

Emirates NBD

Investor Presentation



Important Information

Disclaimer

The material in this presentation is general background information about Emirates NBD's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take in to account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

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Forward Looking Statements

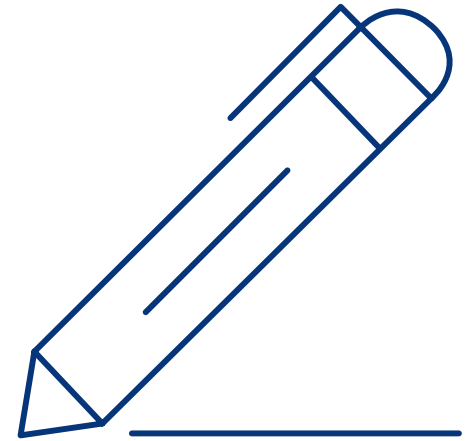
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- 1. Emirates NBD Profile**
- 2. Financial & Operating Performance**
- 3. Economic Environment**
- 4. Divisional Performance**



Emirates NBD at a glance.

Leaders in the Region.

Market share in the UAE*

- Assets 18.5%; Loans 21.7%; Deposits 20.8%
- **Largest financial institution in Dubai**, 3rd largest in the GCC
- **Leading retail banking franchise** with a branch network of around 1,000 branches throughout the MENAT region with operations in 13 countries
- **Leader in digital banking:** 6th best banking app worldwide with expanding customer acquisition
- **Fully fledged diversified financial offering** covering a full range of services in Wholesale Banking, Retail Banking, Private Banking, Islamic Banking and Asset Management
- **55.8%** indirectly owned by the Government of Dubai through its investment arm (Investment Corporation of Dubai)

International Presence.



- Branch
- Rep office
- Egypt (77 branches)
- Turkey (749 branches - incl. 44 in other territories)

Emirates NBD at a glance.

Credit Ratings.

The Bank has stable long-term credit ratings

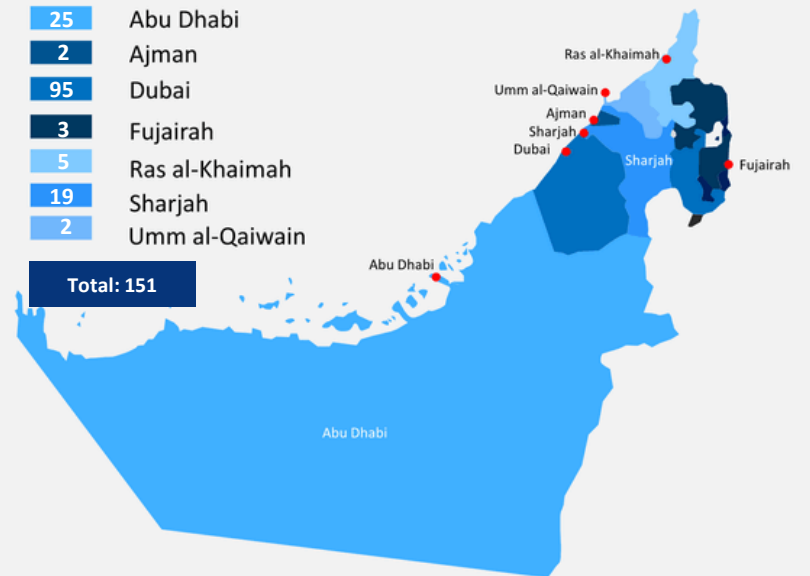
FitchRatings

MOODY'S

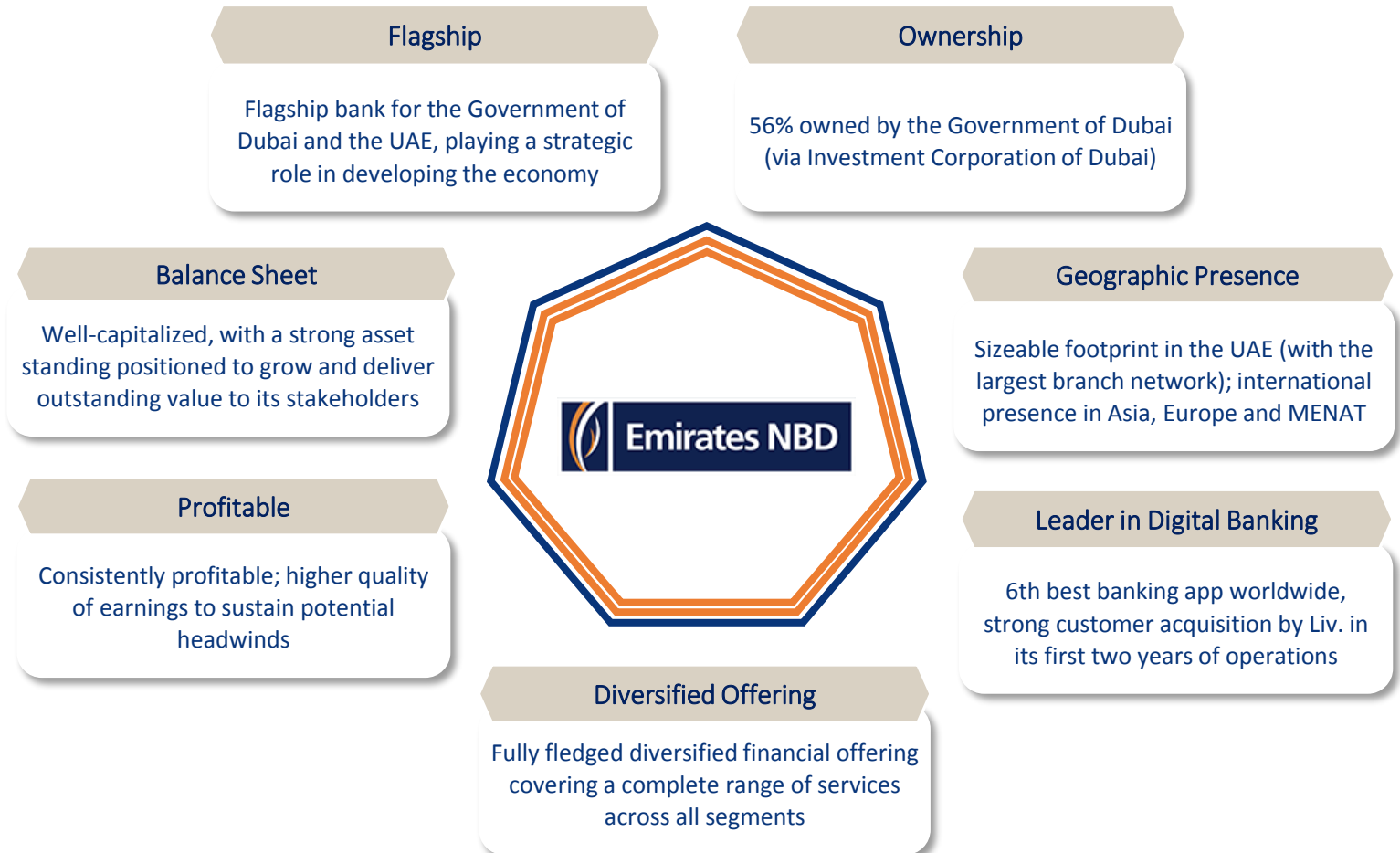
CAPITAL INTELLIGENCE

Long Term/Short Term	Outlook	Most Recent Rating Action
A+ / F1	Stable	Ratings Affirmed (04-Feb-2019)
A3 / P-2	Stable	Ratings Affirmed (23-May-18)
A+ / A1	Stable	Ratings Affirmed (09-Oct-2018)

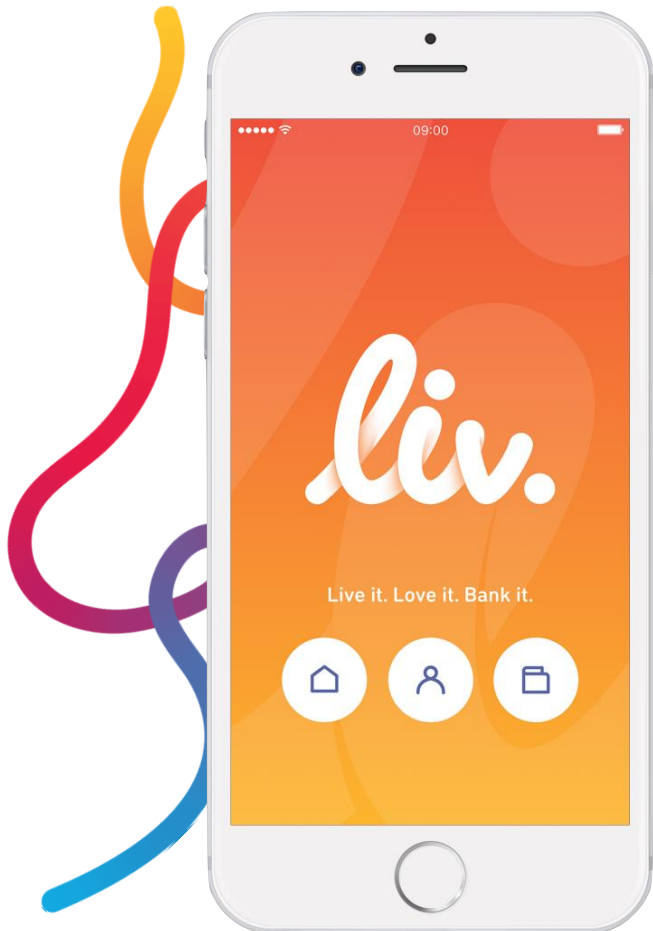
Largest Branch Network in the UAE.



