

Emirates NBD
FY 2020 Results Presentation



Important Information

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Emirates NBD maintains good profitability and a strong balance sheet despite challenging conditions in 2020

Key Metrics					2021 Macro themes		
		2020 Guidance	FY 2020	2021 Guidance		Regional	Global
Profit	Operating Profit		AED 7.4bn -29% y-o-y		+	<ul style="list-style-type: none"> Continued strong Government and Regulatory support to mitigate effects of Covid-19 Improving economic activity with 2021 expected real GDP growth of 3% in Dubai and 1.9% in the UAE 	<ul style="list-style-type: none"> Roll-out of vaccination across many countries Strong central bank and government efforts to cushion Covid-19 effects through monetary and fiscal stimulus
	Net Profit		AED 7.0bn -52% y-o-y				
	NIM	2.55-2.65%	2.65%	2.35-2.45%			
	Cost to income	33 %	33.8%	35%			
Credit Quality	NPL Ratio	Increasing	6.2%	Increasing	-	<ul style="list-style-type: none"> Ongoing economic impact from Covid-19 Oil demand expected to be flat in Q1-21 compared to previous quarter 	<ul style="list-style-type: none"> Continued uncertainty from new strains of virus Financial market volatility due to uncertain outlook over economic growth
	Coverage Ratio	Strong	117.3%	Strong			
Capital	CET 1		15.0%				
	Tier 1		17.4%				
	CAR		18.5%				
Liquidity	LCR		165.0%				
	ADR	Increasing	95.6%	95-100%			
Assets	Loan Growth	Low single digit	1%	Low/mid-single Digit			

FY 2020 Financial results highlights

Highlights	Key performance indicators			
<ul style="list-style-type: none"> Total income improved 4% y-o-y on higher net interest income from the full-year inclusion of DenizBank, partially offset by a decline in non-funded income due to lower transactional activity in 2020 Net interest income improved 8% y-o-y due to loan growth and full-year inclusion of DenizBank, or declined 13% y-o-y excluding DenizBank due to lower NIMs on account of lower interest rates NIMs of 2.65% declined 24 bps y-o-y as lower interest rates fed through to the loan book Non-funded income declined 8% y-o-y, or 19% excluding DenizBank on lower fee income due to the impact of Covid-19 Costs increased 9% y-o-y due to the full-year inclusion of DenizBank and improved 6% y-o-y excluding DenizBank as a result of management actions during 2020 in response to Covid-19 and lower income Impairment allowance of AED 7,936m increased 65% y-o-y driven primarily by the impact of Covid-19 and as DenizBank continues to boost coverage levels. Excluding DenizBank, impairment allowances increased 40% y-o-y Operating profit of AED 7,418m was down 29% y-o-y, or 39% excluding DenizBank, mainly due to lower interest rates & transaction volumes, and higher provisions FY-20 results include DenizBank income of AED 7,257m and net profit of AED 1,369m (FY-19 includes income of AED 3,643m and net profit of AED 609m for the five months since acquisition) Net profit of AED 6,965m was down 52% y-o-y, or 60% excluding DenizBank, mainly due to no repeat of the gain on disposal of Network International shares in 2019. Net profit down 31% excluding NI gain NPL ratio increased to 6.2% in Q4-20 LCR of 165.0% and ADR of 95.6% demonstrate Group's healthy liquidity 2020 net cost of risk of 163 bps reflects higher expected credit loss impact from Covid-19 (FY-19: 117 bps) 	AED million	FY 2020	FY 2019	Better / (Worse)
	Net interest income	17,487	16,188	8%
	Non-funded income	5,724	6,231	(8)%
	Total income	23,211	22,419	4%
	Operating expenses	(7,856)	(7,207)	(9)%
	Pre-impairment operating profit	15,354	15,211	1%
	Impairment allowances	(7,936)	(4,818)	(65)%
	Operating profit	7,418	10,393	(29)%
	Gain on disposal of stake in NI	-	4,389	n/a
	Share of profits from associates	12	19	(37)%
	Gain on bargain purchase	-	92	n/a
	Taxation charge	(465)	(390)	(19)%
	Net profit	6,965	14,504	(52)%
	Cost: income ratio	33.8%	32.1%	(1.7)%
	Net interest margin	2.65%	2.89%	(0.24)%
	AED billion	31-Dec-20	31-Dec-19	%
Total assets	698.1	683.3	2%	
Loans	443.5	437.4	1%	
Deposits	464.2	472.2	(2)%	
ADR (%)	95.6%	92.6%	(3.0)%	
LCR (%)	165.0%	160.0%	5.0%	
NPL ratio (%)	6.2%	5.6%	(0.6)%	

Q4-20 Financial results highlights

Highlights

- Total income down 28% y-o-y due to lower net interest income and lower volumes as a result of Covid-19 and declined 13% q-o-q
- Net interest income down 20% y-o-y as lower interest rates fed through to the loan book. Net interest income declined 2% q-o-q
- NIMs of 2.42% declined 69 bps y-o-y as lower interest rates fed through to loan book. NIMs declined 6 bps q-o-q
- Non-funded income declined 51% y-o-y on lower transactional activity from the Covid-19 impact. Q-o-q down 41% due to lower foreign exchange and derivative income from hedging and swaps
- Costs improved 18% y-o-y on lower staff and operating expenses, and lower costs from DenizBank. Costs higher 13% q-o-q due to completion of cost management initiatives and digital and marketing investment
- Impairment allowances of AED 1,575m were lower 24% y-o-y and 27% lower q-o-q having been proactive on ECL and stage 3 provisioning in the first three quarters, and continue to maintain strong coverage ratios
- Operating profit of AED 1,312m down 43% y-o-y and 22% q-o-q
- Q4-20 results include DenizBank income of AED 1,346m and net profit of AED 130m (Q4-19 includes income of AED 2,386m and net profit of AED 411m)
- Net profit of AED 1,318m was down 35% y-o-y and 15% q-o-q
- NPL ratio increased to 6.2% in Q4-20
- LCR of 165.0% and ADR of 95.6% demonstrate Group's healthy liquidity
- Q4-20 net cost of risk is 128 bps (Q4-19: 91 bps)

