

Q1-15 Results Presentation

Apr 22, 2015



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Q1-15 Financial Results Highlights

Highlights

- Net profit of AED 1,671 Mn for Q1-15 improved 60% y-o-y and 36% q-o-q
- Net interest income rose 11% y-o-y mainly due to growth in Retail assets and a lower cost of funds. NII is flat q-o-q due to NIMs remaining stable and marginal asset growth
- Non-interest income improved 23% y-o-y and 26% q-o-q due to increases in foreign exchange and derivative income, higher asset management fees and gains from the sale of investment property
- Costs increased 3% y-o-y but reduced by 8% q-o-q. Cost trends comfortably within guidance and continue to remain well managed
- NPL ratio stable at 7.8%
- Provisions of AED 1,085 Mn further boosted coverage ratio to 103.9%
- AD ratio of 95.6% within management range
- NIMs maintained at 2.90% q-o-q despite a competitive environment

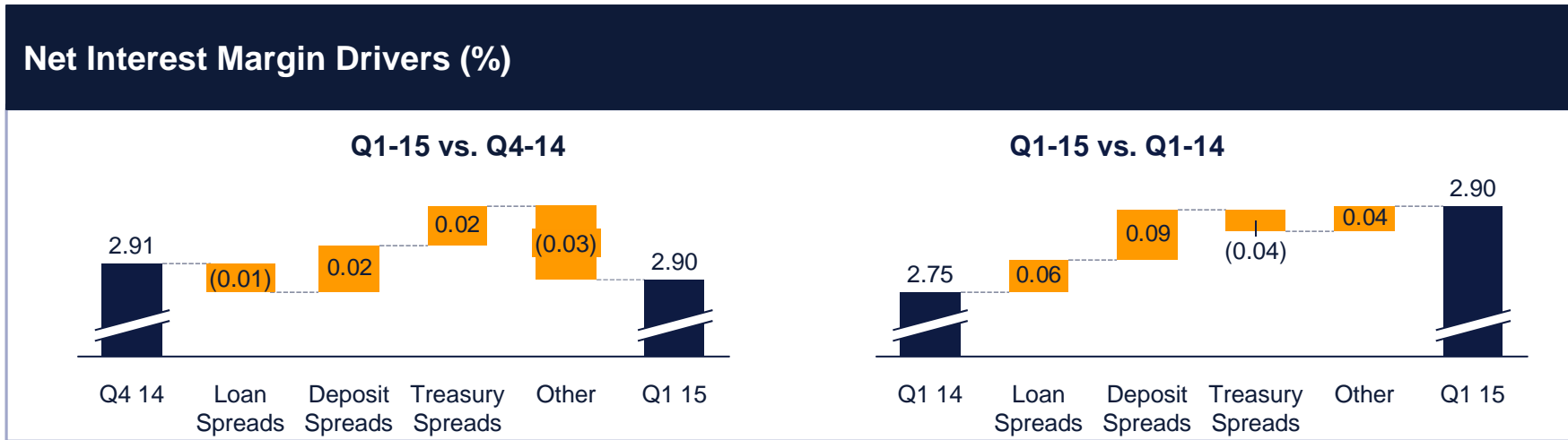
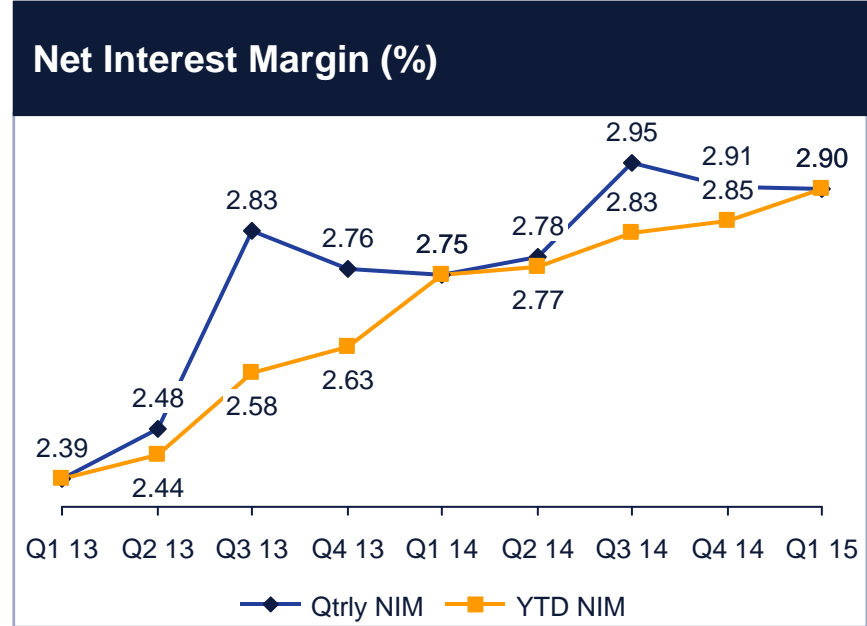
Key Performance Indicators