Key Strengths



Digital lifestyle banking continuing innovation



Recent Launches

Liv. Sure, Smartphone insurance – a range of insurance products for millennials

Olivia, a Millennial chatbot – a conversational AI (artificial intelligence) based chatbot

Goal accounts – multiple goal based saving options for the customers

Key Achievements

Fastest growing retail bank in the UAE with more than 10,000 customers added to the network per month

Expanded its range of services to over 20 countries with capabilities like international transfers

Crossed the 250,000 customer mark within two years of commencing operations

Strong customer engagement with an average of 14 logins per customer per month

Highest rated amongst all banking applications with a Google Play Store rating of 4.6 out of 5

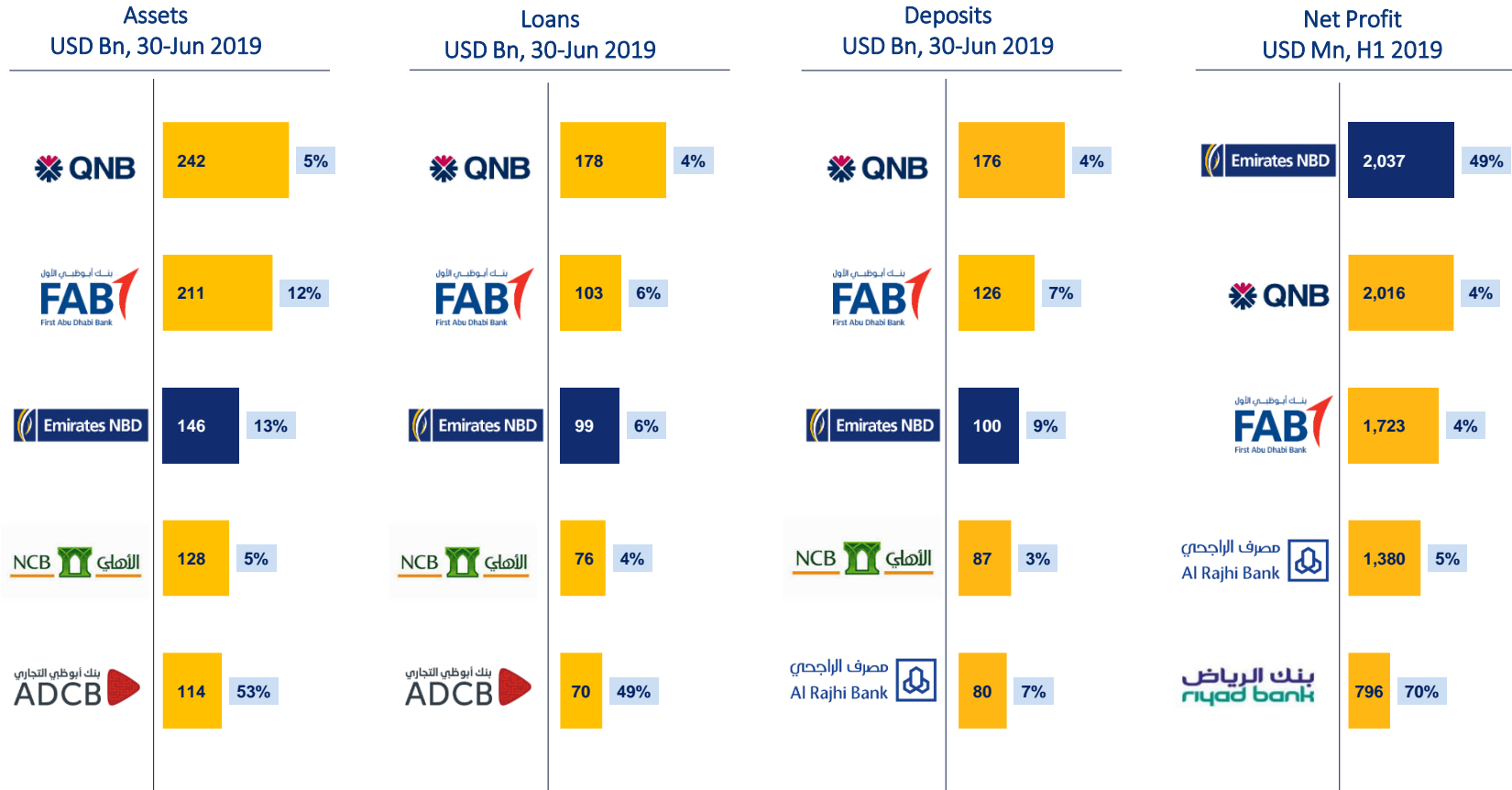
Direct Remit – an innovative remittance service

- Allows customers to do instant money transfers to their home country for free
- Direct Remit transaction can be initiated via Online Banking, Mobile Banking and selected ATMs
- Direct Remit option is currently available for the following countries in INR, PHP, PKR, EGP, LKR and GBP
- Unlimited number of Direct Remit transactions for free with a minimum of AED 100 in their respective home currency
- All Direct Remit transfers are subjected to strict compliance controls and regulatory reviews as part of transaction screening to ensure adherence with global payment screening standards
- In Jan-May 2019, Direct Remit represented over 90% of all individual transfers done by Emirates NBD customers and has started disrupting legacy money transfer services via exchange houses in the UAE, with an estimated 4% market share



Emirates NBD is one of the largest banks in the GCC

% June 2019 vs. June 2018



Emirates NBD is one of the largest banks in the GCC

CET 1 ratio
30-Jun 2019



CAR ratio
30-Jun 2019



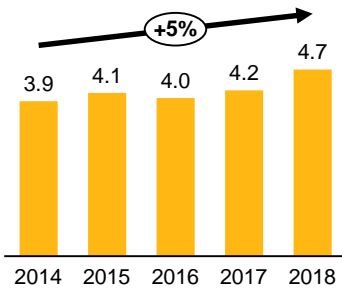
Coverage ratio
30-Jun 2019



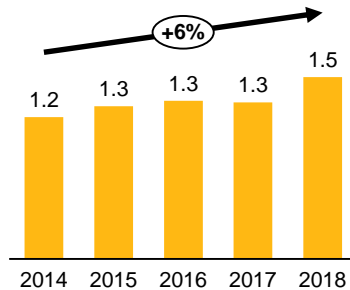
Profit and balance sheet growth in recent years

Revenues and Costs (USD Bn)

Revenues

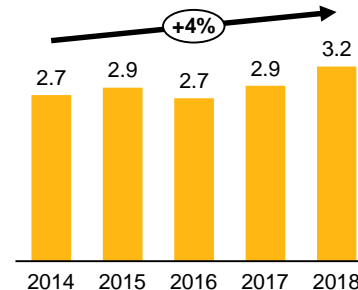


Costs

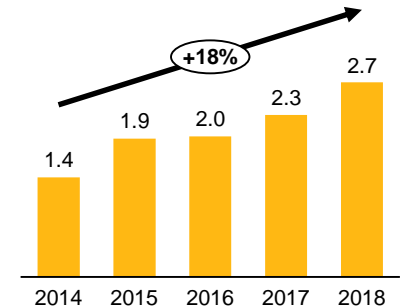


Profits (USD Bn)

Pre-Provision Operating Profits

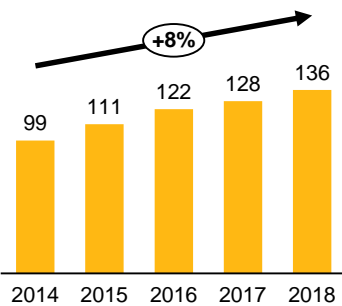


Net Profits

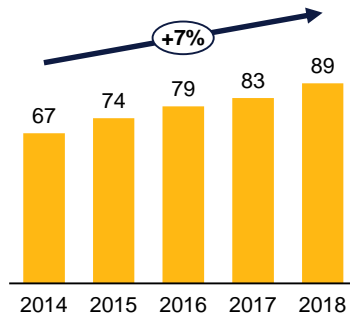


Assets and Loans (USD Bn)

Assets

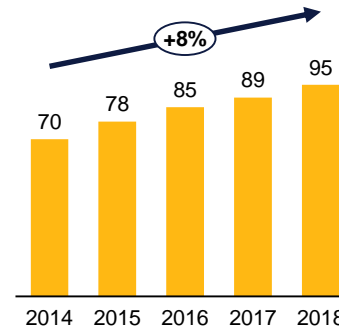


Loans

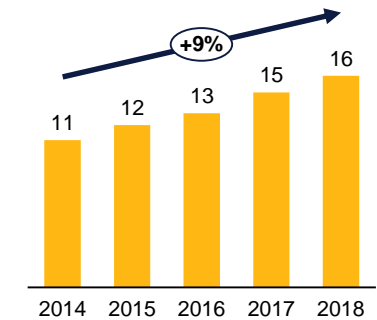


Deposits and Equity (USD Bn)

Deposits



Equity



Emirates NBD delivered a strong set of results in H1-19

Key Metrics		2019 Macro themes	
		H1 2019	2019 Guidance
Profit	Net Profit	USD 2.0 Bn +49% y-o-y	
	NIM	2.77%	2.75-2.85%
	Cost to income	29.7%	33%
Credit Quality	NPL	5.9%	Stable
	Coverage	125.8%	✓
Capital	CET 1	17.4%	
	Tier 1	20.4%	
	CAR	21.5%	
Liquidity	AD Ratio	92.1%	90-100%
	LCR Ratio	188.8%	
Assets	Loan Growth	3.0%	mid-single digit