Key performance indicators

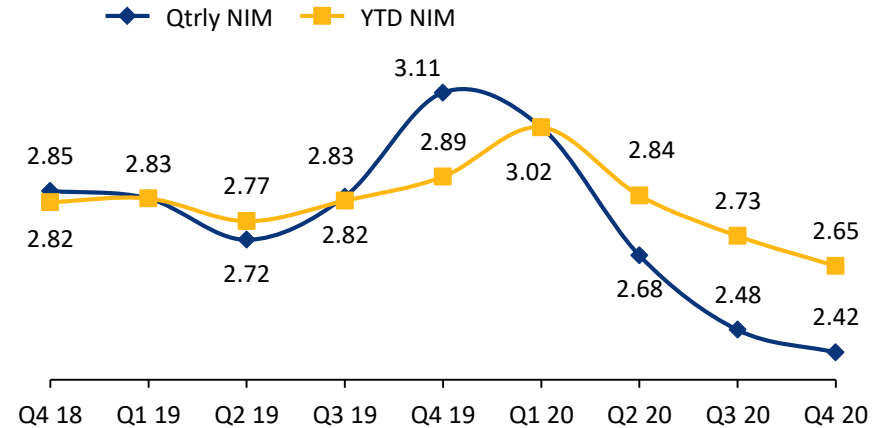
AED million	Q4-20	Q4-19	Better / (Worse)	Q3-20	Better / (Worse)
Net interest income	4,044	5,065	(20)%	4,138	(2)%
Non-funded income	890	1,812	(51)%	1,511	(41)%
Total income	4,934	6,877	(28)%	5,648	(13)%
Operating expenses	(2,047)	(2,501)	18%	(1,810)	(13)%
Pre-impairment operating profit	2,887	4,377	(34)%	3,838	(25)%
Impairment allowances	(1,575)	(2,064)	24%	(2,150)	27%
Operating profit	1,312	2,313	(43)%	1,688	(22)%
Share of profits from associates	3	2	100%	8	(56)%
Gain on bargain purchase	-	(50)	n/a	-	n/a
Taxation charge	3	(245)	101%	(140)	102%
Net profit	1,318	2,020	(35)%	1,556	(15)%
Cost: income ratio	41.5%	36.4%	(5.1)%	32.0%	(9.5)%
Net interest margin	2.42%	3.11%	(0.69)%	2.48%	(0.06)%
AED billion	31-Dec-20	31-Dec-19	%	30-Sep-20	%
Total assets	698.1	683.3	2%	692.1	1%
Loans	443.5	437.4	1%	442.3	0%
Deposits	464.2	472.2	(2)%	458.0	1%
ADR (%)	95.6%	92.6%	(3.0)%	96.6%	1.0%
LCR (%)	165.0%	160.0%	5.0%	161.7%	3.3%
NPL ratio (%)	6.2%	5.6%	(0.6)%	6.0%	(0.2)%

Net interest income

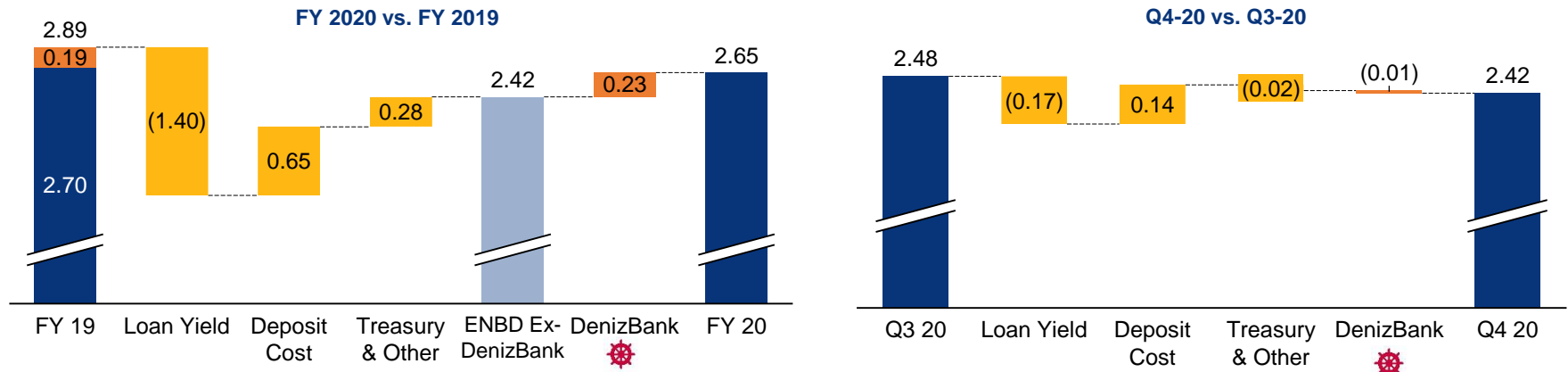
Highlights

- FY 2020 NIM of 2.65% declined 24 bps as reduction in loan yields more than offset lower funding costs following base rate cuts in H1-20 and DenizBank positive contribution
- Loan yields declined 140 bps y-o-y which offset the 93bps improvement in deposit and funding costs and a 23 bps contribution from DenizBank
- Q4-20 NIM of 2.42% declined 6 bps q-o-q as loans repricing caught up with earlier falls in interest rates offset by a further improvement in deposit mix
- Fall in loan yields reflect 1 and 3-month EIBOR falling 173 and 170 bps respectively in 2020, with Q4-20 movements of -2 and +2 bps respectively
- NIM guidance of 2.35-2.45% amid a lower interest rate environment in the UAE and rising rates in Turkey

Net Interest Margin (%)



Net Interest Margin Drivers (%)