AED Mn	Q1-15	Q1-14	Better / (Worse)	Q4-14	Better / (Worse)
Net interest income	2,485	2,232	11%	2,473	0%
Non-interest income	1,360	1,102	23%	1,082	26%
Total income	3,845	3,333	15%	3,555	8%
Operating expenses	(1,079)	(1,050)	(3%)	(1,177)	8%
Pre-impairment operating profit	2,766	2,283	21%	2,378	16%
Impairment allowances	(1,085)	(1,267)	14%	(1,163)	7%
Operating profit	1,681	1,016	65%	1,214	38%
Share of profits from associates	36	61	(41%)	51	(29%)
Taxation charge	(46)	(35)	(31%)	(39)	(16%)
Net profit	1,671	1,042	60%	1,226	36%
Cost: income ratio (%)	28.1%	31.5%	3.4%	33.1%	5.0%
Net interest margin (%)	2.90%	2.75%	0.15%	2.91%	(0.01%)

AED Bn	31-Mar-15	31-Mar-14	%	31-Dec-14	%
Total assets	367.5	347.1	6%	363.0	1%
Loans	248.9	239.7	4%	246.0	1%
Deposits	260.4	251.5	4%	258.3	1%

Net Interest Income

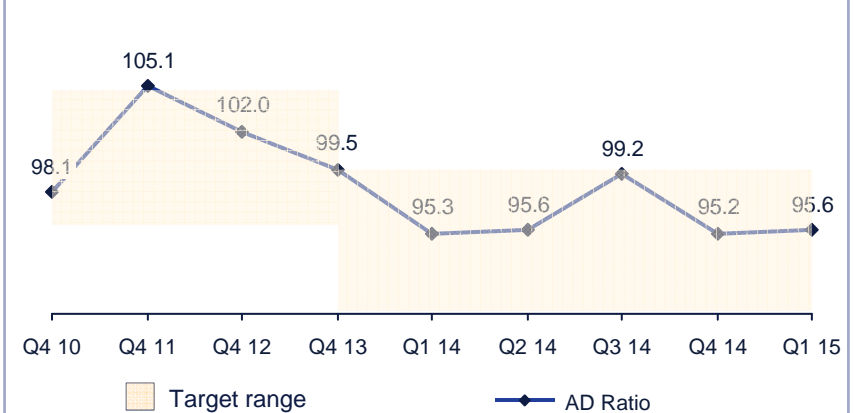
- ### Highlights
- NIMs steady in Q1-15 vs. Q4-14 at 2.90% and widened 15 bps vs. Q1-14
 - Loan spreads declined marginally q-o-q and improved 6 bps y-o-y due to higher yielding Islamic products and time loans
 - Deposit spreads improved 2bps q-o-q supported by CASA growth and improved 9 bps y-o-y due to CASA growth and repayment of MOF Tier 2 deposits in 2014
 - Treasury Spreads increased by 2bp q-o-q as interest earned from bank placements more than offset the higher cost of term debt
 - Guidance for NIMs in 2015 in the range of 2.7 - 2.8%



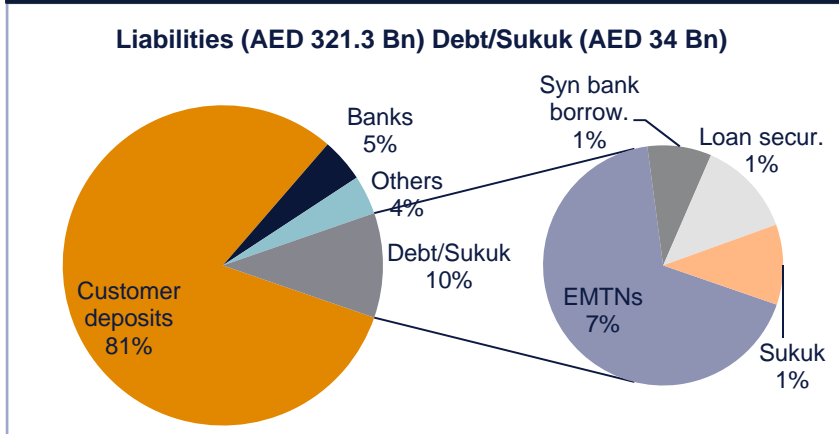
Highlights

- AD ratio of 95.6% within 90-100% management target range
- Liquid assets* of AED 50.3 Bn as at Q1-15 (15.7% of total liabilities)
- Maturity Profile of Debt Issued significantly extended in Q1 2015 thanks to,
 - Issue of AUD 450 Mn 7-year notes
 - Issue of EUR 550 Mn 7-year notes
 - Issue of over USD 430 Mn of private placements in 6 currencies
- Modest maturity profile affords Emirates NBD ability to consider public and private debt issues opportunistically
- Debt and Sukuk issuance now represent 10% of total liabilities

