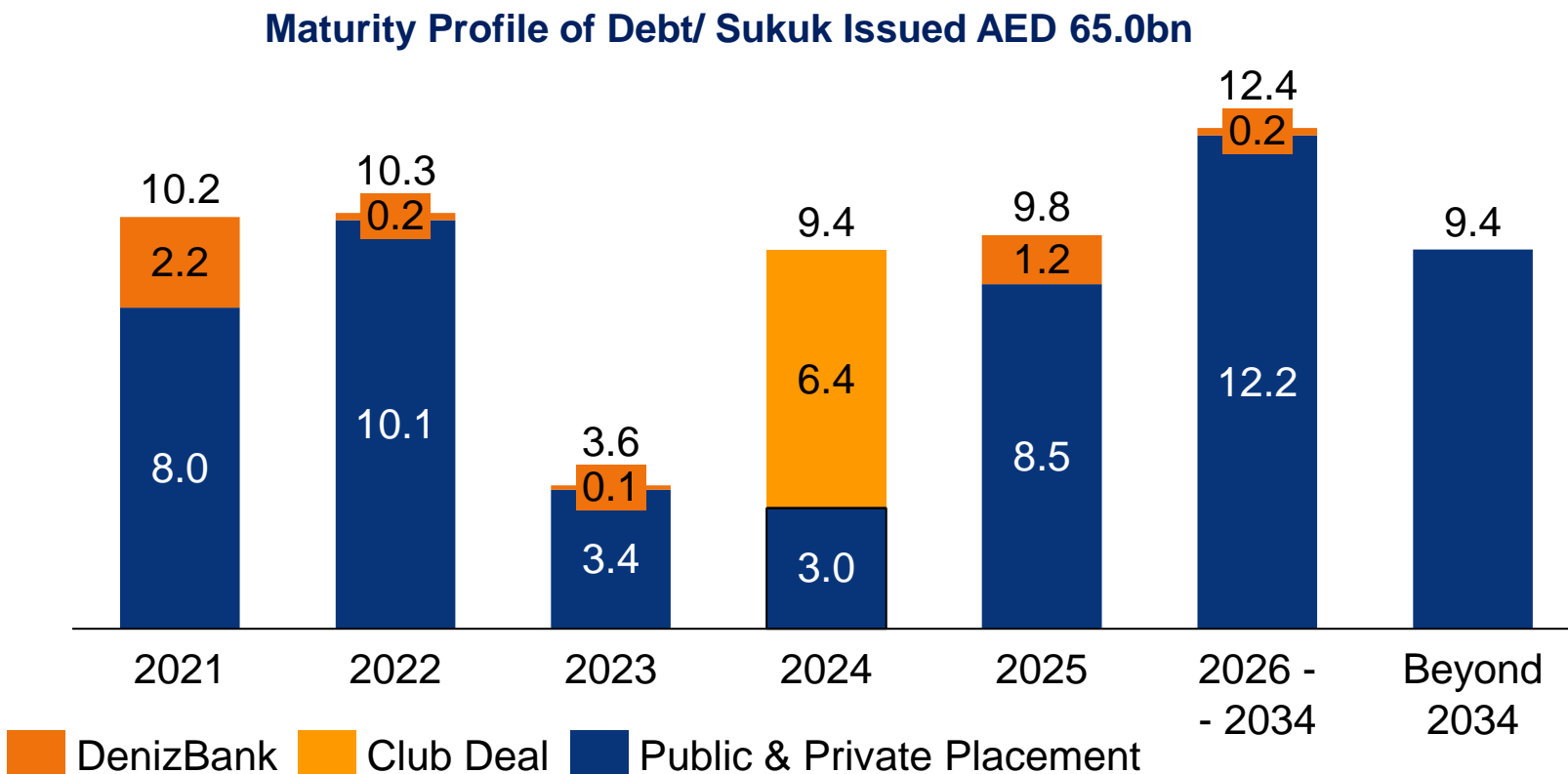
## Advances to Deposit and Liquidity Coverage Ratio (%)



## Composition of liabilities / Debt issued (%)



## Maturity profile of Debt Issued (AED billion)



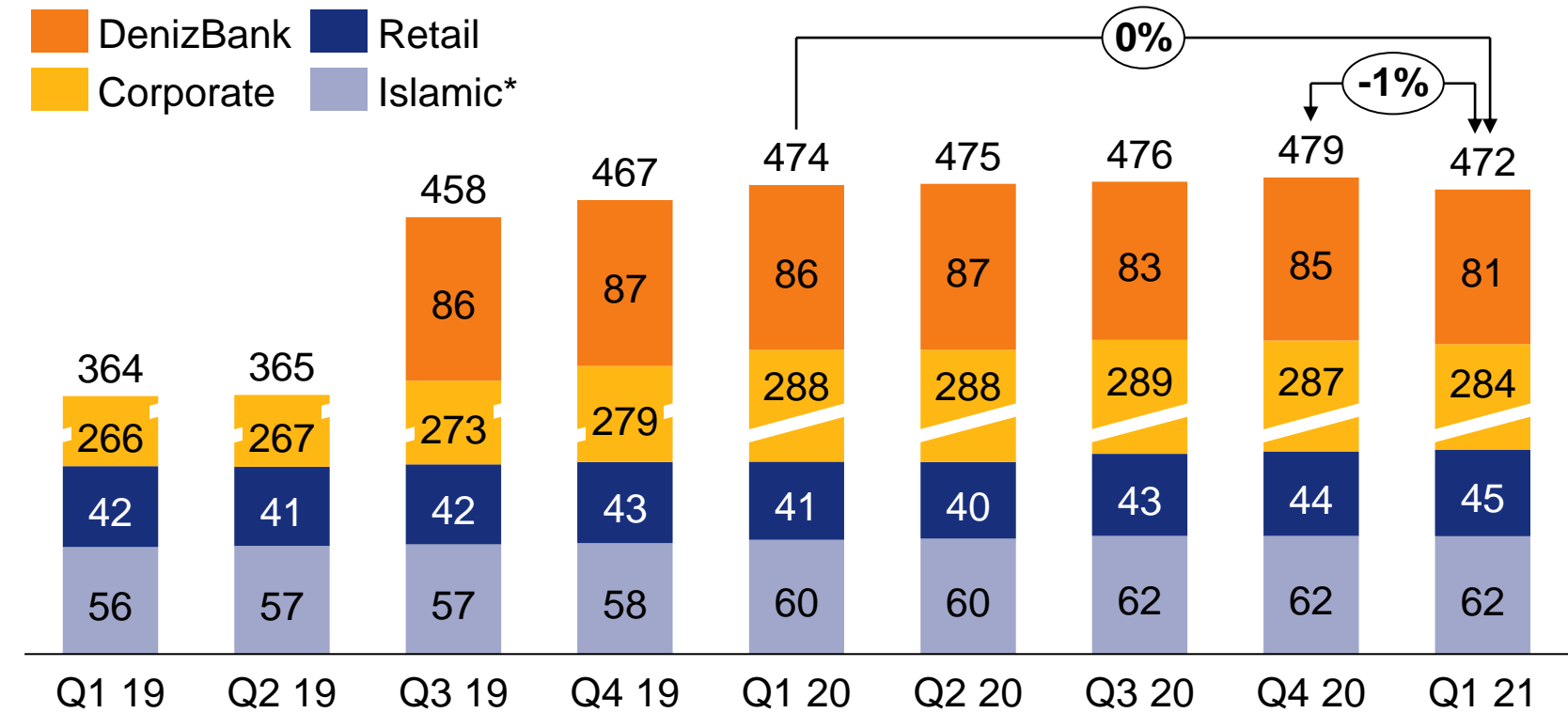
\*Including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