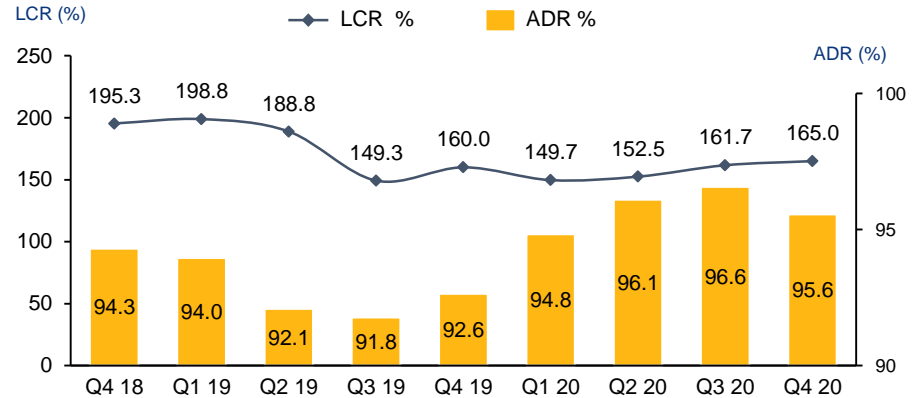


Funding and liquidity

Highlights

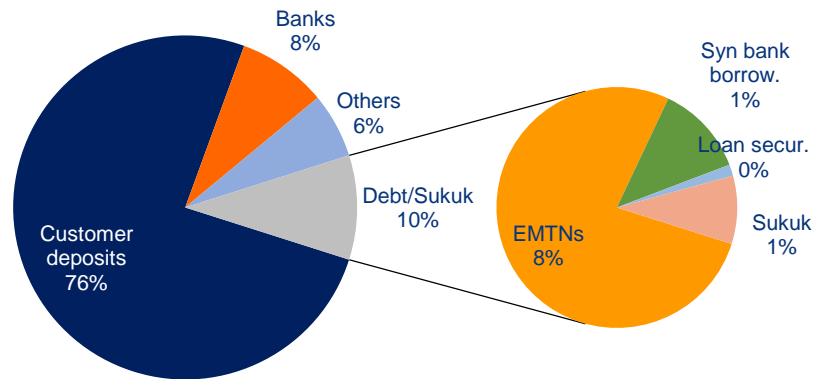
- Q4-20 LCR of 165.0% and AD ratio of 95.6% demonstrate the Group's continuing healthy liquidity position
- Liquid assets* of AED 100.8bn at Q4-20 (16% of total liabilities and 22% of total deposits)
- 2020 issuances of AED 18.4bn of term debt in seven currencies with a 9.9 year weighted average life including three benchmark senior public bond & sukuk issues and private placements with maturities out to 30 years
- Excess 2020 issuance covers 40% of 2021 maturities
- DenizBank established an EMTN programme and successfully issued a number of private placements

Advances to Deposit and Liquidity Coverage Ratio (%)



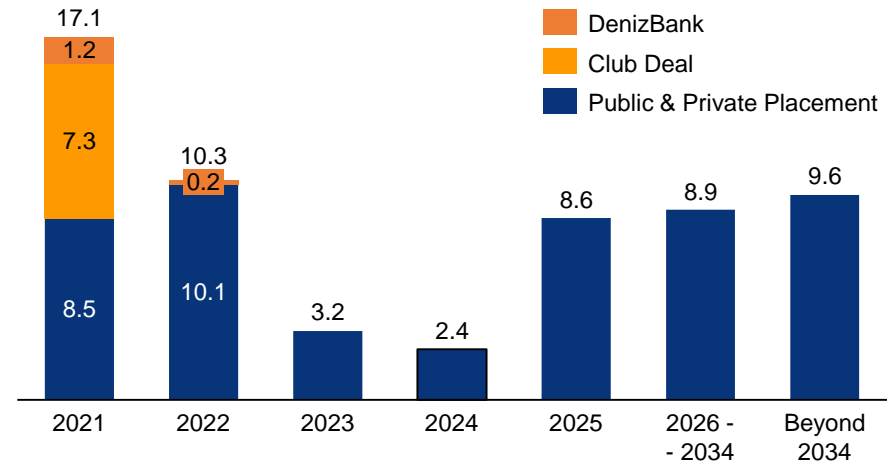
Composition of Liabilities/Debt Issued (%)

Liabilities (AED 613.5bn) Debt/Sukuk (AED 60.2bn)



Maturity Profile of Debt Issued (AED billion)

Maturity Profile of Debt/ Sukuk Issued AED 60.2bn



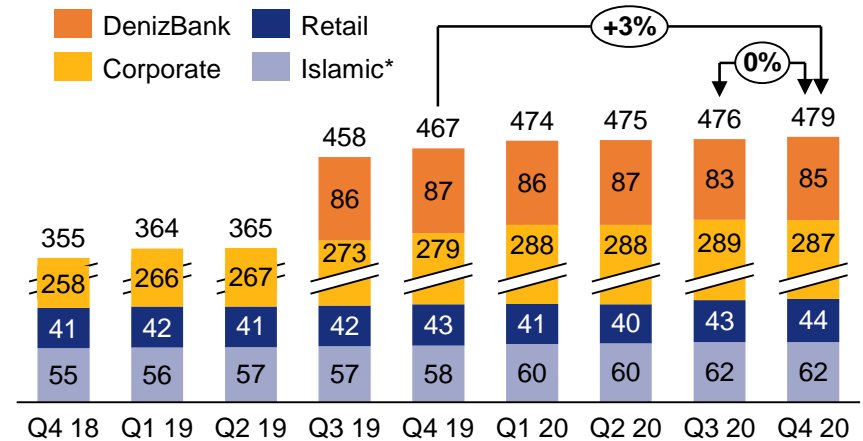
*Including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