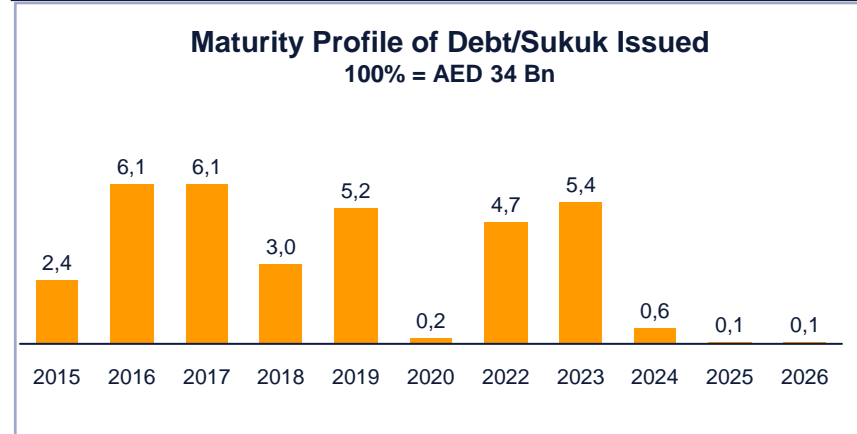
Advances to Deposit (AD) Ratio (%)



Composition of Liabilities/Debt Issued (%)



Maturity Profile of Debt Issued (AED Bn)



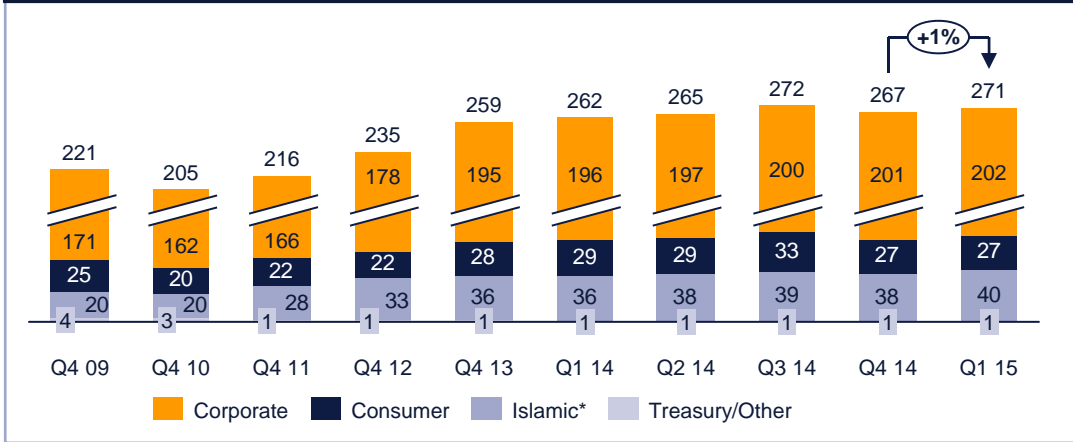
*including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