Regional	Global
<div style="text-align: center; font-size: 2em; margin-bottom: 10px;">+</div> <ul style="list-style-type: none"> • GCC growth supported by stable oil production 	<div style="text-align: center; font-size: 2em; margin-bottom: 10px;">+</div> <ul style="list-style-type: none"> • Slowing but still growing US economy • Positive outlook on Emerging Markets
<div style="text-align: center; font-size: 2em; margin-bottom: 10px;">-</div> <ul style="list-style-type: none"> • Geo-politics • Softening UAE real estate prices 	<div style="text-align: center; font-size: 2em; margin-bottom: 10px;">-</div> <ul style="list-style-type: none"> • Impact of US-China trade war on markets • Brexit uncertainty

H1-19 Financial results highlights

Highlights

- Net profit of USD 2,039 Mn for H1-19 increased 49% y-o-y and 49% over the preceding half year
- The results include a gain on disposal of a stake in Network International of USD 0.6 billion
- Core Operating Profit grew 8% y-o-y supported by strong asset growth and higher fee income
- Net interest income improved 10% y-o-y and 3% compared to H2-18 on asset growth that more than offset a small decline in net interest margin
- Non-interest income advanced 20% y-o-y and 17% over H2-18 due to higher foreign exchange revenue and increased investment banking activity
- Costs increased 7% y-o-y due to a rise in staff costs relating to international expansion, digital and technology
- Provisions of USD 334 Mn increased 62% y-o-y as the net cost or risk increased to an annualized 82 bps. USD 144 Mn of write backs and recoveries in H1-19
- NPL ratio stable at 5.9%.
- LCR of 188.8% and AD ratio of 92.1% demonstrates the Group's healthy liquidity position

Key performance indicators

USD Mn	H1-19	H1-18	Better / (Worse)	H2-18	Better / (Worse)
Net interest income	1,867	1,697	10%	1,814	3%
Non-interest income	729	605	20%	625	17%
Total income	2,596	2,303	13%	2,439	6%
Operating expenses	(770)	(721)	(7%)	(810)	5%
Pre-impairment operating profit	1,826	1,582	15%	1,629	12%
Impairment allowances	(334)	(206)	(62%)	(271)	(24%)
Operating profit	1,492	1,376	8%	1,358	10%
Gain on disposal of stake in jointly controlled entity	563	0	100%	0	100%
Share of profits from associates	3	13	(76%)	24	(86%)
Taxation charge	(19)	(22)	15%	(13)	(49%)
Net profit	2,039	1,367	49%	1,369	49%
Cost: income ratio	29.7%	31.3%	1.6%	33.2%	3.5%
Net interest margin	2.77%	2.78%	(0.01%)	2.86%	(0.09%)
USD Bn	30-Jun 2019	30-Jun 2018	%	31-Dec 2018	%
Total assets	146.5	130.1	13%	136.3	7%
Loans	92.0	86.2	7%	89.3	3%
Deposits	99.9	91.3	9%	94.8	5%
AD ratio (%)	92.1%	94.4%	2.3%	94.3%	2.2%
NPL ratio (%)	5.9%	6.0%	0.1%	5.9%	0.0%

Q2-19 Financial results highlights

Highlights

- Net profit of USD 1,291 Mn for Q2-19 increased 80% y-o-y and 73% q-o-q
- The results include a gain on disposal of a stake in Network International of USD 0.6 billion
- Core Operating Profit grew 2% year-on-year, supported by strong asset growth and higher fee income
- Net interest income improved 6% y-o-y and 2% q-o-q on asset growth that more than offset a decline in net interest margin
- Non-interest income advanced 23% y-o-y and 3% q-o-q due to higher foreign exchange revenue coupled with increased investment banking activity
- Costs increased 4% y-o-y and 2% q-o-q due to a rise in staff costs relating to international expansion, digital and technology
- Provisions of USD 179 Mn were 108% higher y-o-y and increased 15% q-o-q. The coverage ratio strengthened to 125.8%
- USD 54 Mn of write backs and recoveries in Q2-19

Key performance indicators

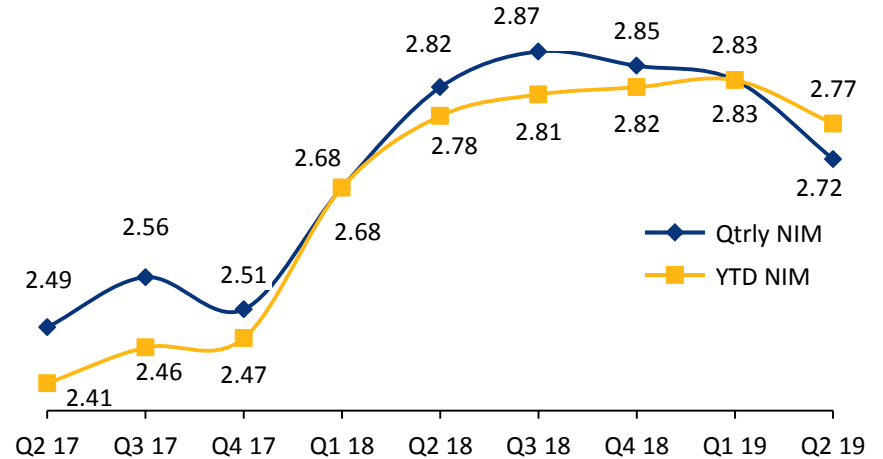
USD Mn	Q2-19	Q2-18	Better / (Worse)	Q1-19	Better / (Worse)
Net interest income	941	884	6%	926	2%
Non-interest income	370	301	23%	359	3%
Total income	1,311	1,185	11%	1,285	2%
Operating expenses	(390)	(373)	(4%)	(381)	(2%)
Pre-impairment operating profit	921	811	14%	905	2%
Impairment allowances	(179)	(86)	(108%)	(155)	(15%)
Operating profit	742	726	2%	749	(1%)
Gain on disposal of stake in jointly controlled entity	563	0	100%	0	100%
Share of profits from associates	(4)	5	(185%)	7	(156%)
Taxation charge	(10)	(14)	28%	(9)	(6%)
Net profit	1,291	717	80%	747	73%
Cost: income ratio	29.7%	31.5%	1.8%	29.6%	(0.1%)
Net interest margin	2.72%	2.82%	(0.10%)	2.83%	(0.11%)
USD Bn	30-Jun 2019	31-Dec 2018	%	31-Mar 2019	%
Total assets	146.5	136.3	7%	143.3	2%
Loans	92.0	89.3	3%	92.0	0%
Deposits	99.9	94.8	5%	97.9	2%
AD ratio (%)	92.1%	94.3%	2.2%	94.0%	1.9%
NPL ratio (%)	5.9%	5.9%	0.0%	5.9%	0.0%

Net interest income

Highlights

- NIMS have followed a similar pattern to short term interest rates, rising during 2018 as the US Fed increased rates, before declining to 2.77% in 2019. NIM in H1-2019 is 1 basis point lower than in 2018
- Q2-19 NIM of 2.72% declined 11 bps q-o-q which more than offset a rise in income from investments and bank placements
- Loan yields improved 31 bps y-o-y and declined 23 bps q-o-q due to moves in short term interest rates
- Deposit costs increased 43 bps y-o-y and 5 bps q-o-q due to a change in CASA - Fixed Deposit mix and short term interest rates
- NIM guidance of 2.75-2.85% unchanged, despite market uncertainty on next rate move, as Bank can retire more expensive forms of funding

Net Interest Margin (%)

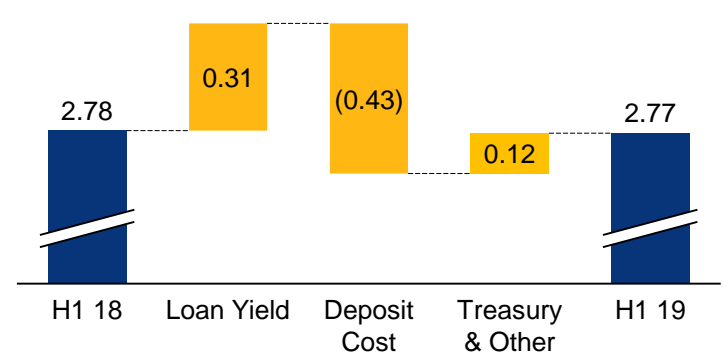


Net Interest Margin Drivers (%)