Loan and deposit trends

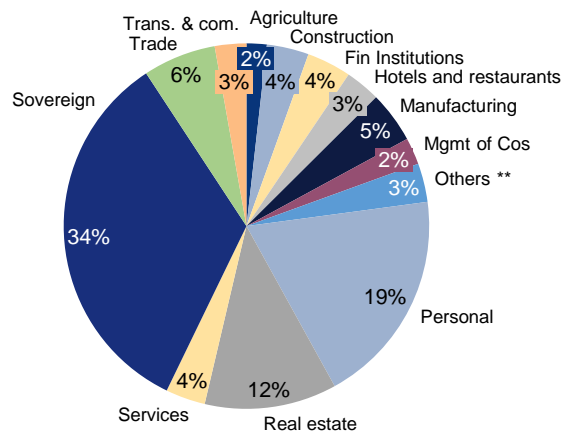
Highlights

- Gross loans grew 3% in 2020 mainly from Corporate and Islamic financing
- Corporate lending grew 3% during 2020 mainly in manufacturing, transport and communication, real estate and financial institutions sectors
- Retail lending grew 4% during 2020 mainly in personal loans and mortgages due to improved volumes post Covid-19 impact
- Islamic financing grew 7% from during 2020 across a range of sectors
- DenizBank gross loans and deposits up 20% and 8% respectively in local currency terms and down 2% and 14% respectively in AED terms due to 25% decline in Turkish lira during 2020
- Deposit mix continues to improve with AED 36bn increase in CASA replacing AED 31bn of more expensive Fixed Deposits
- CASA deposits represent 52% of total Group level deposits
- Domestic CASA engine remains strong at 60%

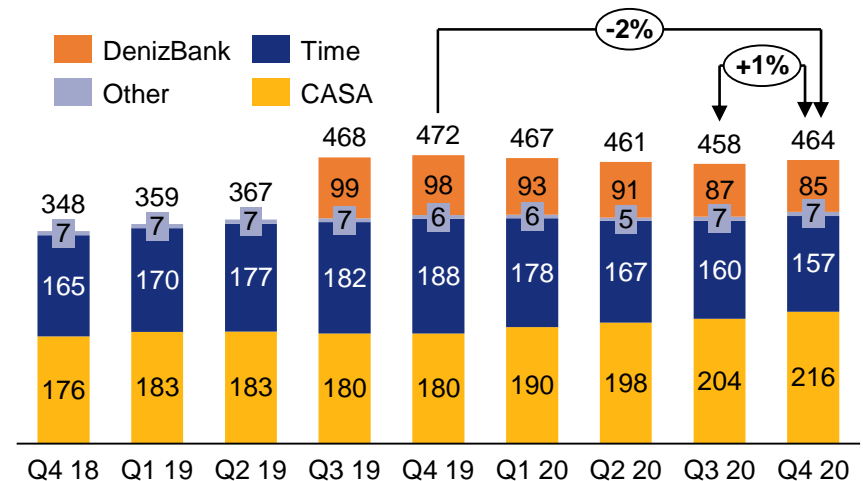
Trend in Gross Loans by Type (AED billion)



Total Gross Loans by Sector



Trend in Deposits by Type (AED billion)



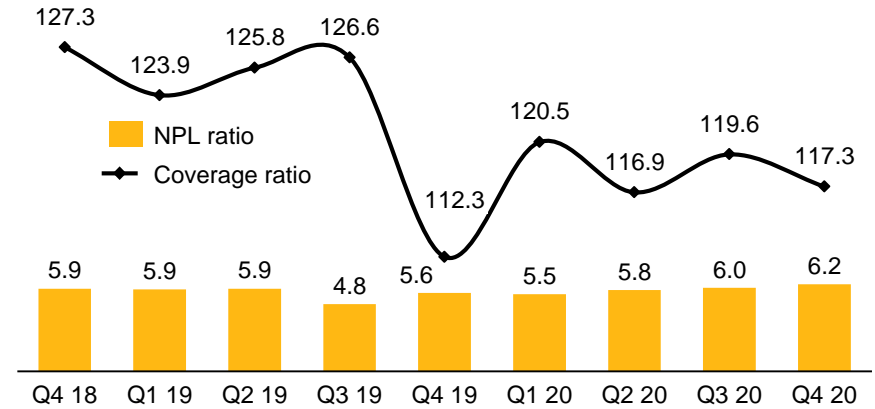
* Gross Islamic Financing Net of Deferred Income

Credit quality

Highlights

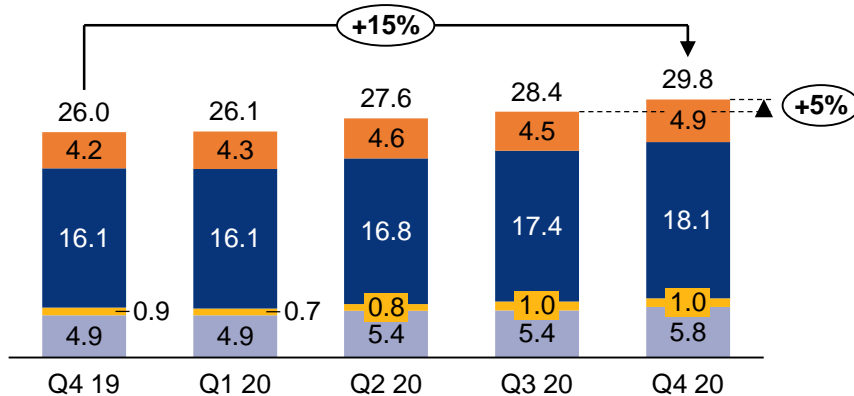
- NPL ratio increased 20 bps to 6.2% in Q4-20
- Coverage ratio at 117.3% remains strong
- 2020 cost of risk increased to 163 bps (383 bps for DenizBank and 114 bps Emirates NBD) from 117 bps in 2019 reflecting weaker credit environment impact from Covid-19
- AED 585m of write backs and recoveries in 2020 compared to AED 1,521m in 2019
- Stage 1 and 2 ECL allowances amount to AED 10.3bn or 2.6% of CRWA
- Full impact of Covid-19 impact on credit quality not expected to be fully evident until future periods

Impaired Loan & Coverage Ratios (%)