Loan and Deposit Trends

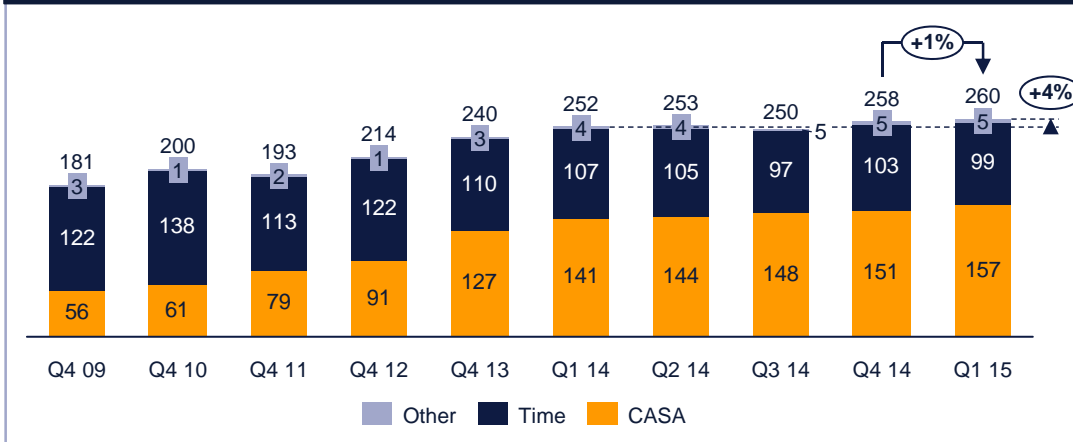
Highlights

- Gross loans grew 1% since end 2014 mainly due to growth in Islamic financing
- Islamic financing grew 6% since end 2014
- Consumer lending grew 1% since end 2014, mainly due to personal loans and auto loans
- Deposits increased 1% q-o-q and 4% y-o-y in Q1-15
- Strategic push to grow CASA continued in Q1 2015:
 - CASA deposits up 4% q-o-q and 11% y-o-y
 - CASA deposits as a percentage of total deposits have increased to 60% in Q1-15, up from 43% at end 2012 and 53% and end 2013

Trend in Gross Loans by Type (AED Bn)



Trend in Deposits by Type (AED Bn)



* Gross Islamic Financing Net of Deferred Income

Non-Interest Income

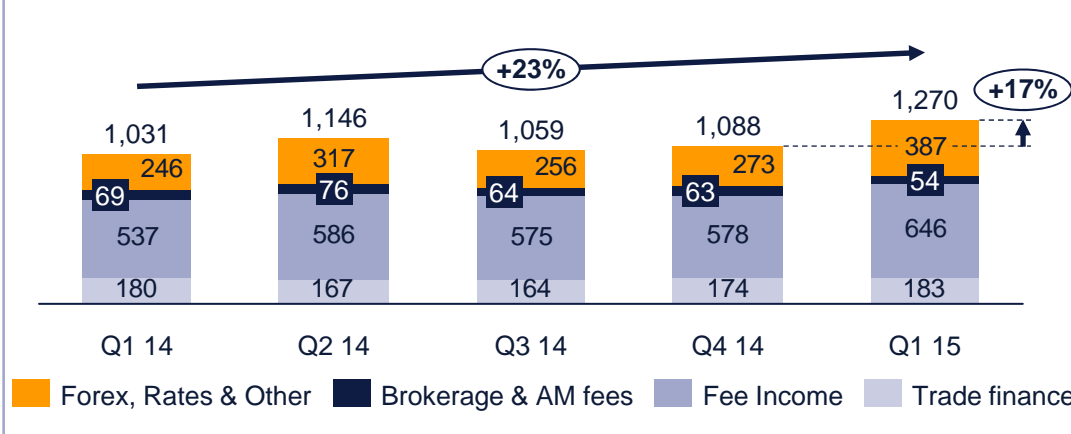
Highlights

- Non-interest income improved 26% q-o-q driven by increases in foreign exchange and derivative income, higher asset management fees and credit card volumes and gains from the sale of investment property
- Additional DirectRemit destinations, such as Pakistan in Q1-15, are expected to help sustain and grow non-interest income
- Property income improved significantly helped by a number of bulk sales. Income from sale of Property and Investment securities does tend to be more volatile

Composition of Non Interest Income (AED Mn)

AED Mn	Q1-15	Q1-14	Better / (Worse)	Q4-14	Better / (Worse)
Core gross fee income	1,270	1,031	23%	1,088	17%
Fees & commission expense	(175)	(157)	(11%)	(118)	(48%)
Core fee income	1,095	874	25%	970	13%
Property income / (loss)	170	115	48%	101	68%
Investment securities	95	111	(14%)	12	692%
Total Non Interest Income	1,360	1,102	23%	1,082	26%

Trend in Core Gross Fee Income (AED Mn)