# Loans and deposits trends

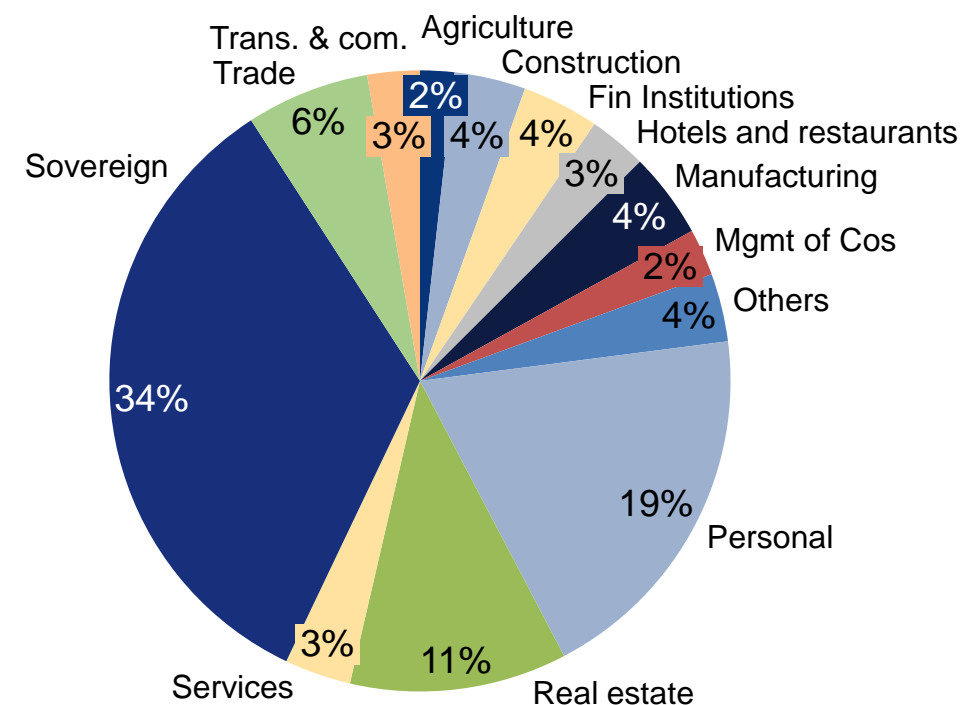
## Highlights

- Gross loans declined 1% in Q1-21 due to repayments of corporate loans including loans receiving support and the FX translation impact on DenizBank's loan book
- Retail lending increased 3% in Q1-21 followed by strong demand for personal loans, auto loans and mortgages as volumes improved to pre Covid-19 levels
- Islamic financing broadly stable during Q1-21
- Corporate lending declined 1% on lower lending across various sectors during Q1-21
- DenizBank gross loans and deposits increased 6% in local currency terms and declined 5% in AED terms due to 11% decline in Turkish lira during Q1-21
- Deposit mix continues to improve with AED 16bn increase in CASA replacing AED 18bn of more expensive Fixed Deposits
- CASA deposits represent 56% of total Group level deposits
- Domestic CASA engine strong at a record level of 65%

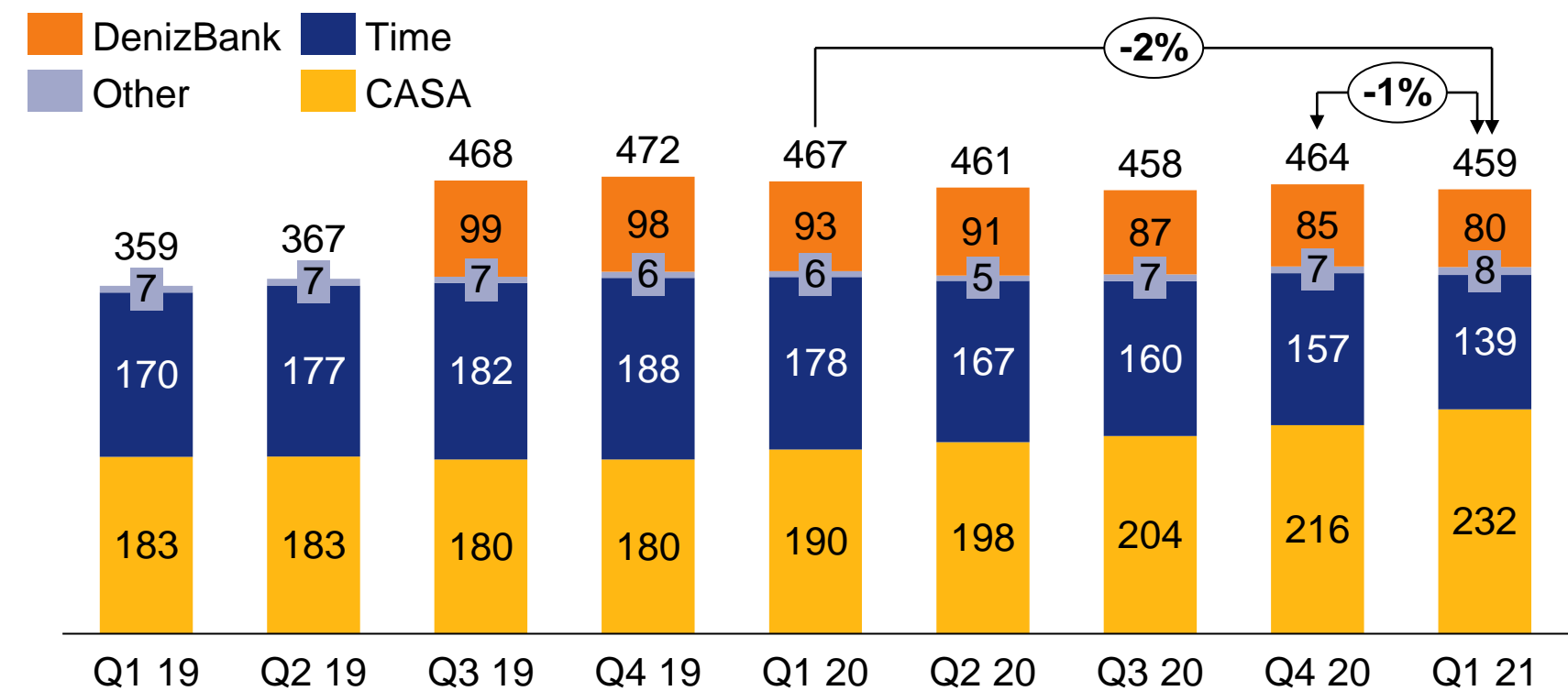
## Trend in Gross Loans by Type (AED billion)