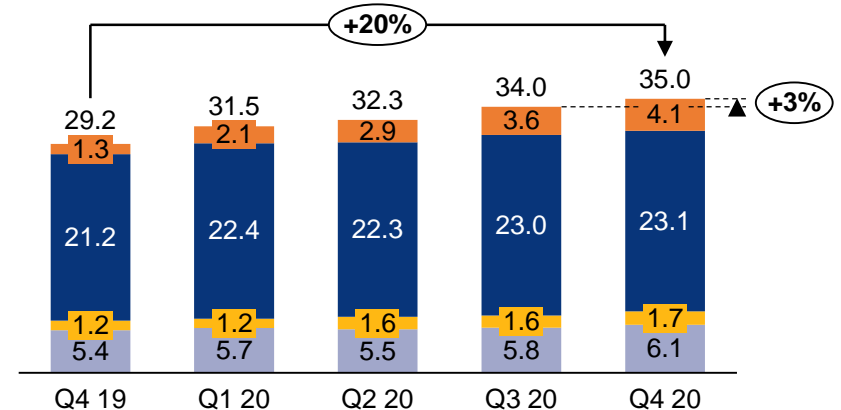


Impaired Loans and Impairment Allowances (AED billion)

Impaired Loans*



Impairment Allowances



DenizBank Core Corporate Retail Islamic

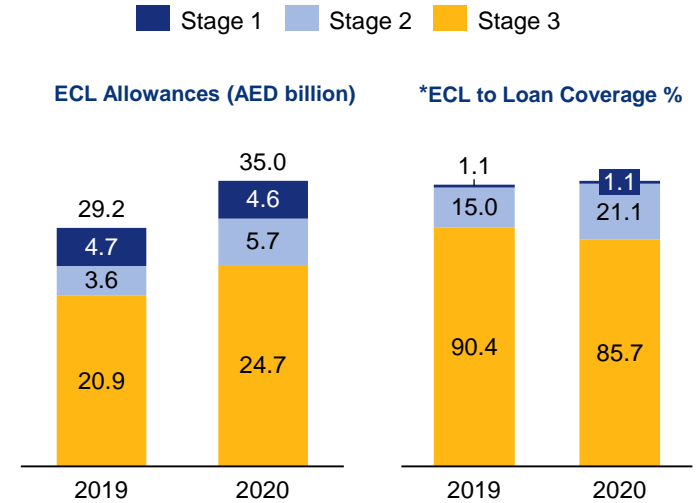
*Includes purchase originated credit impaired loans of AED 2.1bn (Dec-19: AED 3bn) acquired at fair value

Impairment allowances and Stage 1, 2 and 3 Coverage

Highlights

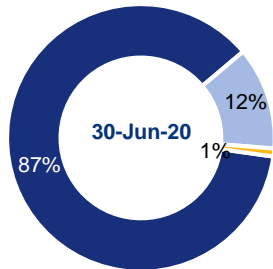
- Stage 1 coverage ratio maintained at healthy 1.1% in 2020 with AED 4.6bn of Stage 1 impairment allowances
- Stage 2 coverage ratio improved to 21.1% in 2020 from 15% at end 2019 as Stage 2 impairment allowances increased to AED 5.7bn
- Continued strong Stage 3 coverage ratio at 86% after NPL ratio increased to 6.2% from 5.6%
- The Bank has supported 103,094 customers with AED 9.2 billion of deferrals, of which AED 4.0 billion has been repaid, resulting in a net support of AED 5.2 billion as at 31 December 2020
- Exposure at default transition analysis shows modest deterioration in credit quality of customers receiving forbearance

Impairment allowances and Coverage %

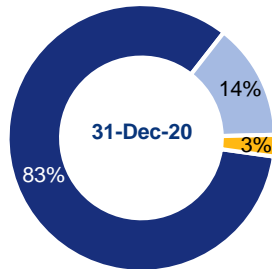


UAE Customers receiving payment deferrals

Exposure at Default AED 53bn



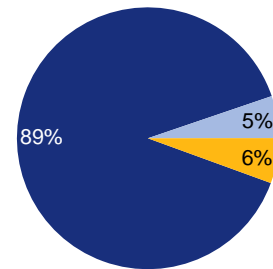
Exposure at Default AED 54bn



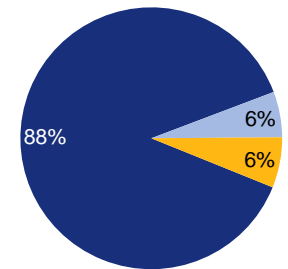
■ Stage 1 ■ Stage 2 ■ Stage 3

Total Gross Loans

2019 (AED 467bn)



2020 (AED 479bn)



■ Stage 1 ■ Stage 2 ■ Stage 3

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

Non-funded income

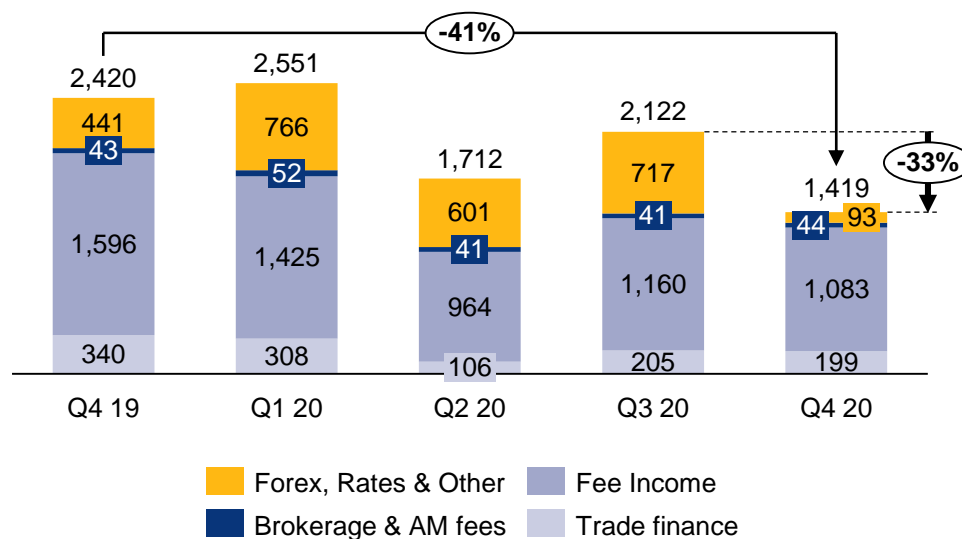
Highlights

- YTD core gross income declined 2% y-o-y on account of lower transactional activity from the Covid-19 impact offsetting the increase from full year inclusion of DenizBank
- Q4-20 core gross income down 33% q-o-q due to the sharp rise in interest rates in Turkey, while fee income still up 12% on the Q2-20 low point
- Investment securities income declined 125% y-o-y mainly due to mark to market valuation on the investment portfolio
- FY-20 total non-funded income declined 8% y-o-y due to lower core gross income amid the adverse impact of Covid-19