Q2-19 vs. Q1-19



H1-19 vs. H1-18

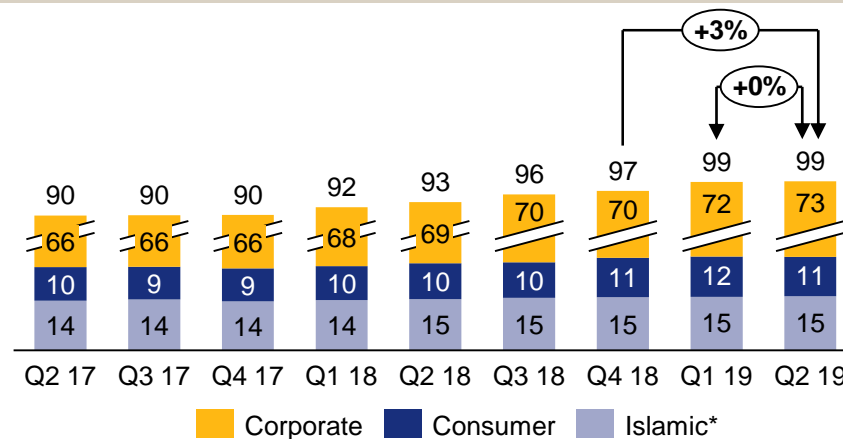


Loan and deposit trends

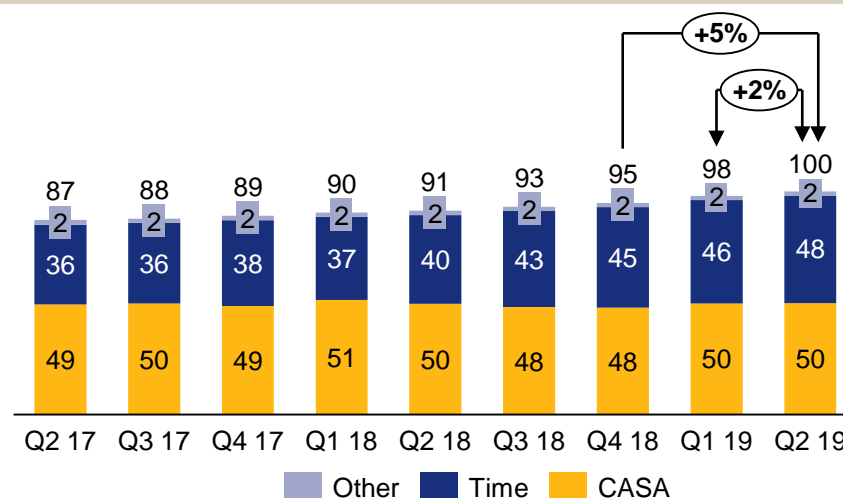
Highlights

- Gross loans grew 3% in H1-19 with growth across all operating segments
- Corporate lending grew 3% in H1-19 due to growth in manufacturing, services and real estate sectors
- Consumer lending remained unchanged in H1-19
- Islamic financing grew 2% in H1-19 due to growth in manufacturing, personal, and real estate sectors
- Deposits grew 5% in H1-19 with CASA balances advancing by 4% and fixed deposits increasing by 7%
- CASA deposits represent 50% of total deposits, compared with 51% at the end of 2018

Trend in Gross Loans by Type (USD Bn)



Trend in Deposits by Type (USD Bn)



Non-interest income

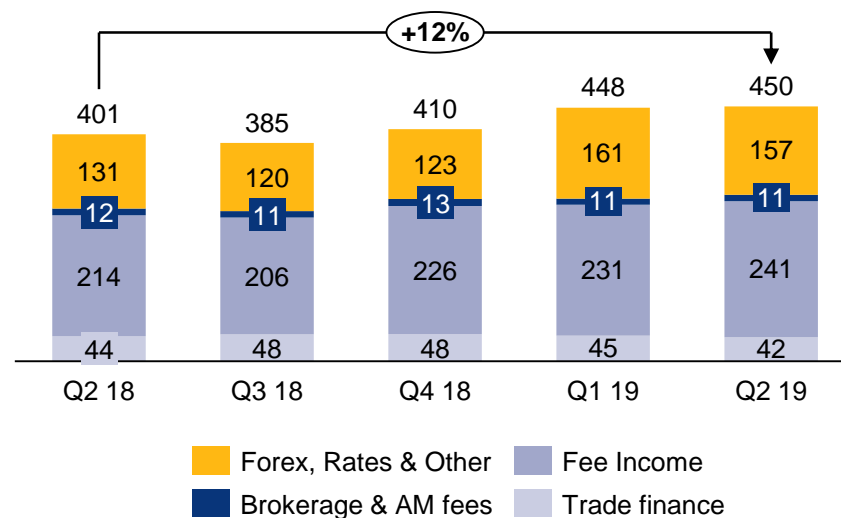
Highlights

- Core fee income increased by 10% y-o-y on the back of higher foreign exchange income generated by the Trading and ALM desks
- Fee income also improved due to higher volume of card transactions and increased Investment Banking income
- Investment Securities Income improved y-o-y due to impairment provision on a private equity investment in 2018
- Total non-interest income advanced 23% y-o-y on higher core fee income and lower impairment on investment securities

Composition of Non Interest Income (USD Mn)

USD Mn	Q2-2019	Q2-2018	Better / (Worse)	Q1-2019	Better / (Worse)
Core gross fee income	450	401	12%	448	1%
Fees & commission expense	(93)	(77)	(20%)	(86)	(9%)
Core fee income	357	323	10%	362	(1%)
Property income / (loss)	4	3	32%	(22)	117%
Investment securities & other income	10	(26)	137%	18	(47%)
Total Non Interest Income	370	301	23%	359	3%

Trend in Core Gross Fee Income (USD Mn)

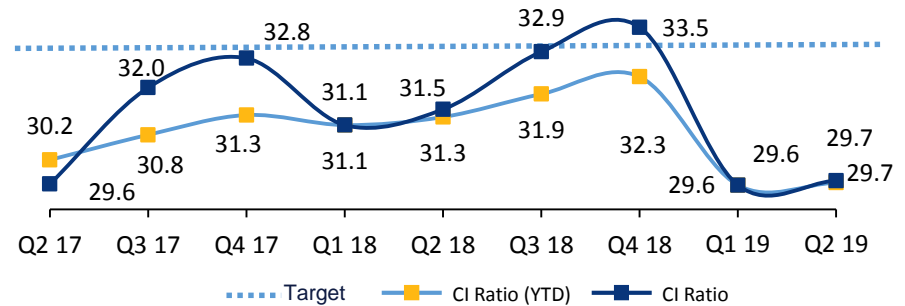


Operating costs and efficiency

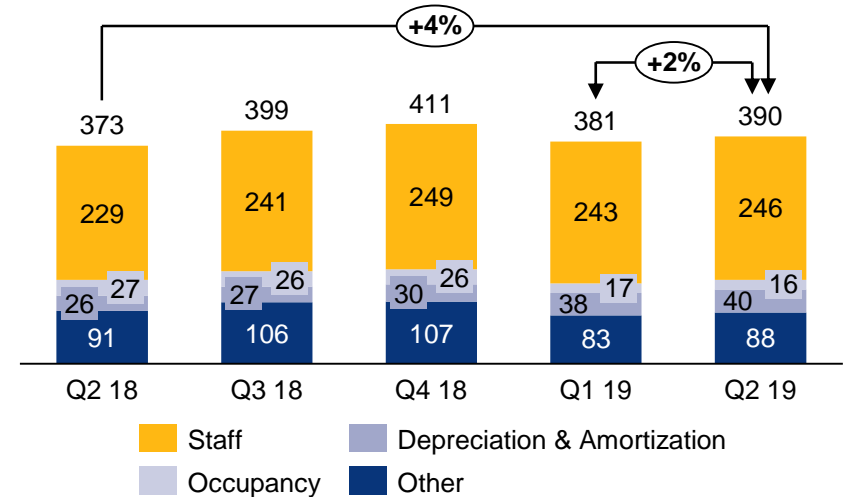
Highlights

- Q2-19 costs were USD 390 Mn, a 2% q-o-q and 4% y-o-y increase due to a rise in staff costs relating to international expansion, digital and technology
- Other Costs are lower y-o-y as higher telecommunication costs were more than offset by lower consultancy costs
- The cost to income ratio at 29.7%, remains within guidance of 33% and gives headroom to invest selectively to support future growth

Cost to Income Ratio (%)



Cost Composition (USD Mn)

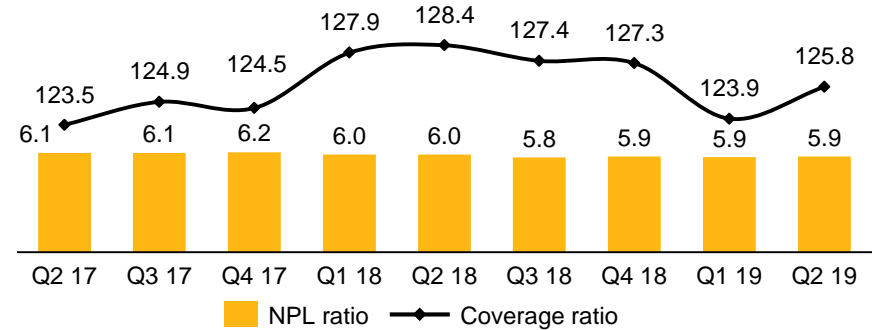


Credit quality

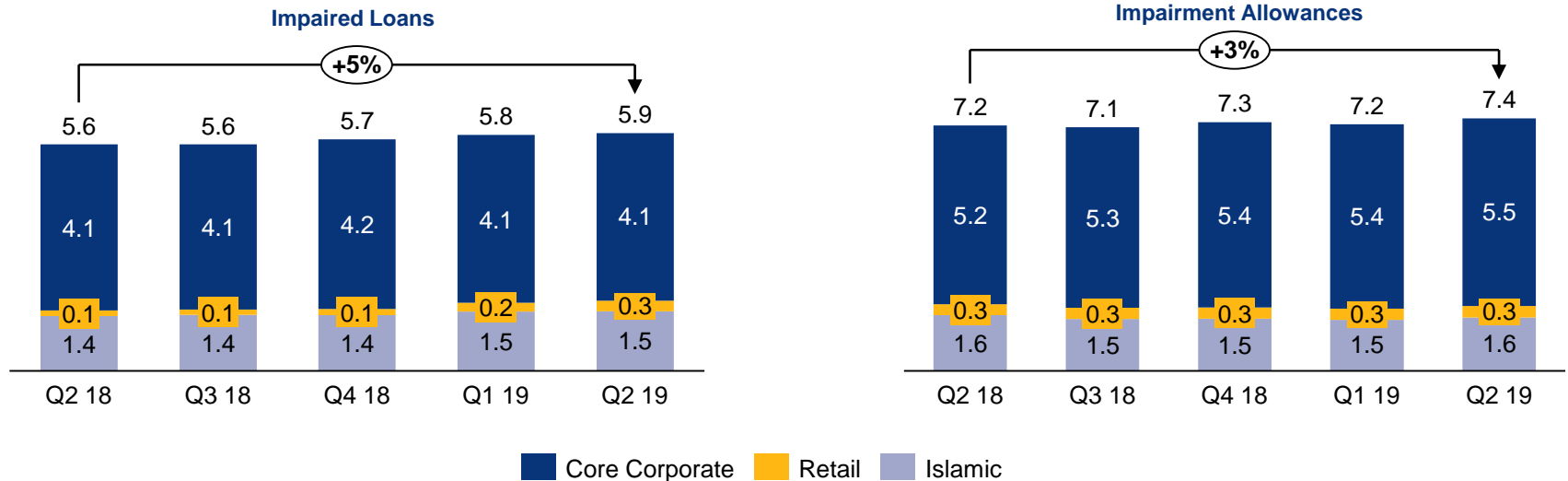
Highlights

- NPL ratio stable to 5.9% in H1-19
- H1-19 cost of risk increased to 82 bps from 63bp in 2018 on higher net impairment charge of USD 334 Mn
- USD 144 Mn of write backs & recoveries in H1-19
- The coverage ratio strengthened to 125.8%
- Stage 1 & 2 ECL allowances amount to USD 2.2 Bn or 3.1% of Credit RWA