## Total Gross Loans by Sector



## Trend in Deposits by Type (AED billion)

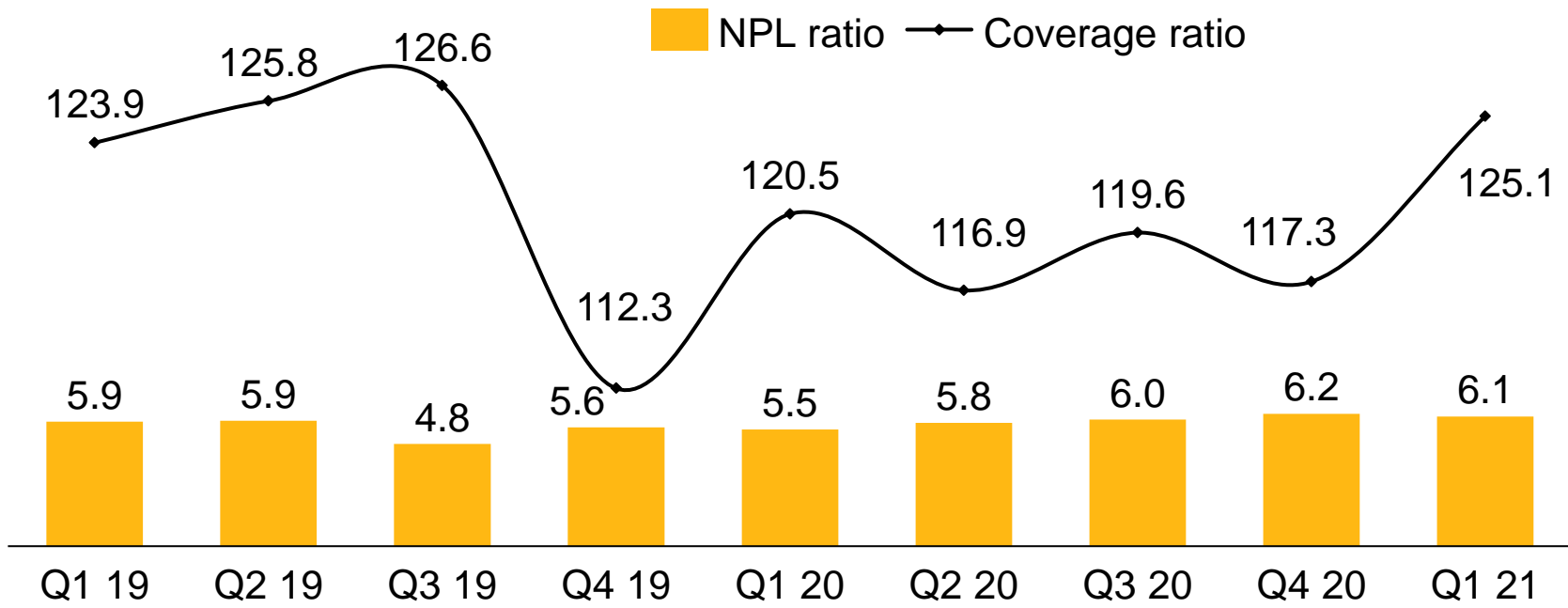


\* Gross Islamic Financing Net of Deferred Income

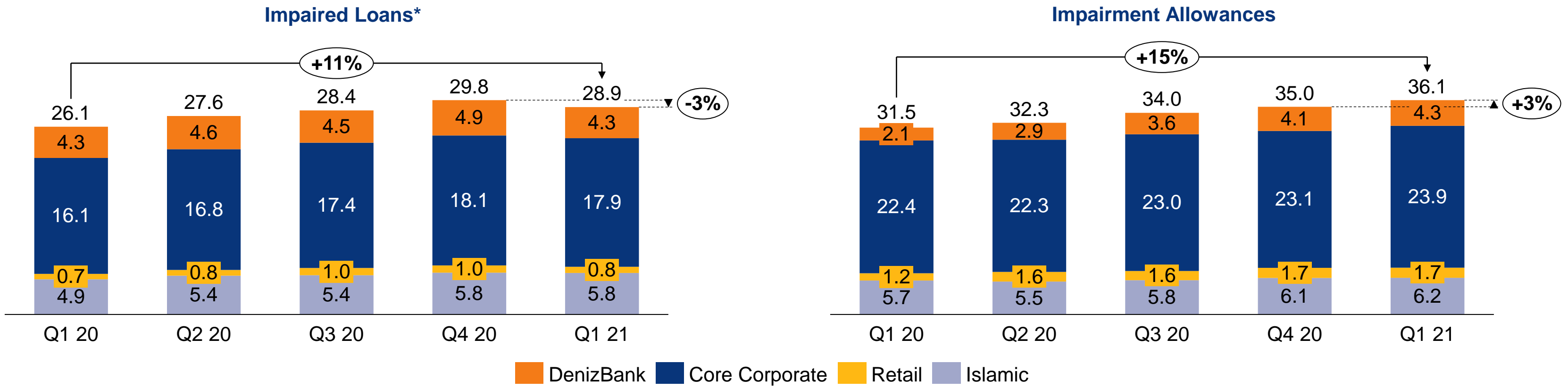
# Credit quality

## Highlights Impaired Loan & Coverage Ratios (%)

- NPL ratio improved by 0.1% to 6.1% in Q1-21 due to corporate recoveries and DenizBank FX translation
- Coverage ratio further strengthened to 125.1% during Q1-21
- Q1-21 cost of risk decreased to 158 bps (285 bps for DenizBank and 131 bps ENBD) from 210 bps (430 bps for DenizBank and 161 bps ENBD) in Q1-20 due to improved economic sentiment
- AED 132m of write backs and recoveries in Q1-21 compared to AED 356m during same period last year
- Stage 1 and 2 ECL allowances amount to AED 11.4bn or 2.9% of CRWA



## Impaired Loans and Impairment Allowances (AED billion)



\*Includes purchase originated credit impaired loans of AED 1.8bn (Dec-20: AED 2.1bn) acquired at fair value

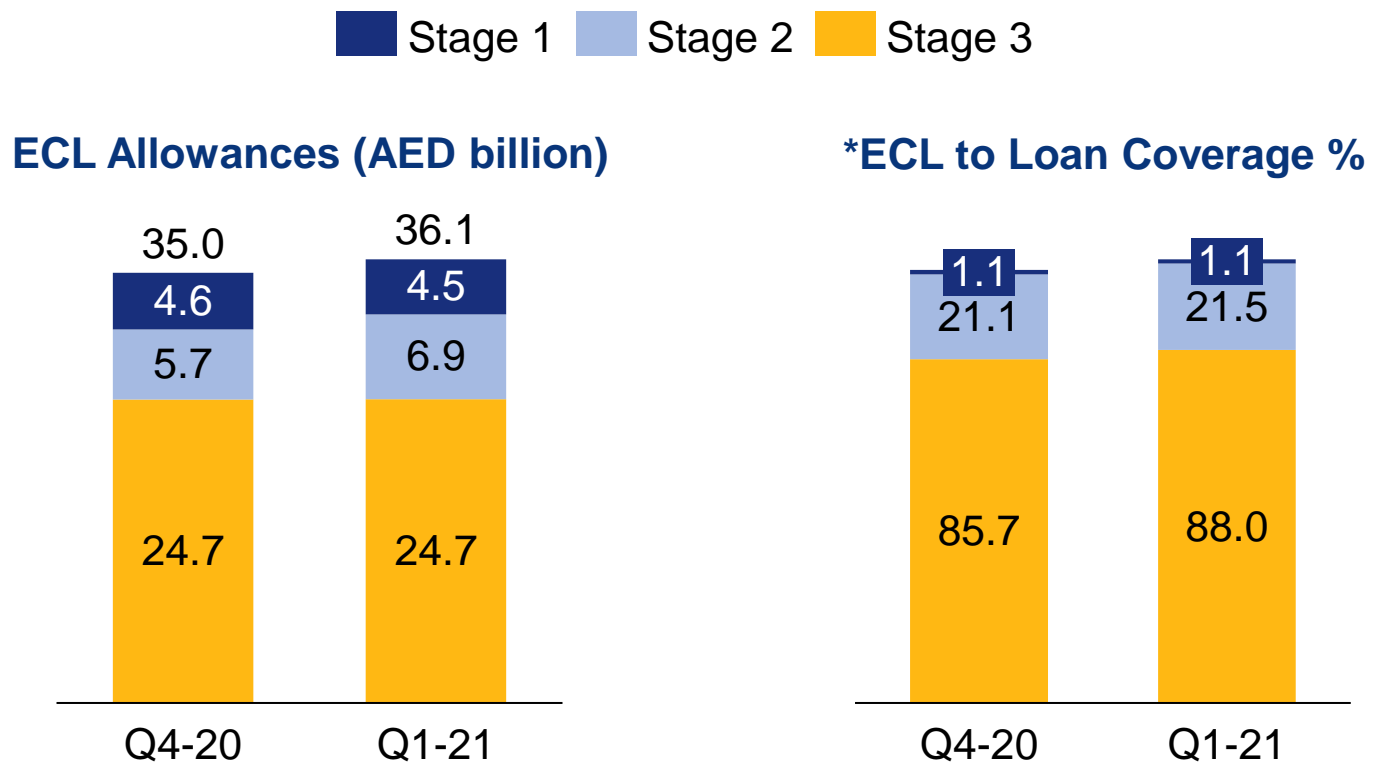


# Impairment allowances and Stage 1, 2 and 3 Coverage

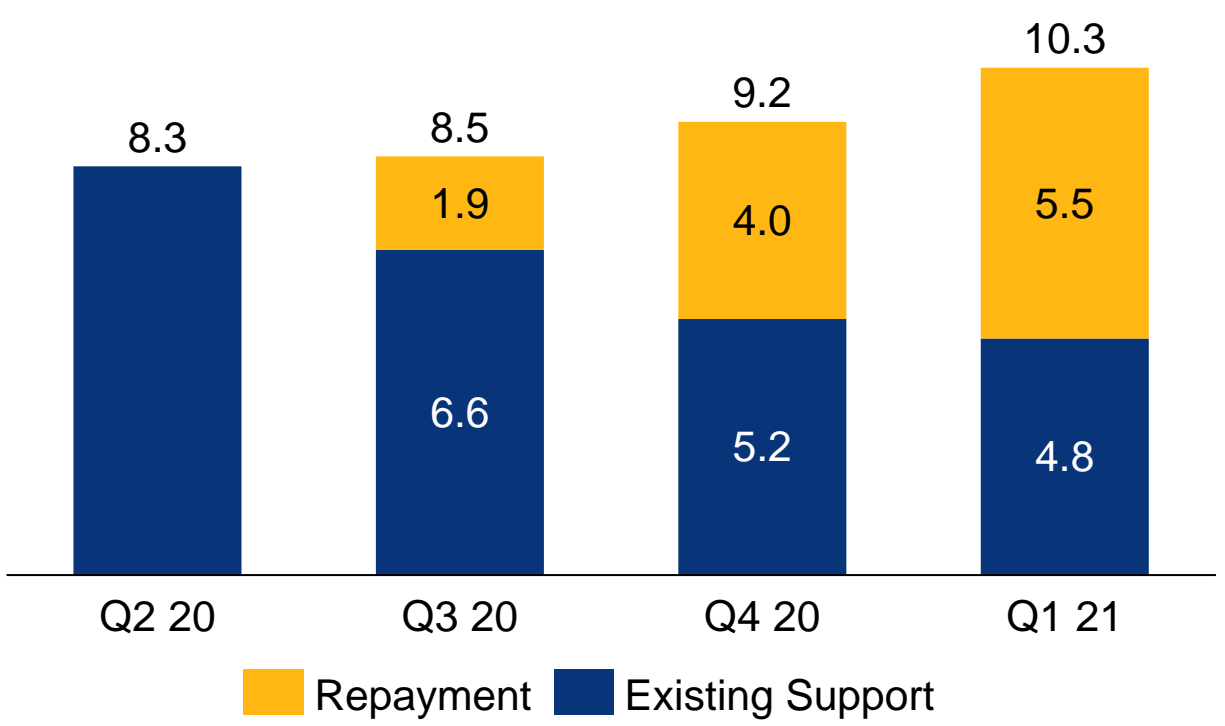
## Highlights

- Stage 1 coverage ratio remains healthy at 1.1% with AED 4.5 bn of impairment allowances
- Stage 2 impairment allowances boosted to AED 6.9 bn, strengthening the coverage ratio to 21.5%, while Stage 2 loans increased with continued stage migrations
- Stage 3 coverage ratio strengthened to 88% as NPL ratio improved 0.1% to 6.1%
- The Bank has supported 110,983 customers with AED 10.3 billion of deferrals, of which AED 5.5 billion has been repaid, resulting in net support of AED 4.8 billion as at 31-Mar-21
- UAE customers continue to repay support demonstrating improving business sentiment