Composition of Non-Funded Income (AED million)

AED million	FY 2020	FY 2019	Better / (Worse)
Core gross income	7,804	7,993	(2)%
Fees & commission expense	(1,972)	(1,863)	(6)%
Core income	5,833	6,130	(5)%
Property income / (loss)	(68)	(59)	(16)%
Investment securities & other income	(40)	160	(125)%
Total Non-Funded Income	5,724	6,231	(8)%

Trend in Core Gross Income (AED million)

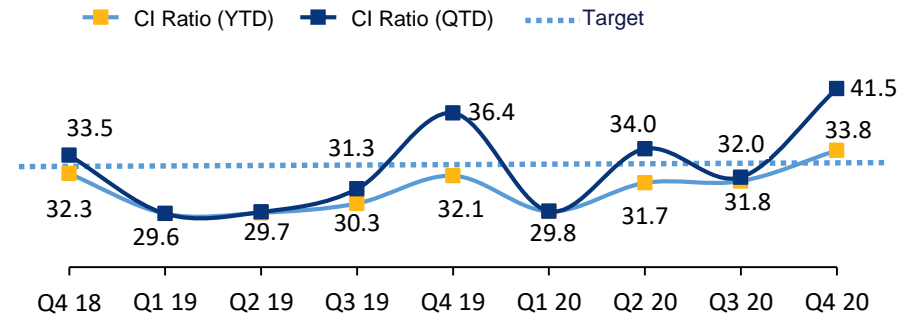


Operating costs

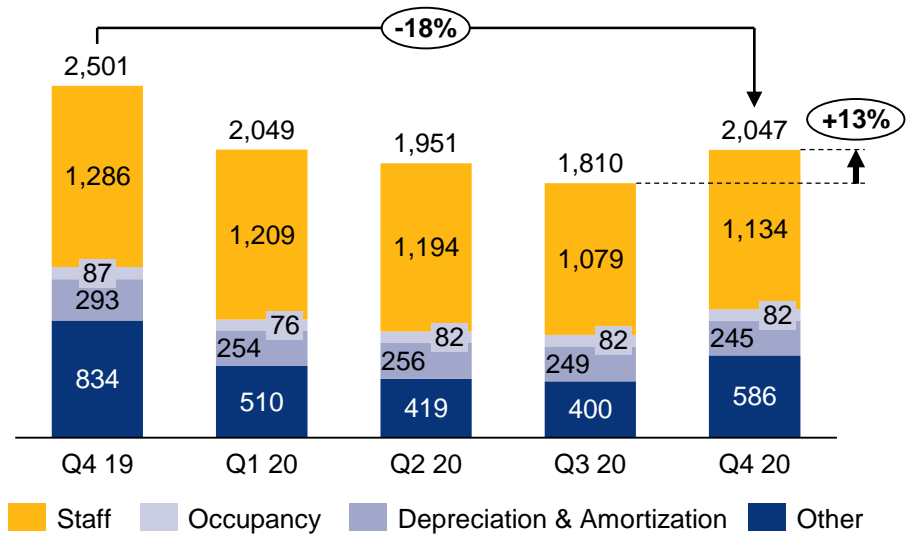
Highlights

- Q4-20 costs y-o-y improved 18% on lower staff and operating expenses, and lower costs from DenizBank
- Q4-20 costs q-o-q up 13% due to completion of cost management initiatives, and digital and marketing investment
- FY-20 costs increased 9% y-o-y due to full year inclusion of DenizBank and improved 6% y-o-y excluding DenizBank after management actions during 2020 in response to Covid-19 and lower income
- The year-to-date cost to income ratio of 33.8% in Q4-20 is broadly in line with the guidance, with increase in cost to income ratio reflecting reduced income, partially offset by management cost actions

Cost to Income Ratio (%)



Cost Composition (AED million)

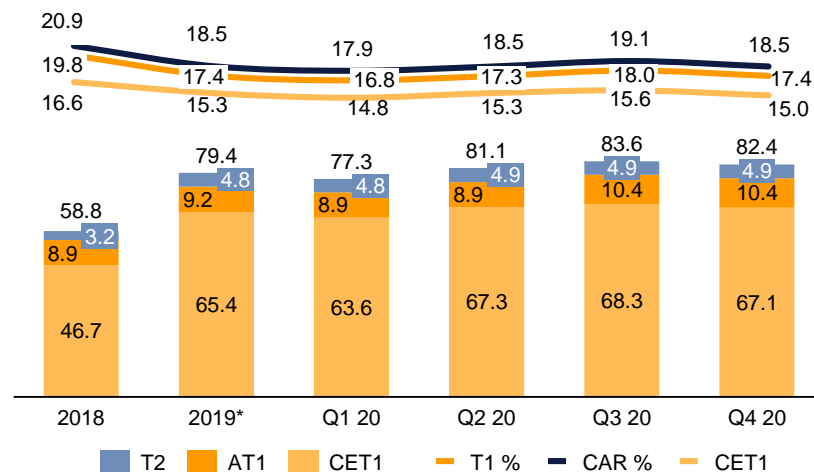


Capital adequacy

Highlights

- In Q4-20, Capital ratios declined by 0.6% due to allowance for 2020 Proposed Dividend
- AED 1.3 billion increase in retained earnings in Q4-20 offset the 2% increase in RWAs
- Capital ratios increased between 0.3-0.6% during 2020 after adjusting 2019 capital ratios for the 2019 dividend
- Capital ratios remain above 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 (1.5% CCB and 1.5% D-SIB)
- ECL add-back of AED 2 billion improved Q4-20 capital ratios by 0.5%