Impaired Loan & Coverage Ratios (%)



Impaired Loans and Impairment Allowances (USD Bn)

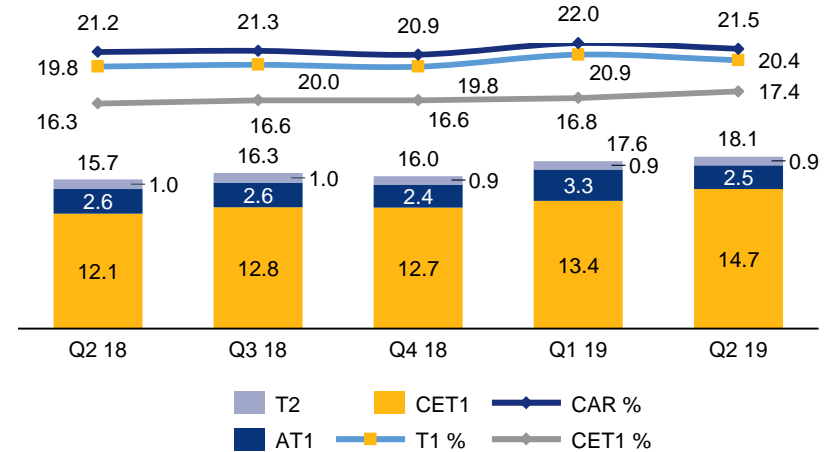


Capital adequacy

Highlights

- In Q2-19, CET 1 was higher at 17.4% as retained earnings more than offset an increase in RWAs
- CAR and Tier 1 ratio declined by 0.5% to 21.5% and 20.4% due to the call of USD 1 Bn non-Basel III compliant notes in May-19
- Capital ratios remain comfortably above the minimum regulatory requirements of 11% for CET-1 ratio, 12.5% for Tier 1 ratio and 14.5% for CAR ratio
- Minimum ratios include a 1.5% D-SIB buffer

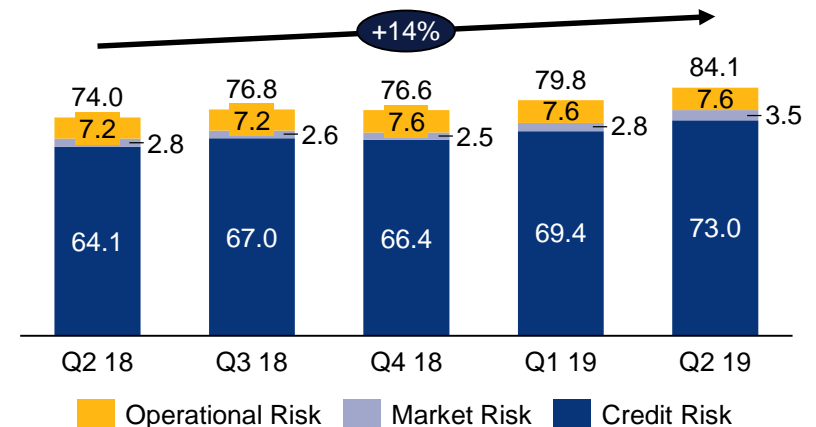
Capitalisation



Capital Movements table

USD Bn	CET1	Tier 1	Tier 2	Total
Capital as at 31-Dec-2018	12.7	15.1	0.9	16.0
Net profits generated	2.0	2.0	-	2.0
T1 Issuance	-	1.0	-	1.0
Repayment of Tier instruments	-	(1.0)	(0.0)	(1.0)
Interest on T1 securities	(0.1)	(0.1)	-	(0.1)
Amortisation of T1	-	(0.1)	-	(0.1)
Other	0.0	0.2	0.1	0.2
Capital as at 30-Jun-2019	14.7	17.2	0.9	18.1

Risk Weighted Assets

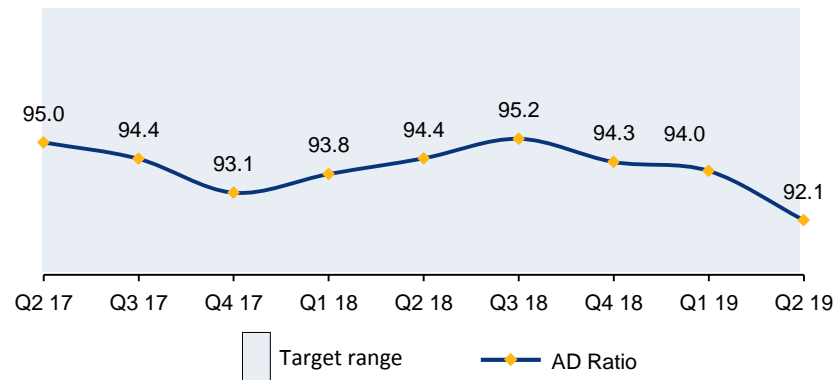


Funding and liquidity

Highlights

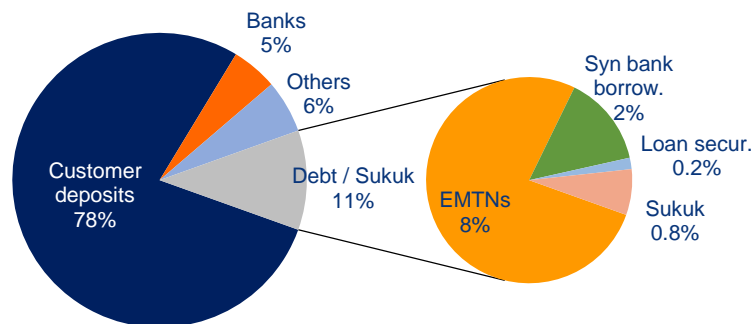
- Liquidity Coverage Ratio of 188.8% and AD ratio of 92.1% demonstrates healthy liquidity position
- Liquid assets* of USD 23.1 Bn as at H1-19 (18.0% of total liabilities)
- In H1-19, USD 2.6 Bn of term debt issued in 7 currencies with maturities out to 20 years, more than fully covering 2019 total maturities
- Debt/Sukuk now represent 11% of total liabilities

Advances to Deposit (AD) Ratio (%)



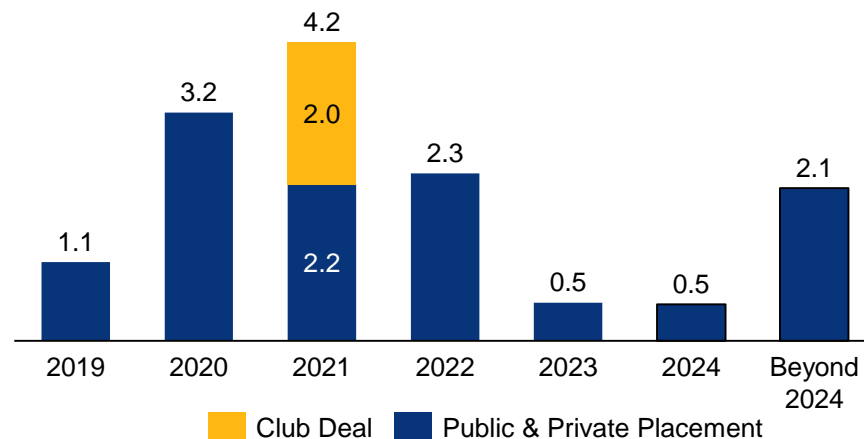
Composition of Liabilities/Debt Issued (%)

Liabilities (USD 127.7 Bn) Debt/Sukuk (USD 14.0 Bn)



Maturity Profile of Debt Issued (USD Bn)

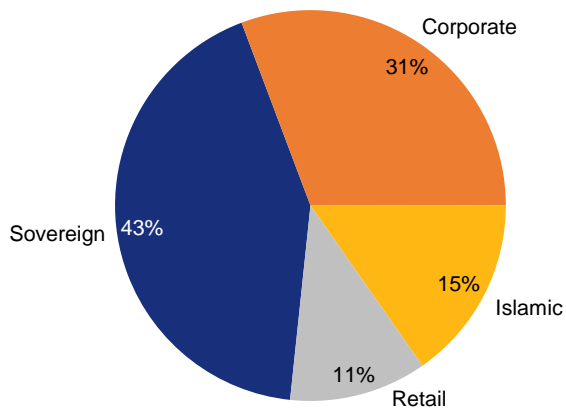
Maturity Profile of Debt/ Sukuk Issued USD 14 Bn