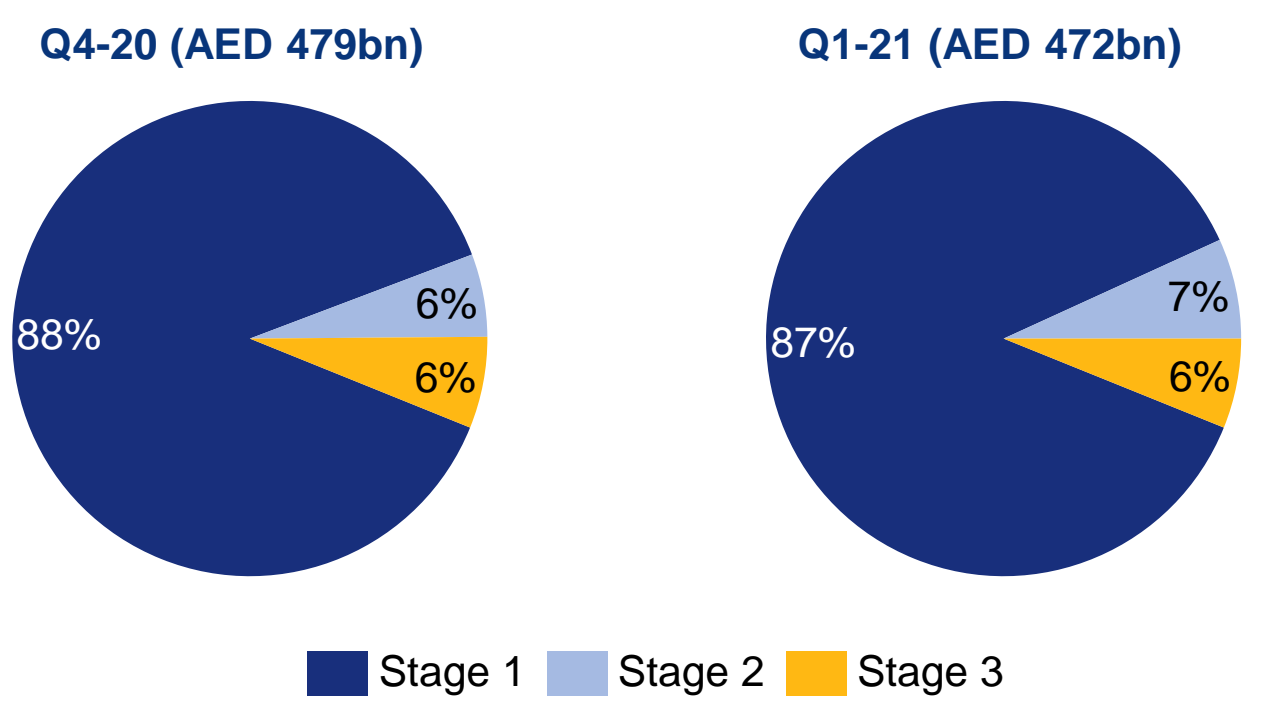
## Impairment allowances and Coverage %



## UAE Customers receiving payment deferrals (AED billion)



## Total Gross Loans



\*Stage 3 coverage adjusted for purchase originated credit impaired loans acquired at fair value

## Non-funded income

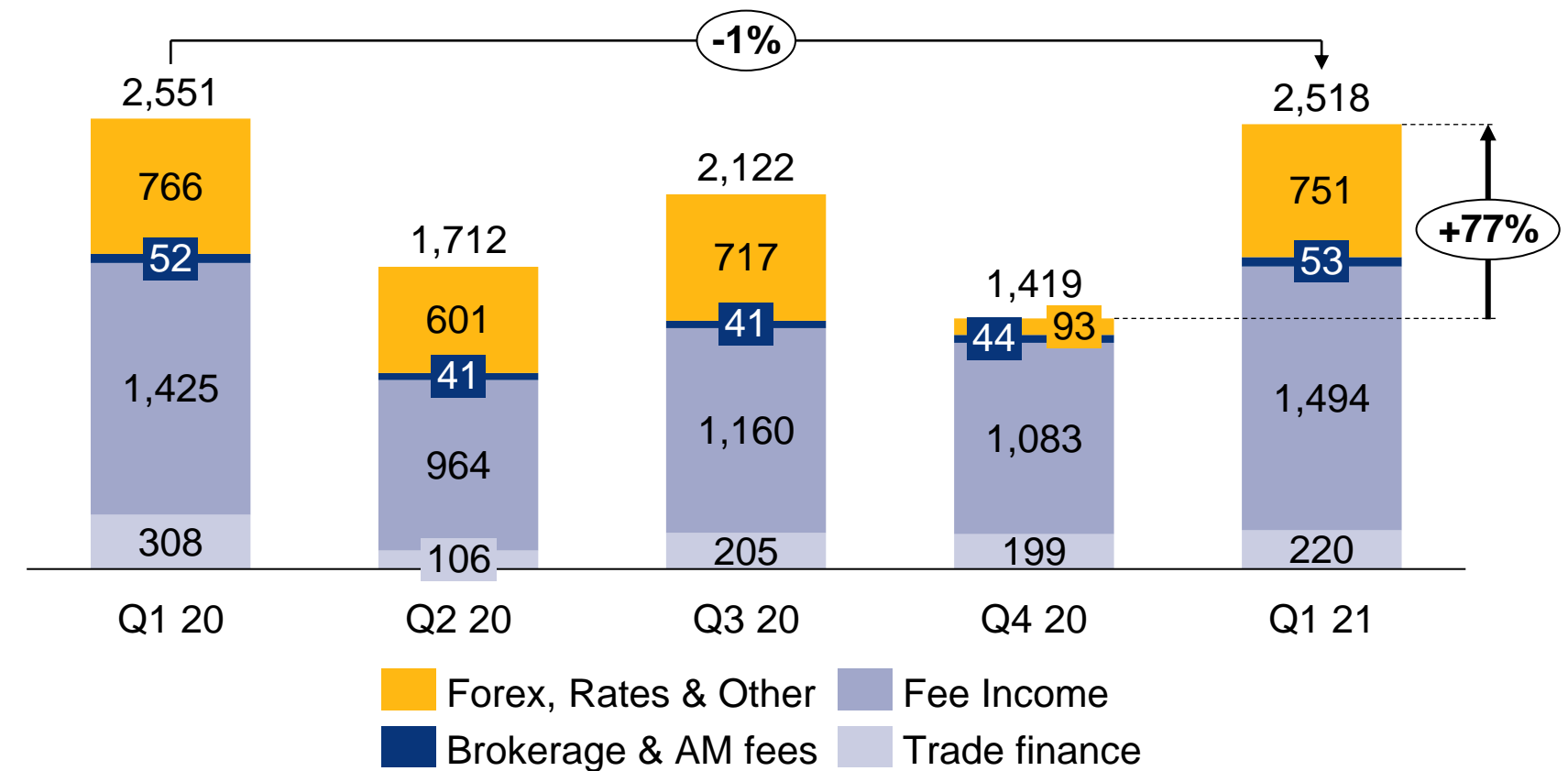
### Highlights

- Core gross income up 77% q-o-q with increased contribution from all sources
- Core gross income improved q-o-q on higher transaction volumes coupled with increase in foreign exchange and derivative income from hedging and swaps relating to DenizBank
- Core gross income declined 1% y-o-y primarily due to lower trade finance income
- Investment securities income improved y-o-y and q-o-q due to disposals
- Q1-21 total non-funded income improved 6% y-o-y on growth in transaction volumes and higher investment securities income

### Composition of Non-Funded Income (AED million)

AED million	Q1-21	Q1-20	Better / (Worse)
Core gross income	2,518	2,551	(1)%
Fees & commission expense	(666)	(604)	(10)%
<b>Core income</b>	<b>1,854</b>	<b>1,947</b>	<b>(5)%</b>
Property income / (loss)	7	(41)	116%
Investment securities & other income	215	42	407%
<b>Total Non-Funded Income</b>	<b>2,075</b>	<b>1,948</b>	<b>6%</b>