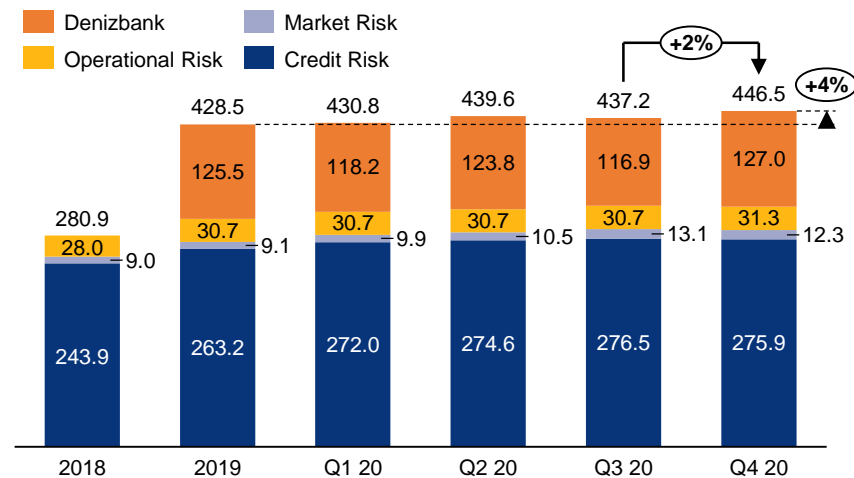
Capitalisation



Capital Movements

AED billion	CET1	Tier 1	Tier 2	Total
Capital as at 31-Dec-2019	65.4	74.6	4.8	79.4
Net profits generated	7.0	7.0	-	7.0
2019 Dividend	(2.5)	(2.5)	-	(2.5)
2020 Proposed Dividend	(2.5)	(2.5)	-	(2.5)
T1 Issuance	-	2.7	-	2.7
Repayment of T1 Instruments	-	(1.8)	-	(1.8)
Interest on T1 securities	(0.7)	(0.7)	-	(0.7)
ECL add-back	2.0	2.0	-	2.0
Other	(1.6)	(1.3)	0.1	(1.2)
Capital as at 31-Dec-2020	67.1	77.5	4.9	82.4

Risk Weighted Assets (AED billion)



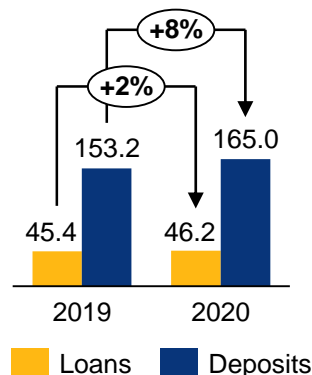
*2019 CET1, Tier 1 and CAR adjusted for 2019 dividends are 14.7%, 16.8% and 17.9% respectively

Divisional performance (Excluding DenizBank)

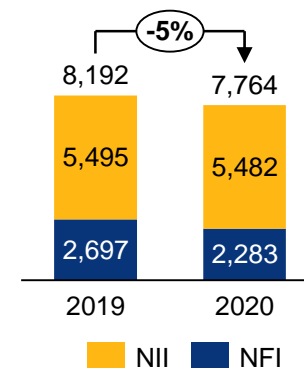
Retail Banking & Wealth Management

- RBWM income declined 5% y-o-y due to lower fee income as volumes were impacted by Covid-19, whilst net interest income maintained 2019 levels
- Liabilities grew 8% backed by customer campaigns and customer advances were up 2% compared to 2019
- YTD Cost to income ratio improved to 26.4% from 27.8% y-o-y
- Relief measures rolled out for customers to minimize the impact of ongoing Covid-19 pandemic
- E20., the digital business bank was launched, enabling start-ups, entrepreneurs and SMEs to manage their banking needs conveniently through a mobile app

Balance Sheet Trends AED billion



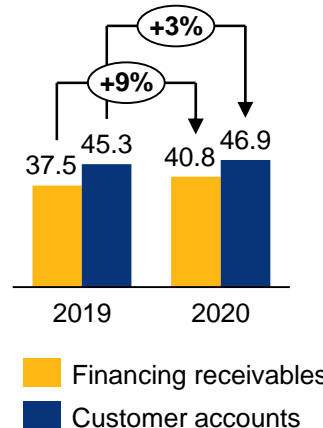
Income Trends AED million



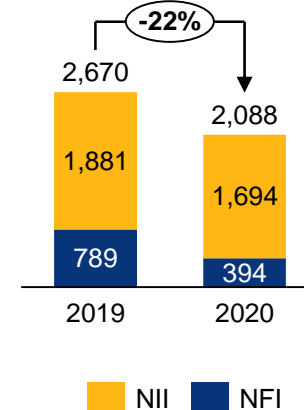
Emirates Islamic

- EI total income declined 22% y-o-y due to the impact from Covid-19 on business activity and investment revaluations
- Total assets at AED 70.6bn, increased by 9% at the end of 2020
- Financing and Investing Receivables up 9% to AED 40.8bn in 2020
- Customer accounts at AED 46.9bn increased by 3% during the year
- CASA balances represented 69% of customer accounts compared to 63% at the end of 2019
- EI successfully issued a benchmark five-year Sukuk in Q3, further improving the liquidity profile of the Bank

Balance Sheet Trends AED billion



Income Trends AED million

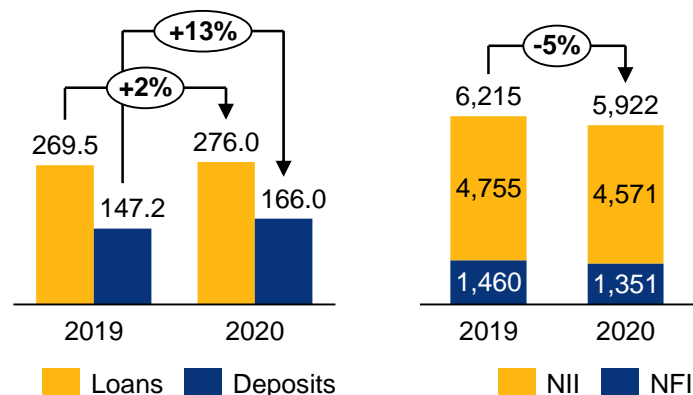


Divisional performance (Excluding DenizBank)