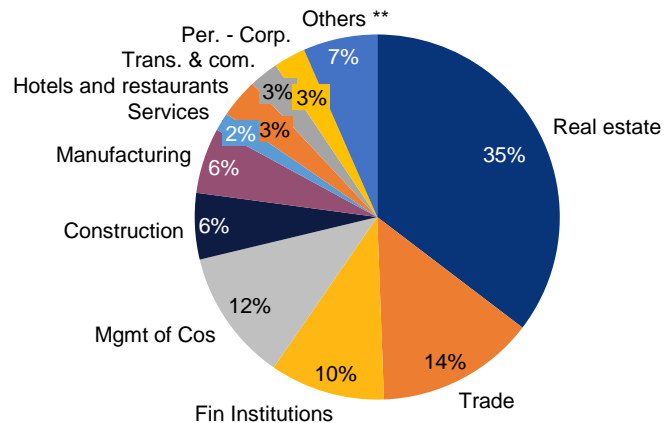
*Including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

Loan composition

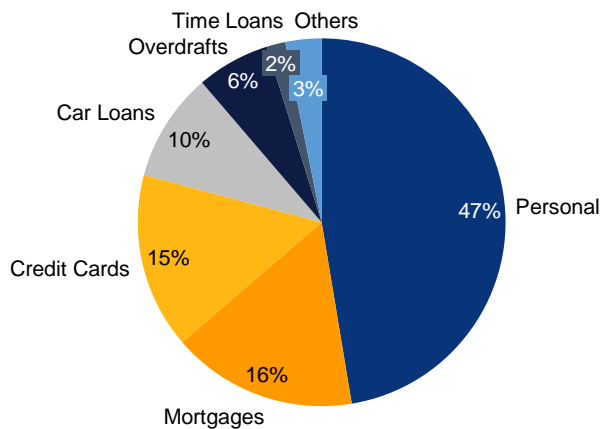
Total Gross Loans (USD 99 Bn)



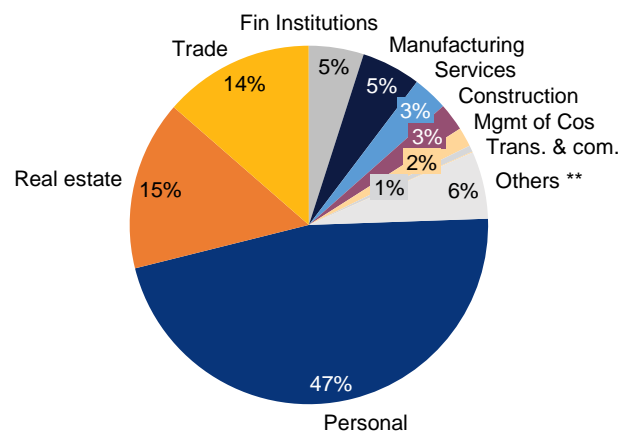
Corporate Loans (USD 31 Bn)



Retail Loans (USD 11 Bn)



Islamic* Loans (USD 15 Bn)



*Islamic loans gross of deferred income

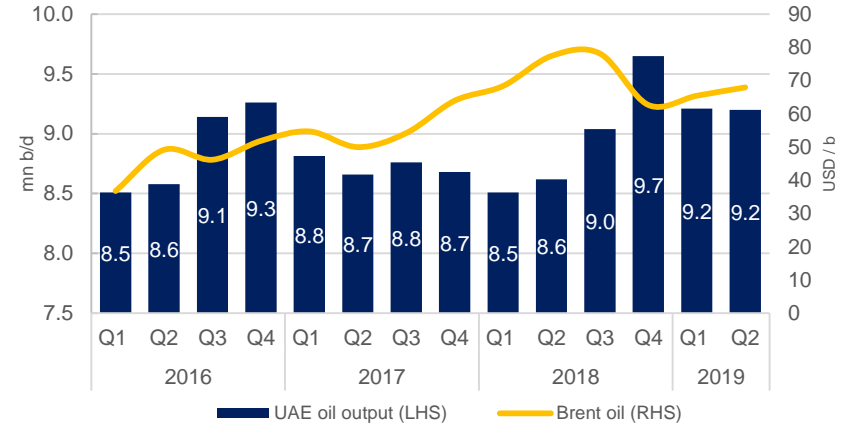
**Others include Agriculture & allied activities and Mining & quarrying

UAE: 2019 GDP growth forecast revised lower

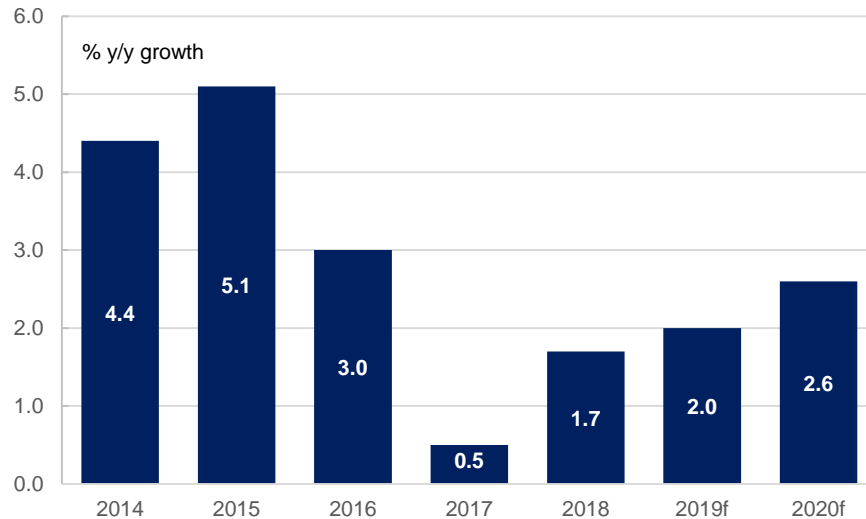
Highlights

- UAE headline GDP growth forecast was revised to 2.0% for 2019 from 3.1% previously, as production cuts that came into effect in January are likely to be extended into H2 2019
- Dubai is expected to be the main engine of non-oil growth in the UAE this year, with GDP forecast to expand 3.0% in the emirate in 2019, in contrast with Abu Dhabi's expected 1.0% non-oil GDP growth
- The average Q2 2019 Markit Purchasing Managers' Index (PMI) for the UAE stood at the highest level since Q2 2014 as private sector gained momentum in H1 2019

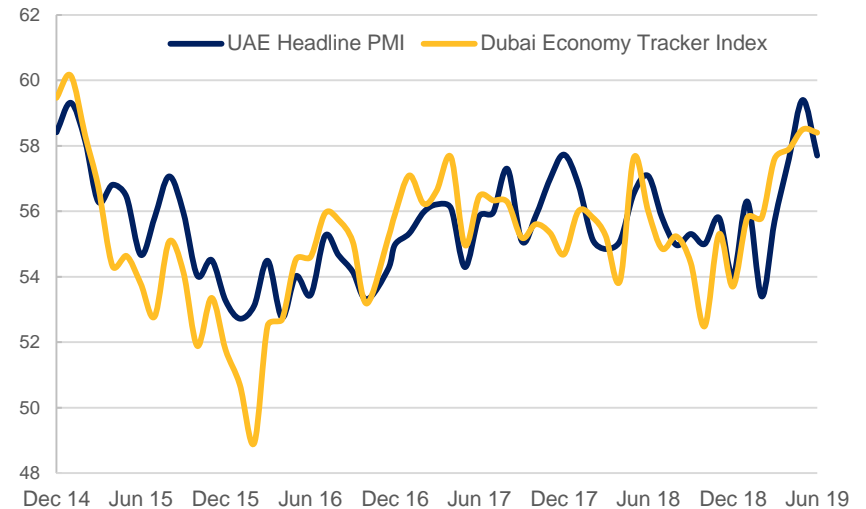
UAE oil production and prices



UAE GDP growth



UAE & Dubai non-oil private sector activity

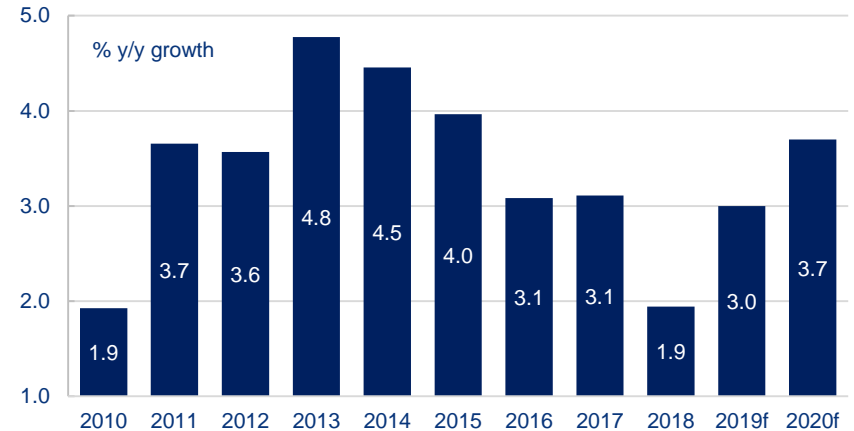


Dubai: activity picks up in H1 2019 in the run-up to Expo 2020

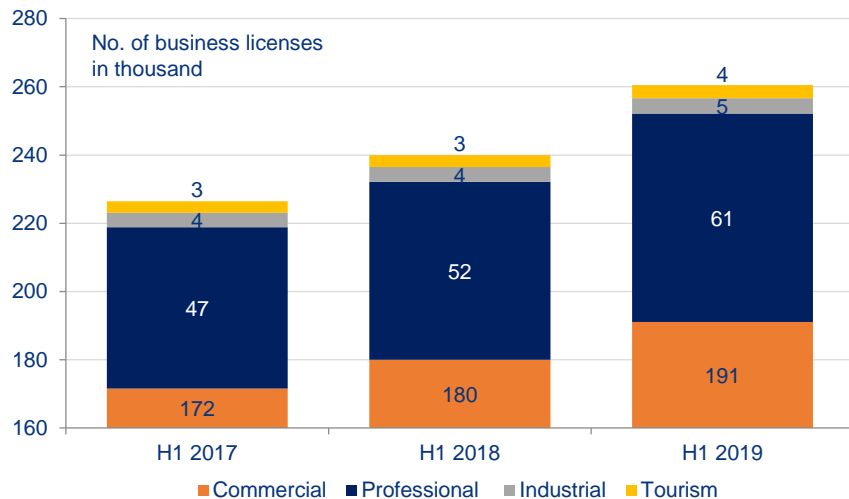
Highlights

- The average Dubai Economy Tracker Index (effectively a PMI for Dubai) accelerated in H1 2019 compared with H1 2018. Survey data suggests that Dubai's non-oil economy grew at the fastest rate since early 2015 in Q2 2019
- However, the employment index moved to 49.9 in June despite strong growth in the volume of activities as firms remain reluctant to boost headcount, limiting the employment index marginally around the 50.0 neutral level
- The largest sector of Dubai's economy is wholesale & retail trade, which accounts for more than a quarter of total GDP. The sector grew 1.3% last year, slightly better than less than 1% growth in 2016 and 2017