### Trend in Core Gross Income (AED million)

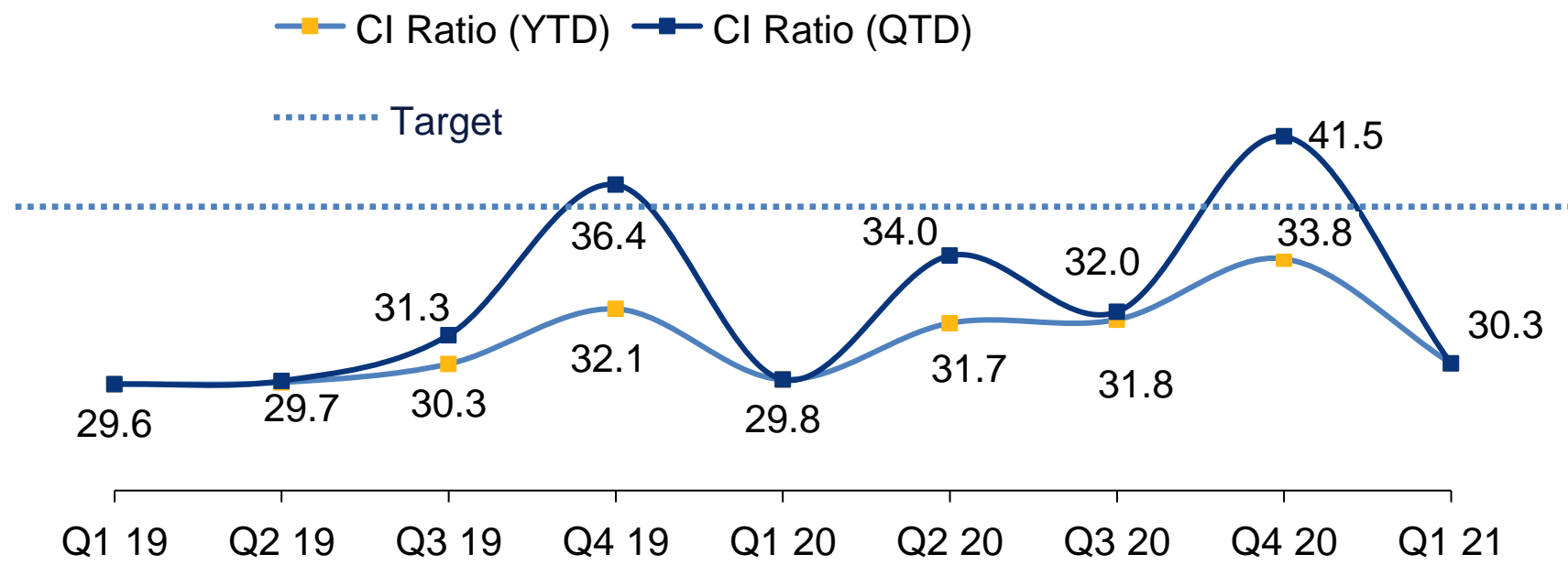


# Operating expenses

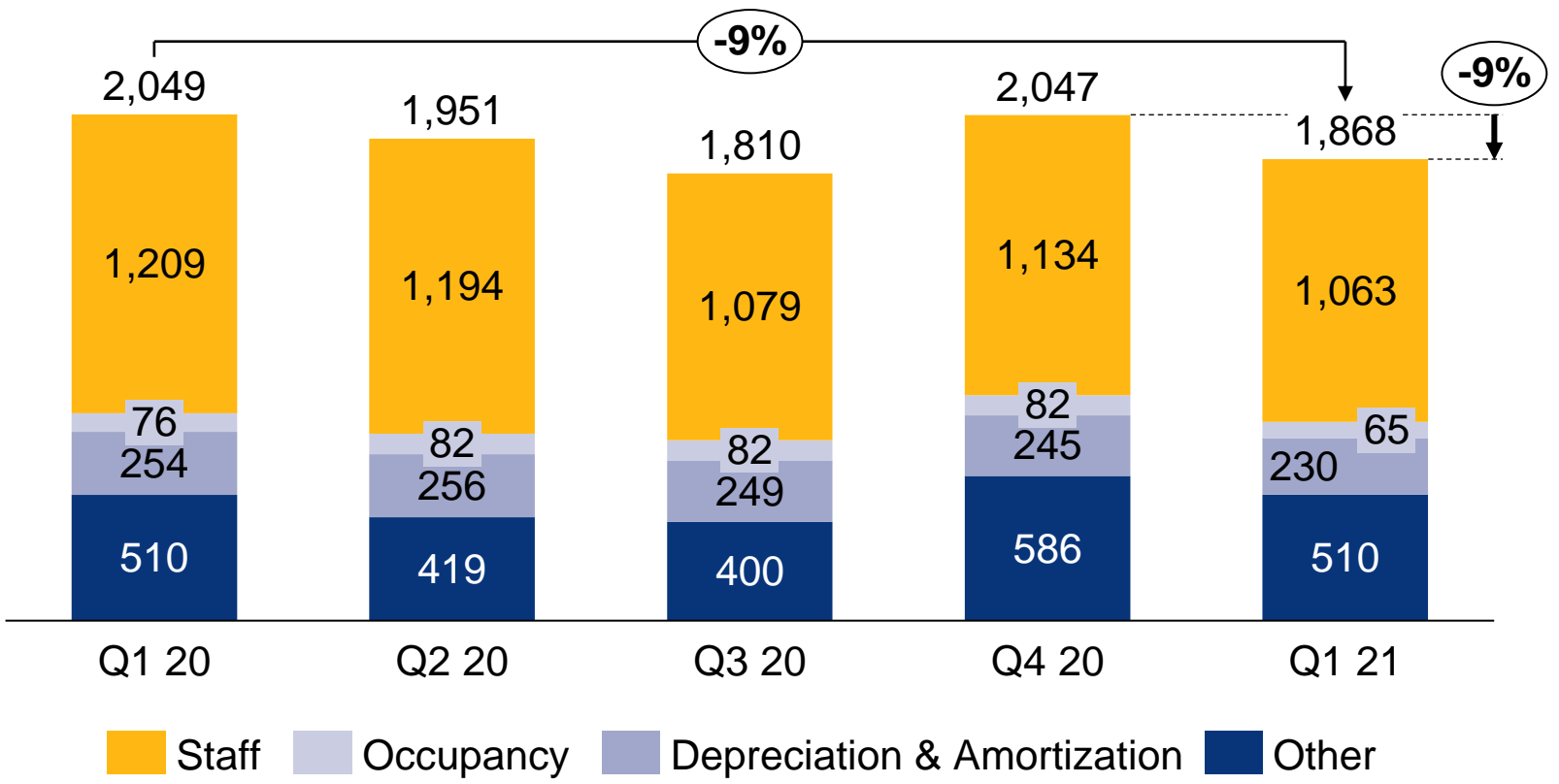
## Highlights

- Q1-21 expenses down 9% q-o-q from the impact of earlier cost management initiatives and lower marketing expenses
- Q1-21 expenses y-o-y improved 9% on lower staff and operating expenses, and lower costs from DenizBank
- Q1-21 cost to income ratio of 30.3% is lower than guidance on stronger non-funded income, particularly from DenizBank. Cost to Income guidance remains at 35%

## Cost to Income Ratio (%)



## Operating expenses composition (AED million)

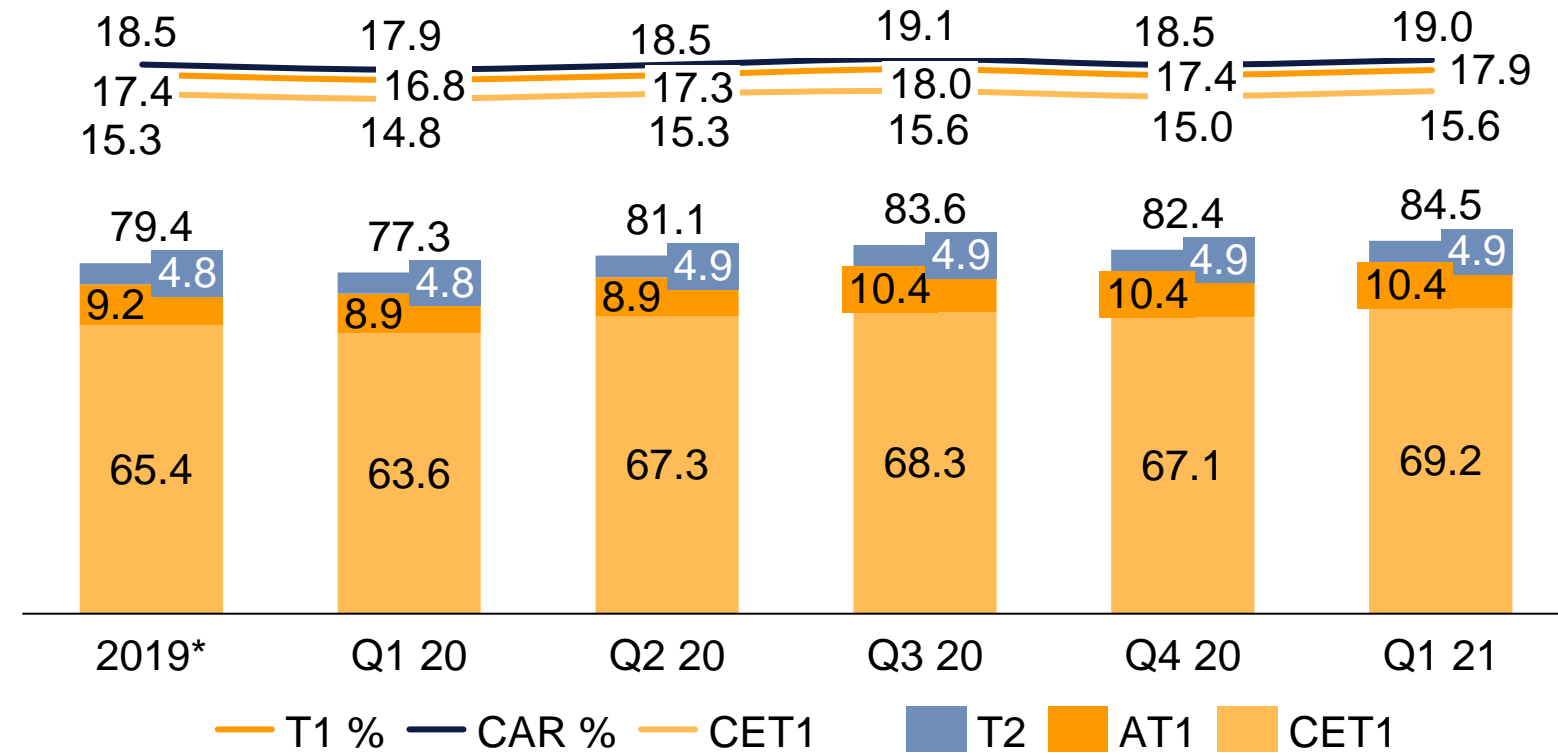


# Capital adequacy

## Highlights

- CET-1 ratio improved 0.6% during Q1-21 driven by AED 2.3bn of retained earnings and a AED 2.2bn reduction in RWAs
- The decline in RWAs is due to lower Market Risk and the impact from the decline in Turkish Lira offsetting the Credit Risk increase
- Capital ratios remain well above the original minimum regulatory requirements of 11% for CET-1 ratio, 12.5% for Tier 1 ratio and 14.5% for CAR
- TESS provides temporary relief of 3% from minima until end-2021 (1.5% CCB and 1.5% D-SIB)
- Total ECL add-back of AED 3.1 billion improved capital ratios by 0.7%