Corporate and Institutional Banking

- CIB income was down 5% y-o-y due to a 4% decline in net interest income on lower interest rates that was partially offset by lending growth
- Non-funded income declined 7% y-o-y as higher investment banking activity partially offset lower lending fee and trade commission income
- The division continued to invest in digitization programmes and technology to enhance the Transaction Banking Services product offering
- Loans grew 2% during the year with stable momentum in lending activity as the division continues to provide support to customers affected by Covid-19
- Deposits grew 13% with continued focus on growing CASA balances reflecting the Group's aim to reduce the average cost of funding while maintaining liquidity at an optimum level

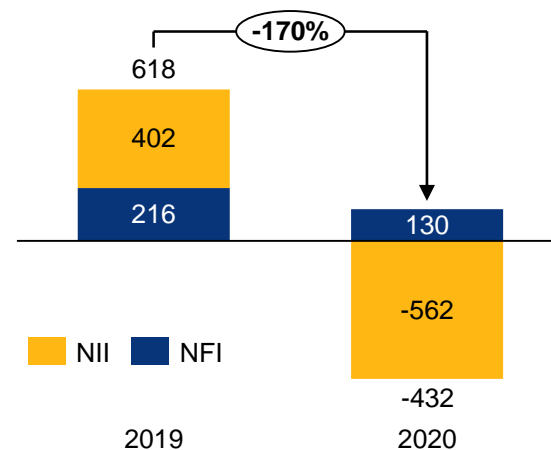
Balance Sheet Trends AED billion Income Trends AED million



Global Markets & Treasury

- GM&T income declined 170% y-o-y primarily due to the decrease in net interest income on account of lower interest rates. NFI declined 40% y-o-y
- Trading and Sales desks continued to deliver a solid performance despite significant market volatility with credit trading revenue growing by 58% in 2020
- Group Funding helped raise AED 18.4bn of term funding in seven currencies through three benchmark senior public bond issues including a successful benchmark Sukuk by Emirates Islamic and AED 13.0bn of private placements with maturities out to 30 years

Income Trends AED million



DenizBank Business Overview



Business Overview

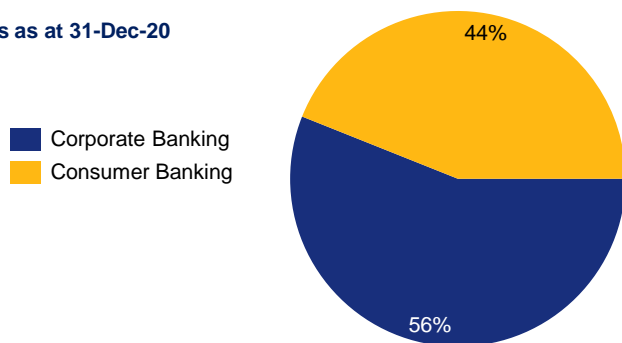
- DenizBank contributed total income of AED 1,346m and net profit of AED 130m to the Group for Q4-20
- DenizBank contributed total income of AED 7,257m and net profit of AED 1,369m to the Group in 2020
- 2020 net cost of risk of 383 bps compared to 411 bps in 2019
- Total assets of AED 131bn, net loans of AED 81bn and deposits of AED 85bn at the end of Q4-20
- DenizBank is the fifth largest private bank in Turkey with a wide presence through a network of 730 branches and over 3,100 ATMs
- Operates with 695 branches in Turkey and 35 in other territories (Austria, Germany, Bahrain)
- Servicing around 14m customers with full services of Corporate banking, Retail banking and Treasury, through 14,000+ employees

Financial Highlights

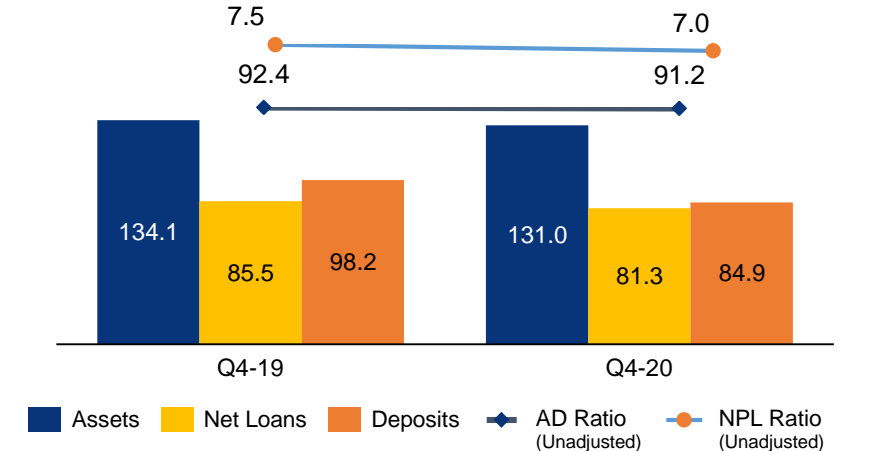
AED million**	Q4-20	Q4-19	Better / (Worse)	FY-20	Aug-Dec 2019
Net interest income	1,323	1,665	(21)%	5,667	2,534
Non-funded income	23	721	(97)%	1,590	1,109
Total income	1,346	2,386	(44)%	7,257	3,643
Operating expenses	(552)	(833)	34%	(2,266)	(1,247)
Pre-impairment operating profit	794	1,553	(49)%	4,991	2,395
Impairment allowances	(721)	(924)	22%	(3,348)	(1,532)
Operating profit	73	629	(88)%	1,643	863
Taxation charge	57	(218)	126%	(274)	(254)
Net profit	130	411	(68)%	1,369	609
Cost: income ratio	41.0%	34.9%	(6.1)%	31.2%	34.2%
Net interest margin	4.27%	5.04%	(0.77)%	4.47%	4.64%

Segment breakdown

Net Loans as at 31-Dec-20



Financial Highlights (AED billion**)



All financial numbers post acquisition (1-Aug-19) include the fair value adjustments, unless otherwise stated.
 **Metrics converted to AED using spot / average exchange rate for balance sheet / income statement



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