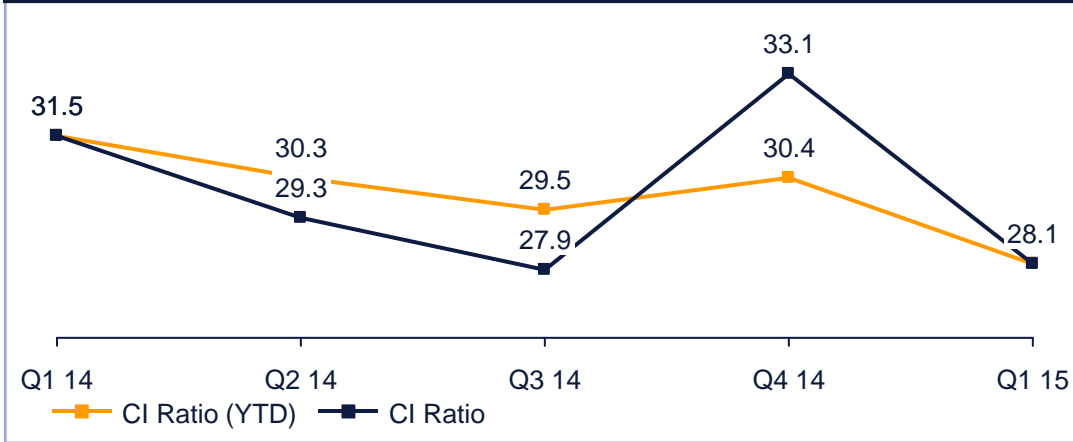


Operating Costs and Efficiency

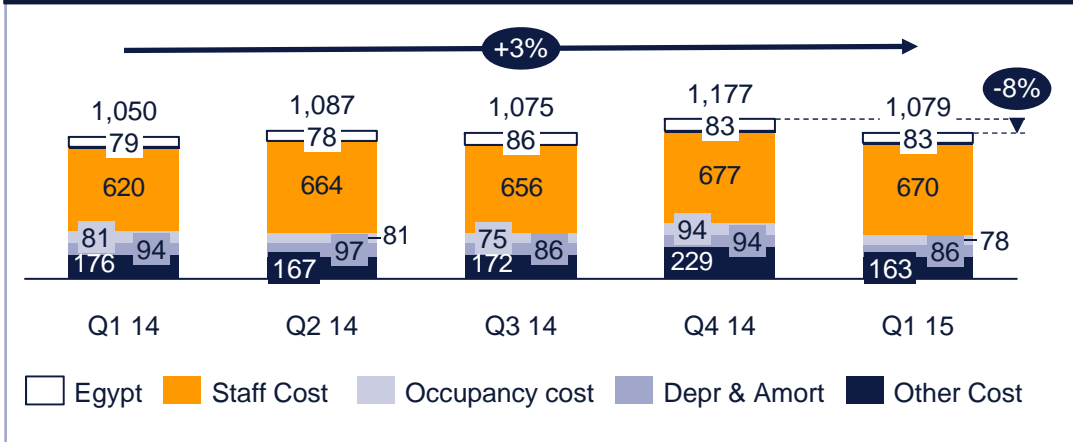
Highlights

- Costs decreased by 8% q-o-q in Q1-15 and increased by 3% y-o-y
- Cost to Income Ratio improved by 5% q-o-q to 28.1% due to growth in non-interest income and a control on costs. Adjusted for one-offs, Cost to Income Ratio would be 30.2% for Q1-15
- The longer term management target for cost to income ratio is 33% which provides headroom for future investment

Cost to Income Ratio (%)



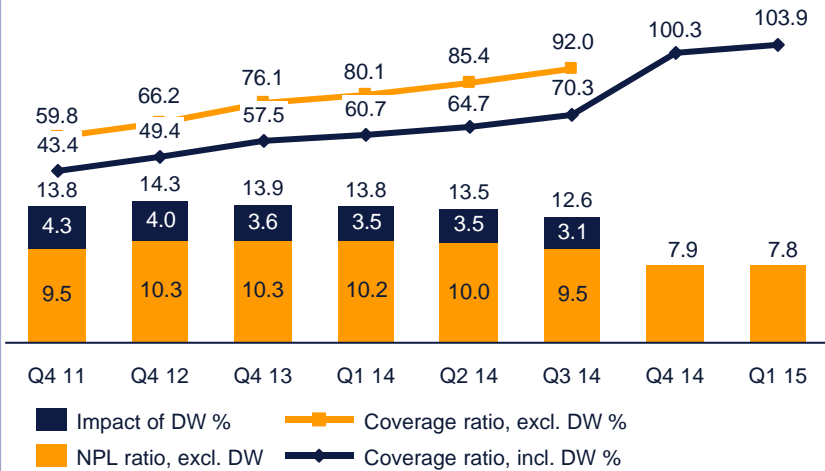
Cost Composition (AED Mn)