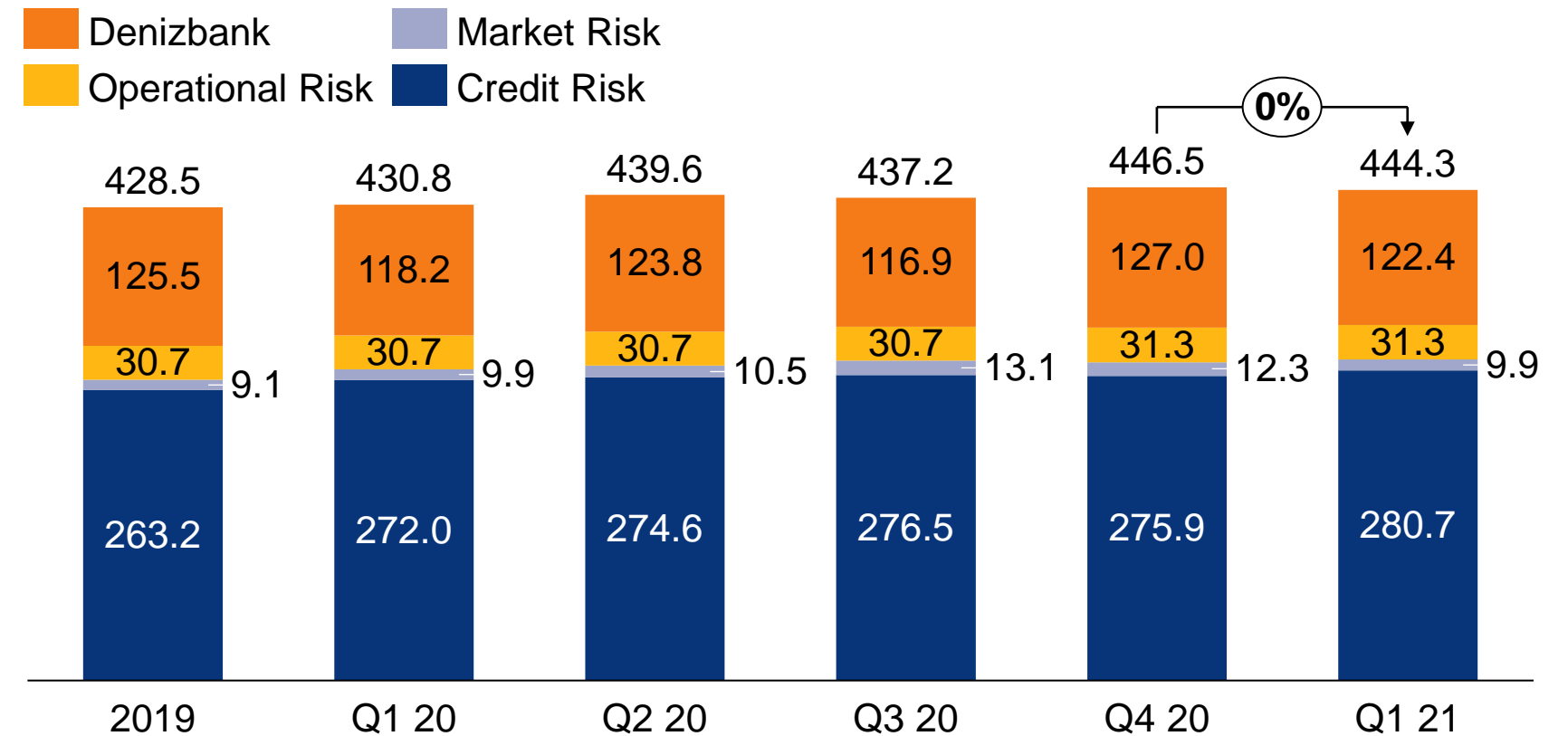
## Capitalisation



## Capital Movements

AED billion	CET1	Tier 1	Tier 2	Total
<b>Capital as at 31-Dec-2020</b>	<b>67.1</b>	<b>77.5</b>	<b>4.9</b>	<b>82.4</b>
Net profits generated	2.3	2.3	-	2.3
Interest on T1 securities	(0.2)	(0.2)	-	(0.2)
ECL add-back	1.1	1.1	-	1.1
Other	(1.1)	(1.1)	0.0	(1.1)
<b>Capital as at 31-Mar-2021</b>	<b>69.2</b>	<b>79.6</b>	<b>4.9</b>	<b>84.5</b>

## Risk Weighted Assets (AED billion)



\*2019 CET1, Tier 1 and CAR adjusted for 2019 dividends are 14.7%, 16.8% and 17.9% respectively

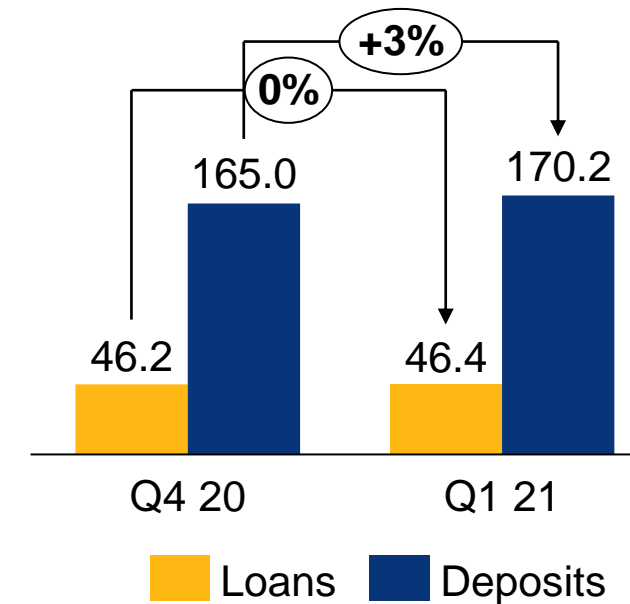


## Divisional performance (excluding DenizBank)

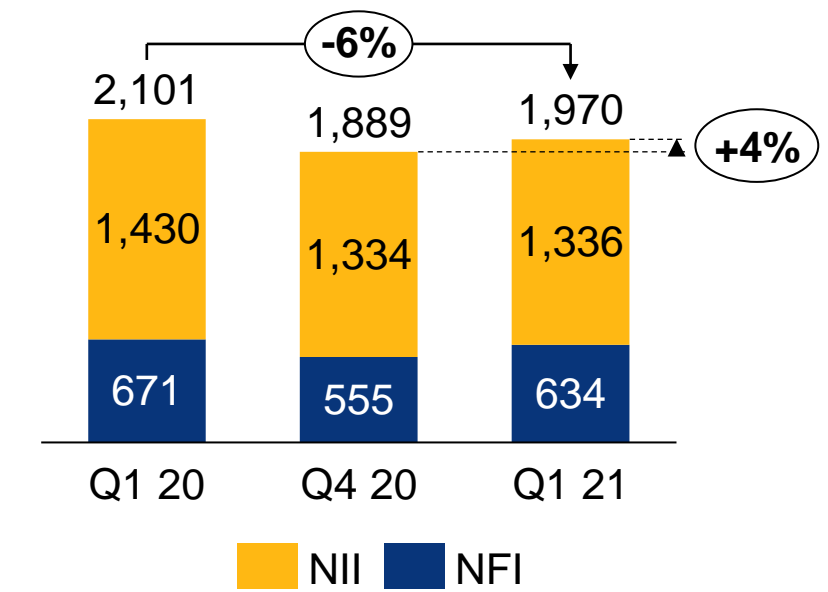
### Retail Banking & Wealth Management

- RBWM income up 4% q-o-q as higher volumes drove 14% increase in non funded income
- Net interest income stable compared to the previous quarter and lower y-o-y due to the impact of interest rate cuts in Q1-20
- Customer advances grew marginally with new credit card acquisitions and spends back to pre-Covid levels backed by successful domestic usage campaigns
- Liabilities grew by 3% with CASA balances increasing AED 7.2bn, up 5% during Q1-21 supported by successful customer campaigns
- Digital adoption strengthened further with over 3/4 of customers being digitally active while Liv. continued to strengthen, growing its UAE base to about 450,000 customers