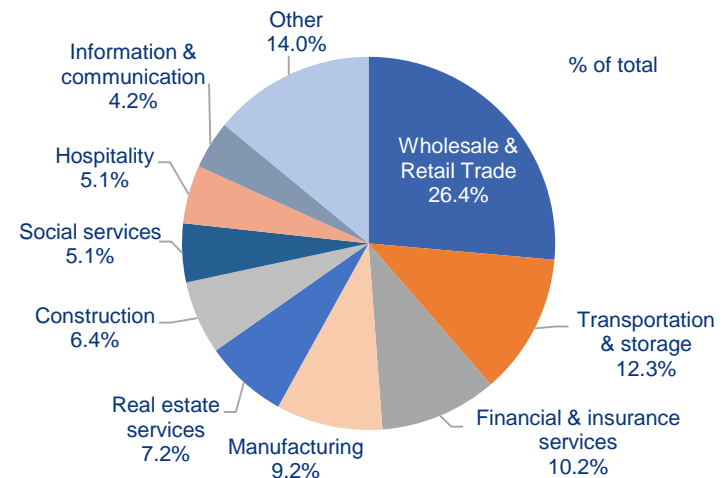
Dubai GDP growth



Dubai business licenses



Dubai GDP decomposition - 2018

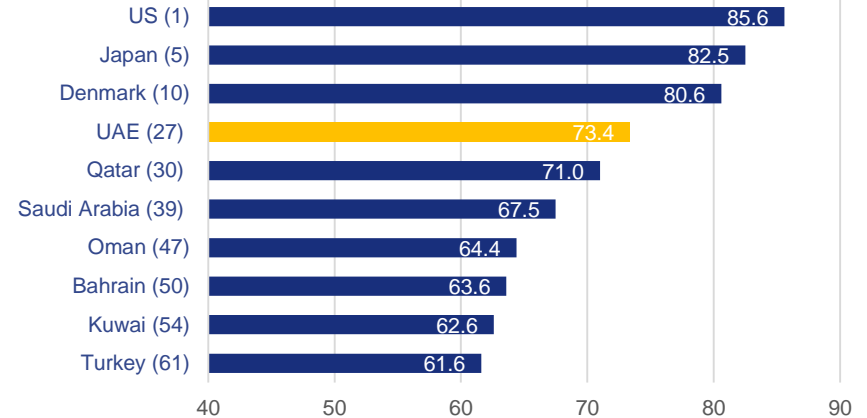


UAE leads MENA in global competitiveness

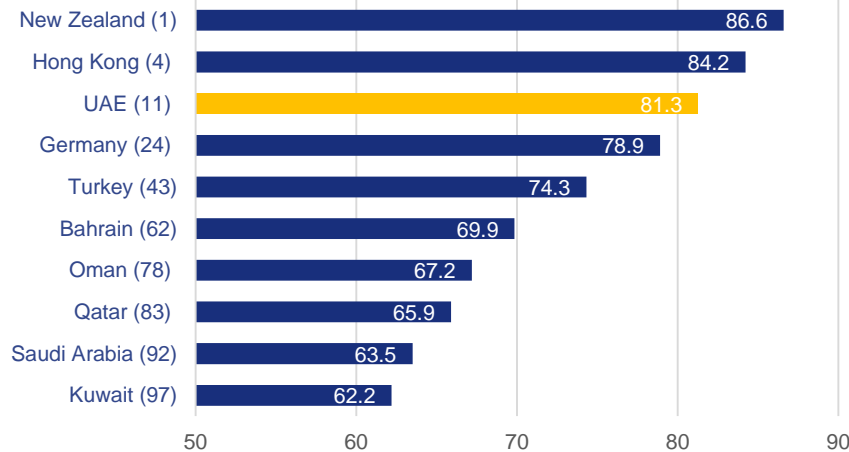
Highlights

- Ranked 27th globally, UAE is the most competitive economy in the MENA region. The economy's main strength lies in the quality of its enabling environment, as companies can operate under stable macroeconomic conditions (1st), make use of good infrastructure (15th) and one of the highest levels of ICT adoption in the world (6th)
- Ranked 11th in the terms of ease of doing business in 2018, advancing 11 places from the 2017 report, UAE ranks 3rd in terms of dealing with construction permits, 7th for registering property and 9th for enforcing rights
- UAE ranked first in the GCC in the 2019 Global Innovation Index (GII), according to Cornell University, INSEAD, and the World Intellectual Property Organization (WIPO)

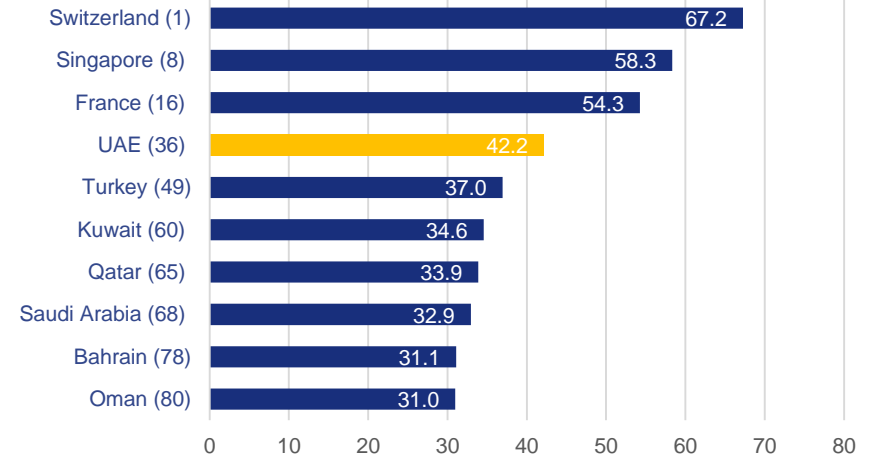
Competitiveness, out of 140 countries



Ease of doing business, out of 190 countries



Global innovation, out of 129 countries

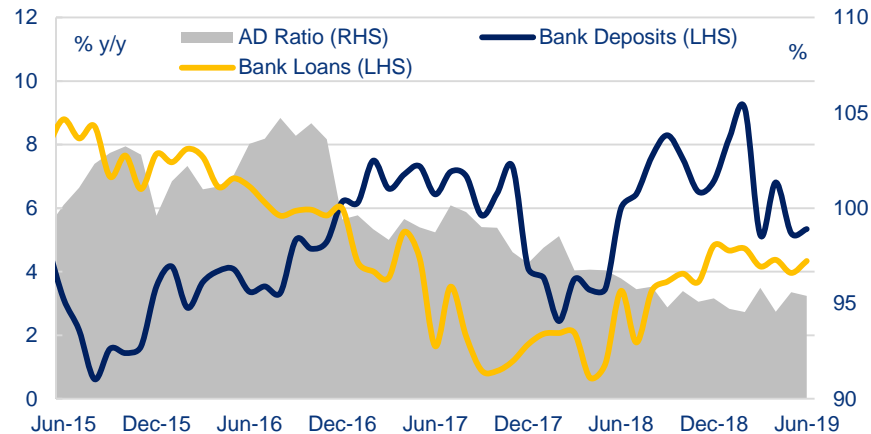


UAE: private sector credit growth slows in Q2 2019

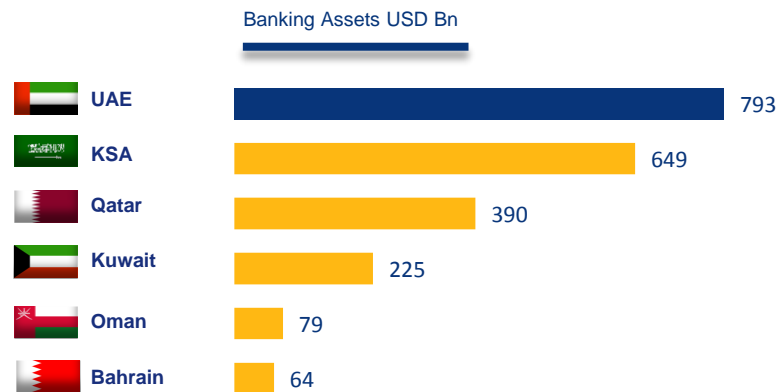
Highlights

- Growth in UAE bank deposits slowed to 5.3% y/y in June, down from a 2019 peak of 9.1% in February. Non-resident deposits grew at a much faster rate than residents' deposits this year, with the latter driven by government deposits
- While gross lending rose 4.3% y/y in June, private sector loan growth slowed for the same period. Lending to individuals declined on an annual basis for the sixth consecutive month, providing further evidence of soft household consumption