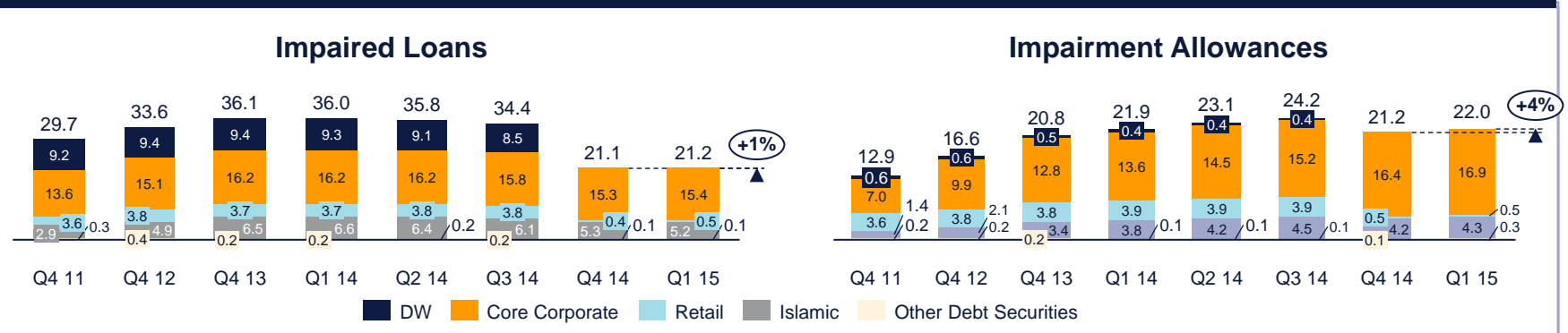
Highlights

- NPL ratio improved marginally to 7.8%
- Impaired loans increased by AED 0.1 Bn
- Q1 2015 net impairment charge of AED 1.1 Bn
- Coverage ratio increased to 103.9%

Impaired Loan & Coverage Ratios (%)



Impaired Loans and Impairment Allowances (AED Bn)

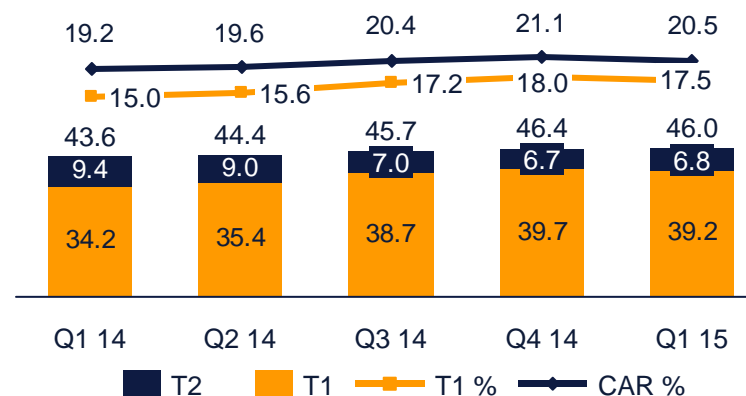


Capital Adequacy

Highlights

- CAR decreased by 0.6% to 20.5% and Tier 1 ratio decreased by 0.5% to 17.5% in Q1-15 due to:
 - Annual dividend payment exceeding the quarterly retained profit
 - Marginal increase in credit risk weighted assets