Balance Sheet Trends AED billion



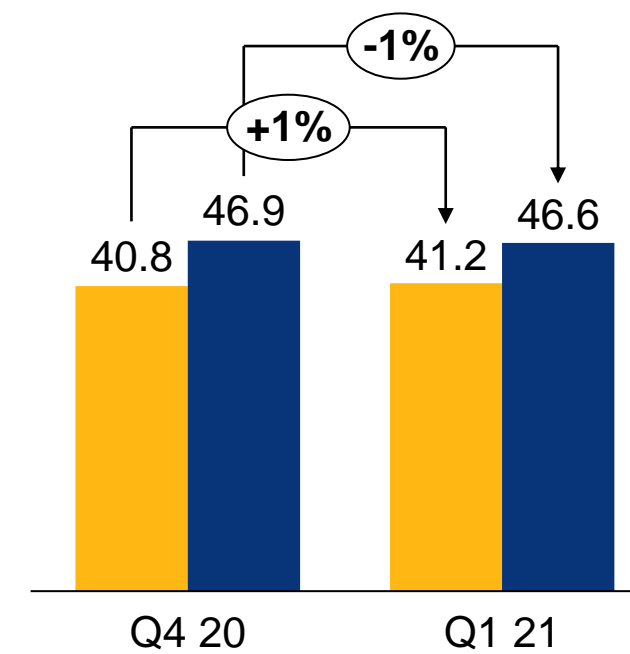
Income Trends AED billion



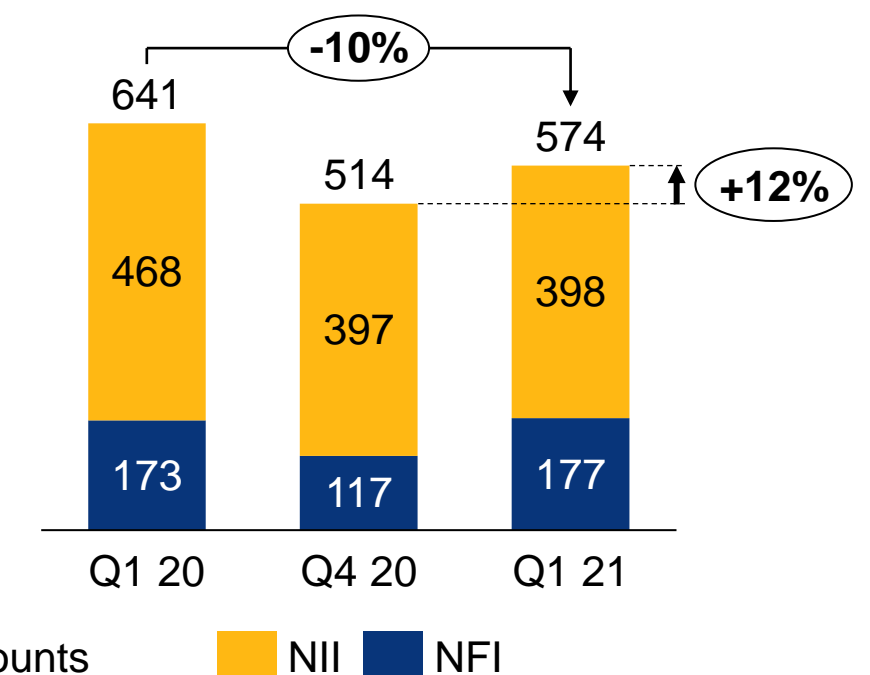
### Emirates Islamic

- EI total income improved 12% q-o-q as non funded income improved 51% on improved market activity during Q1-21. Total income declined 10% y-o-y due to lower profit rates
- Total assets at AED 71.2 billion, up 1% from end 2020
- Customer financing at AED 41.2 billion, up 1% from end 2020
- Customer deposits at AED 46.6 billion, down 1% from end 2020
- CASA balances represented 79% of customer accounts compared to 69% at end of 2020
- EI's headline Financing to Deposit ratio stands at 88% and remains comfortably under the management's range

Balance Sheet Trends AED billion



Income Trends AED billion

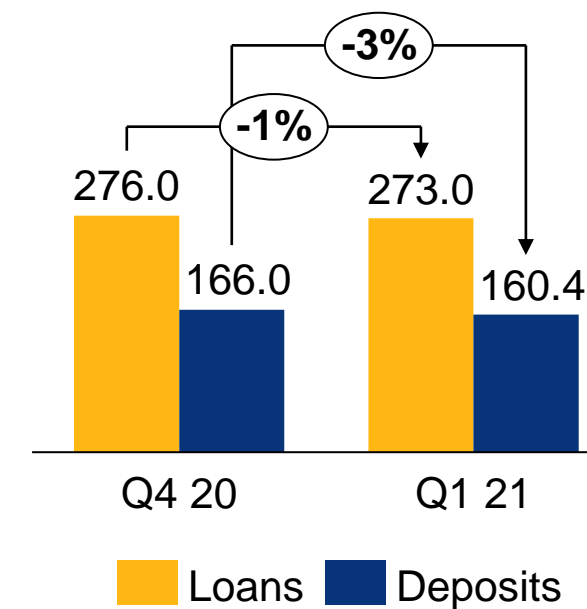


# Divisional performance (excluding DenizBank)

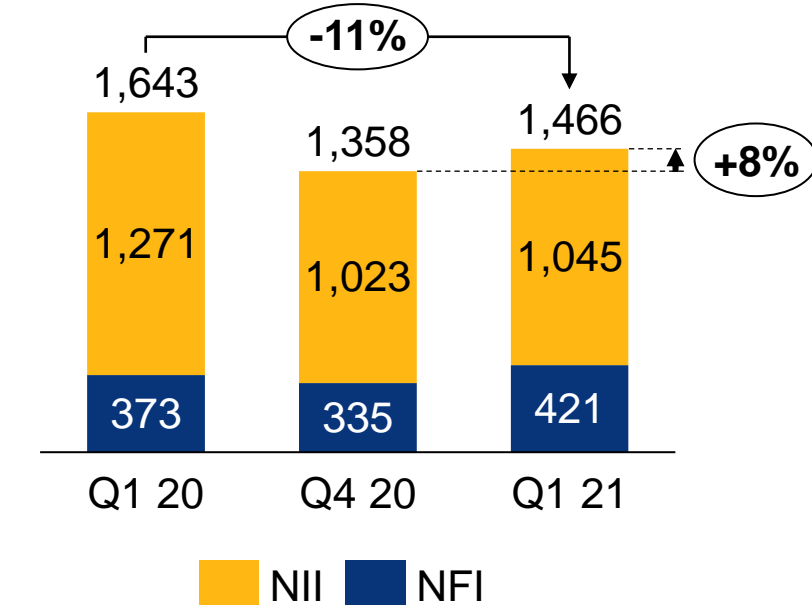
## Corporate and Institutional Banking

- CIB income up 8% q-o-q as non funded income improved 26% on higher business volumes and net interest income improved 2%
- Income down 11% y-o-y due to lower interest rates that were partially offset by improved non funded income from higher investment banking activity
- CIB continued to invest in digitization programmes and technology to enhance the Transaction Banking Services product offering
- Loans down 1% in Q1-21 due to repayments of corporate loans including loans receiving support
- CIB continues to provide support to customers affected by Covid-19
- Deposits down 3% with focus improving the deposit mix reflecting the Group's aim to reduce the average cost of funding while maintaining optimal liquidity

Balance Sheet Trends AED billion



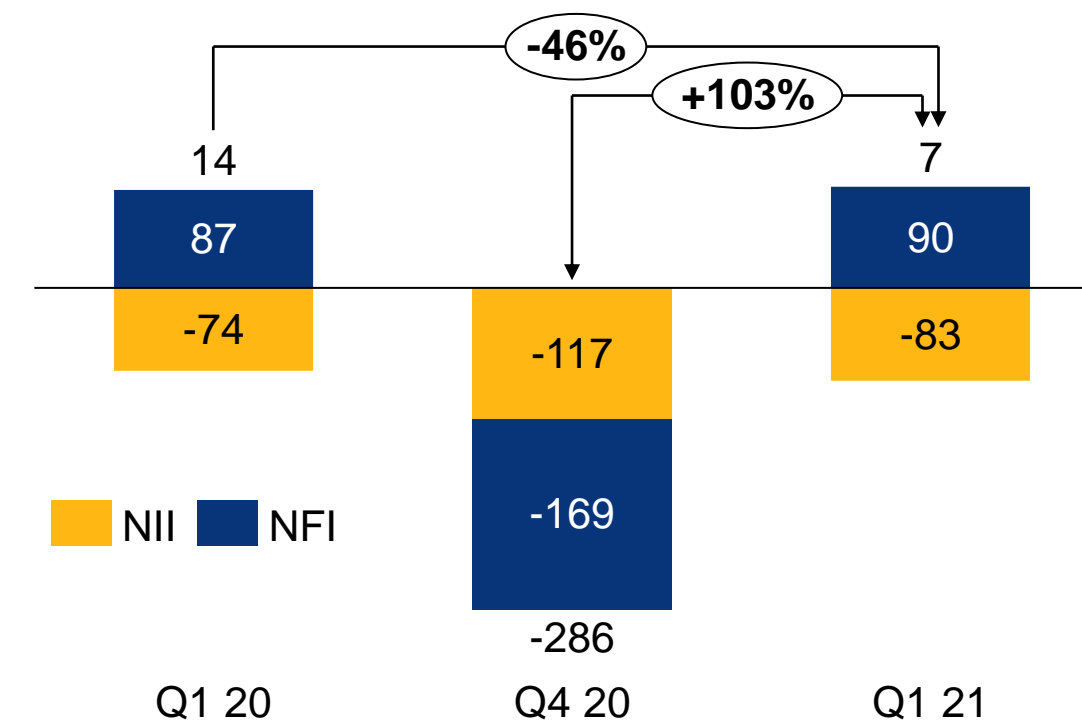
Income Trends AED billion



## Global Markets & Treasury

- GM&T total income up 103% q-o-q due to improved non-funded income whilst net interest income improved on account of stability in interest rates
- Trading & Sales desks delivered solid performance with trading income up 60% compared to Q1-20, helped by increased contributions from credit and rates trading teams
- The first bank from the Gulf region to issue an ESG-linked loan, with cost of the USD 1.75 billion facility based on percentage of women in senior management and water efficiency
- NFI increased q-o-q on higher trading income and the impact from interest rate hedging actions taken in Q4-20