Capitalisation



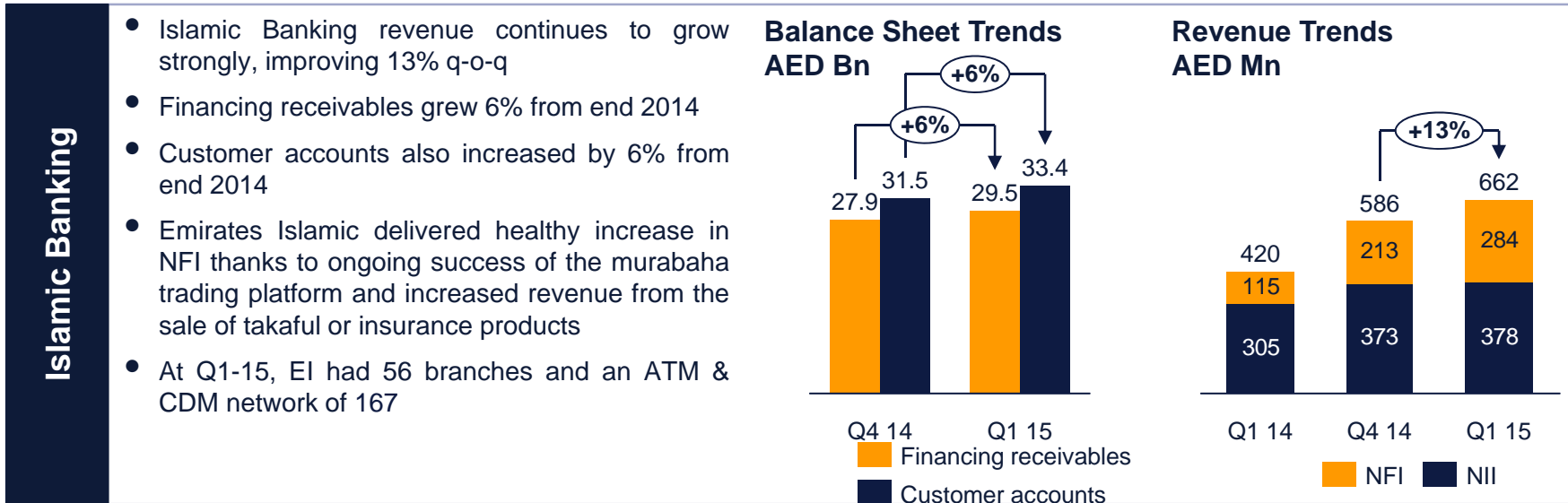
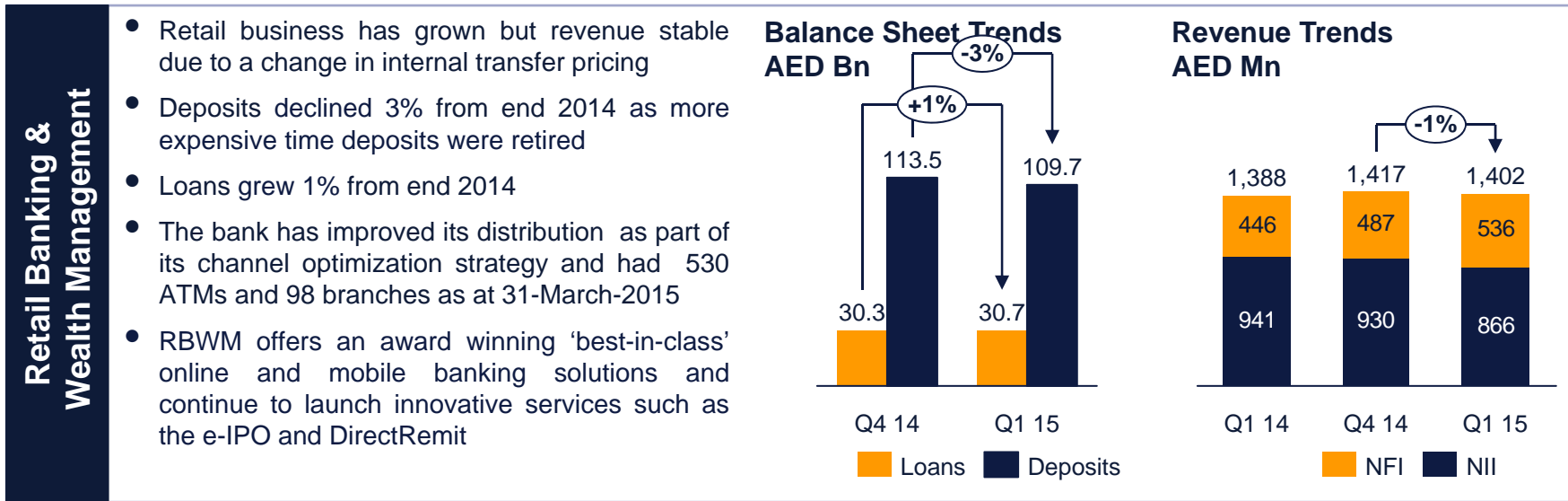
Capital Movements (AED Bn)

Q4-14 to Q1-15 (AED Bn)	Tier 1	Tier 2	Total
Capital as at 31-Dec-2014	39.7	6.7	46.4
Net profits generated	1.7	-	1.7
FY 2014 dividend paid	(1.9)	-	(1.9)
Tier 1 Issuance/Repayment	-	-	-
Tier 2 Issuance/Repayment	-	-	-
Amortisation of Tier 2	-	-	-
Interest on T1 securities	(0.1)	-	(0.1)
Goodwill	0.1	-	0.1
Other	(0.1)	0.1	0.0
Capital as at 31-Mar-2015	39.2	6.8	46.0

Risk Weighted Assets – Basel II (AED Bn)



Divisional Performance

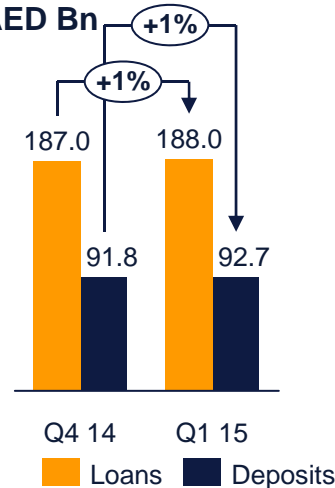


Divisional Performance (cont'd)