Income Trends AED billion

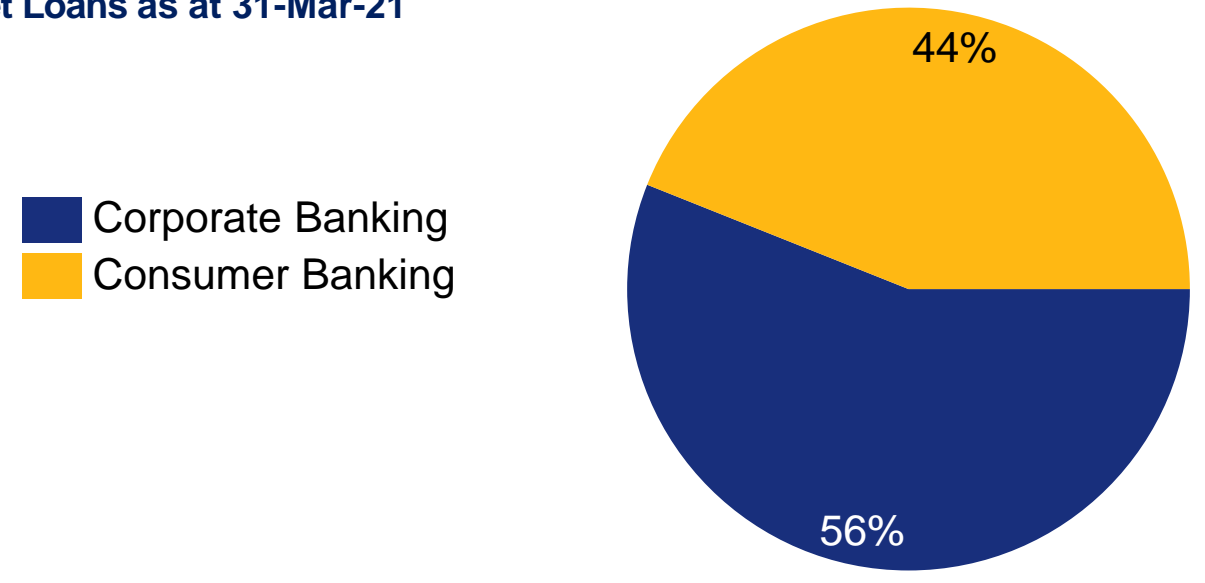


# DenizBank business overview

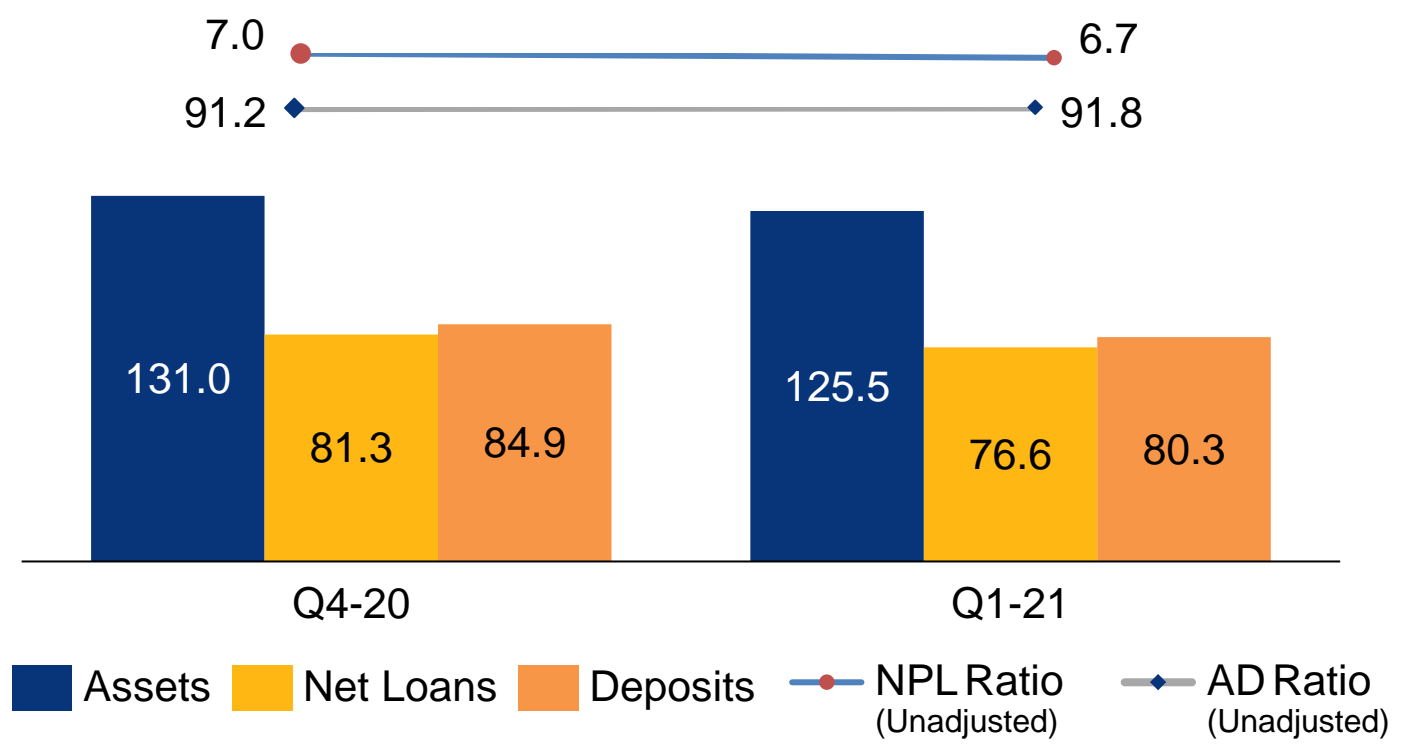
Business Overview	Financial Highlights					
<ul style="list-style-type: none"> <li>DenizBank contributed total income of AED 2,039m and net profit of AED 642m to the Group for Q1-21</li> <li>Q1-21 net cost of risk of 285 bps compared to 430 bps in Q1-20 and 327 bps in Q4-20</li> <li>Total assets of AED 126bn, net loans of AED 77bn and deposits of AED 80bn at the end of Q1-21</li> <li>DenizBank is the fifth largest private bank in Turkey with a wide presence through a network of 720 branches and over 3,100 ATMs</li> <li>Operates with 693 branches in Turkey and 27 in other territories (Austria, Germany, Bahrain)</li> <li>Servicing around 14m customers with full services of Corporate banking, Retail banking and Treasury, through 14,000+ employees</li> </ul>	AED million	Q1-21	Q1-20	Better / (Worse)	Q4-20	Better / (Worse)
	Net interest income	1,285	1,571	(18)%	1,323	(3)%
	Non-funded income	754	684	10%	23	3,176%
	<b>Total income</b>	<b>2,039</b>	<b>2,255</b>	<b>(10)%</b>	<b>1,346</b>	<b>51%</b>
	Operating expenses	(559)	(627)	11%	(552)	(1)%
	<b>Pre-impairment operating profit</b>	<b>1,481</b>	<b>1,628</b>	<b>(9)%</b>	<b>794</b>	<b>86%</b>
	Impairment allowances	(659)	(981)	33%	(721)	9%
	<b>Operating profit</b>	<b>822</b>	<b>647</b>	<b>27%</b>	<b>73</b>	<b>1,025%</b>
	Taxation charge	(180)	(143)	(26)%	57	(416)%
	<b>Net profit</b>	<b>642</b>	<b>504</b>	<b>27%</b>	<b>130</b>	<b>393%</b>
Cost: income ratio	27.5%	27.8%	0.3%	41.0%	13.5%	
Net interest margin	4.13%	4.92%	(0.79)%	4.27%	(0.14)%	

## Segment breakdown

Net Loans as at 31-Mar-21



## Financial Highlights (AED billion)



All financial numbers post acquisition (1-Aug-19) include the fair value adjustments, unless otherwise stated.





Thank you

## Investor Relations

Emirates NBD Head Office | 4<sup>th</sup> Floor

PO Box 777 | Dubai, UAE

[IR@emiratesnbd.com](mailto:IR@emiratesnbd.com)

Tel: +971 4 609 3046

**“CREATE  
OPPORTUNITIES  
TO PROSPER”**