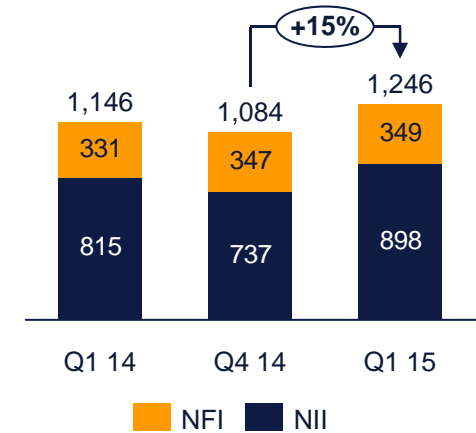
Wholesale Banking

- Wholesale Banking revenues grew 15% q-o-q
- Loans grew 1% from end 2014
- Deposits also grew by 1% from end 2014
- Focus during 2015 is on enhancing customer service quality in key sectors, share of wallet, increased cross-sell of Treasury and Investment Banking products and larger Cash Management and Trade Finance penetration

Balance Sheet Trends
AED Bn



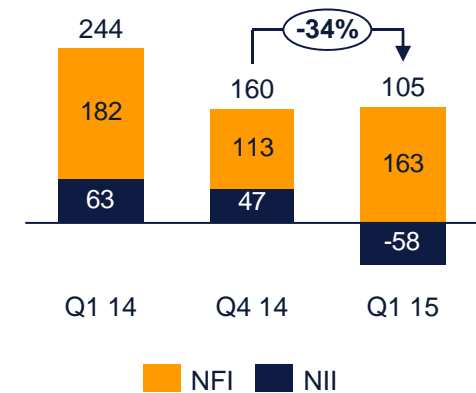
Revenue Trends
AED Mn



Global Markets & Treasury

- Revenue at AED 105 Mn declined 34% q-o-q
- NII fell as some balance-sheet hedges rolled off and the size of the investment portfolio reduced.
- Sales revenue grew on higher volumes in Interest Rate hedging products and Foreign Exchange Sales. Trading revenues increased as the Foreign Exchange trading desk delivered a strong performance.
- GMT expects Sales & Trading revenues to be strong in 2015 as more corporate clients look to hedge their interest rate exposures on the expectation that global interest rates will start to rise

Revenue Trends
AED Mn



Economic Outlook

- UAE's GDP growth expectation for:
 - 2014 is 4.5%
 - 2015 is 4.3%
- Dubai's GDP growth expectation for:
 - 2014 is 5%
 - 2015 is 4.7%
- Purchasing Managers' Index declined in March, for the third consecutive month, to 56.3, but still well above the neutral 50 level.
- We saw a slowdown in non-oil sector growth in Q1 2015, due to
 - weaker investor and consumer confidence due to lower oil prices
 - the impact of a strong dollar on retail spending, real estate activity and tourism
 - 35.6% decline in passenger traffic from Russia/CIS in February, following a 22.7% decline in January
- Medium term outlook for Dubai's residential real estate sector is balanced, with growth prospects in the 'affordable housing' sector. Mid-range villa prices declined 10.7% y-o-y in March 2015. Annual price growth has slowed across other segments of the market as well.
- Emirates NBD is cautiously optimistic for the remainder of 2015 but is conscious of the headwinds that a strong dollar and low oil price can present

Summary

Profitability

- Net profit of AED 1.7 Bn for Q1-15 improved 60% y-o-y due to higher income, stable costs and lower provisions

Income

- Total income rose 15% y-o-y to AED 3.8 Bn helped by an improving asset mix, strong fee income and efficient funding base

CI Ratio

- Costs increased 3% y-o-y, improving the Cost to Income ratio by 3.4% to 28.1% in Q1-15

Provisions

- Impairment allowances improved by 14% y-o-y to AED 1.1 Bn, strengthening the coverage ratio to 103.9%

Credit Quality

- NPL ratio improved to 7.8%

Net Interest Margin

- NIMs steady at 2.90% in Q1-15

Capital and Liquidity

- Tier 1 ratio declined by 0.5% due to annual dividend payment
- AD ratio stable at 95.6% whilst term liabilities extended by \$1 billion 7 year issuance

Outlook

- Some signs of a slowdown in the economy due to lower oil prices and a strong dollar, but this is from a relatively high base
- The Bank's strong balance sheet is able to take advantage of any regional growth opportunities

Investor Relations

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