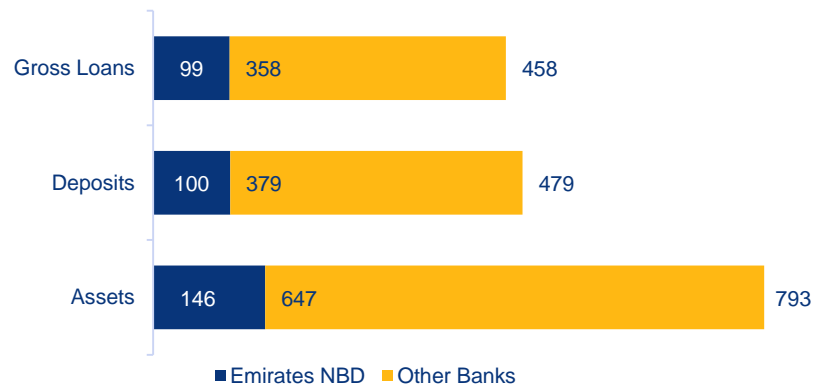
Breakdown of UAE bank credit by economic activity



GCC banking market, June 2019



UAE banking market (USD Bn), June 2019

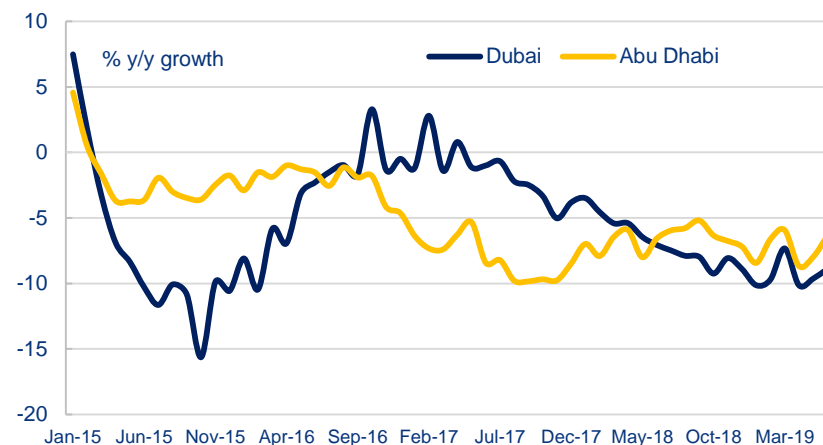


Real estate: further softness in residential prices is expected in H2 2019

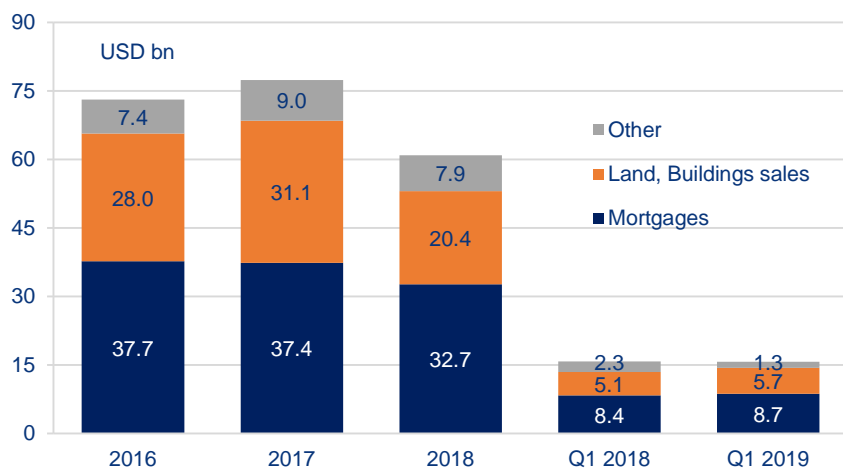
Highlights

- Dubai's real estate price declined in H1 2019. BIS data indicates that residential real estate prices declined at a lower rate in June (-8.9% y/y from % -9.6/y/y in May)
- Real estate services and construction together account for 13.6% of Dubai's GDP. Wholesale & retail trade account for 26.4%; transport, storage & logistics accounts for 12.3% and financial services 10.2%
- Increased supply and little evidence of household income growth also contributed to a further decline in residential real estate prices in Dubai

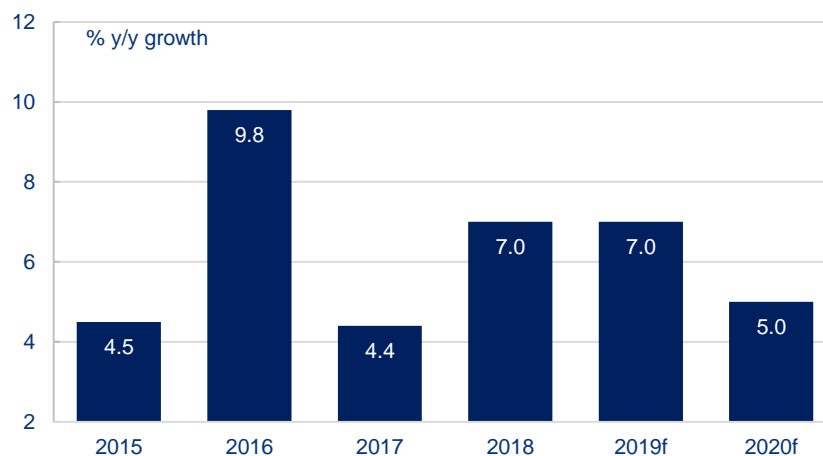
Residential property prices still falling



Investment in Dubai real estate in USD bn



Real estate services sector growth (Dubai GDP)

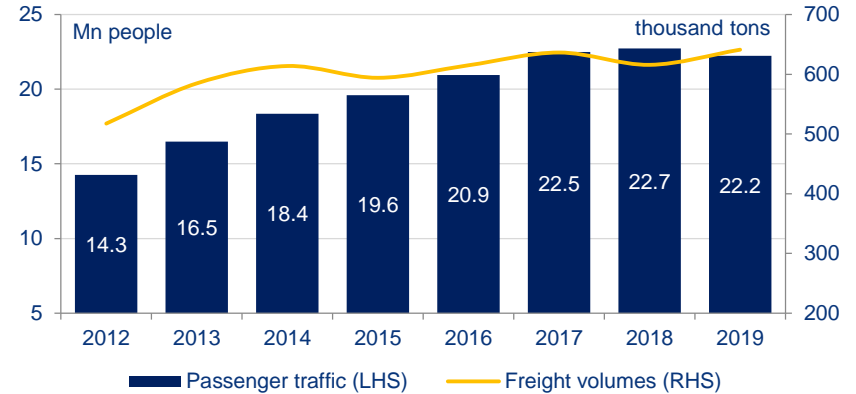


Dubai: travel & tourism activity slowed in Q2 2019

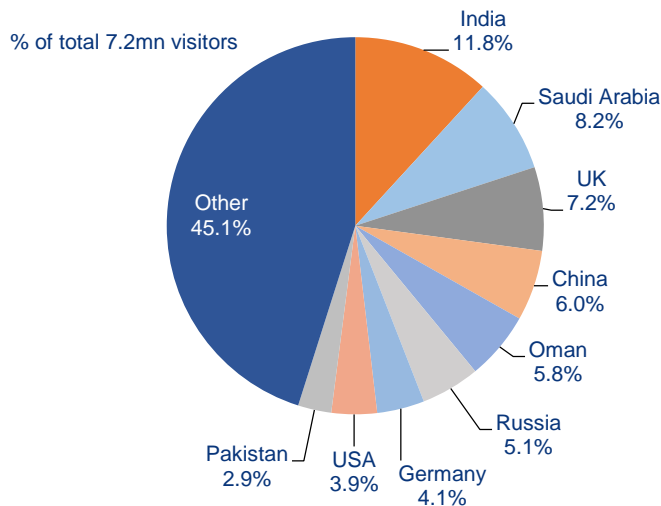
Highlights

- Passenger traffic at Dubai International Airport (DXB) declined 2.2% during the first quarter of 2019. Cargo volume was up 4% y/y over the same period
- Dubai's hotel occupancy averaged 76.9% during Jan-May 2019 down from 80.7% over the same period last year. Revenue per available room (RevPAR) has fallen -4.8% y/y over the same period

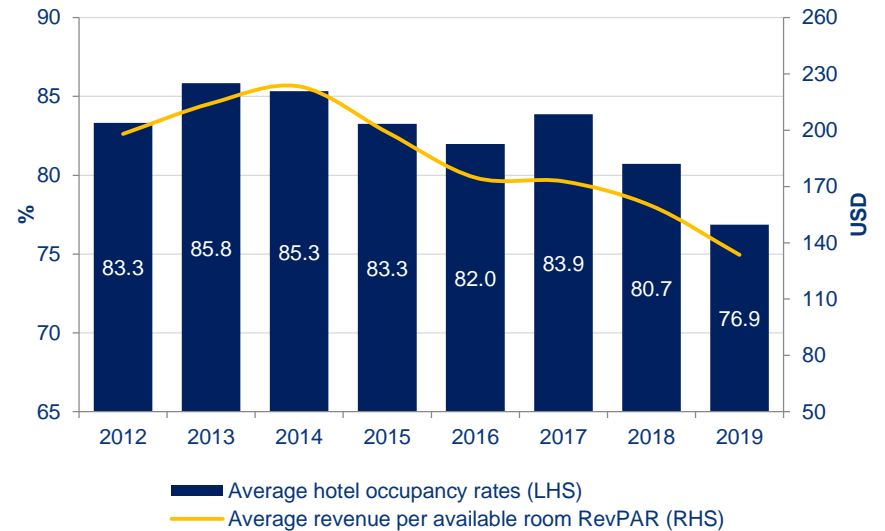
DXB passenger traffic (Jan-June)



Top 10 visitors by nationality in Jan-May 2019



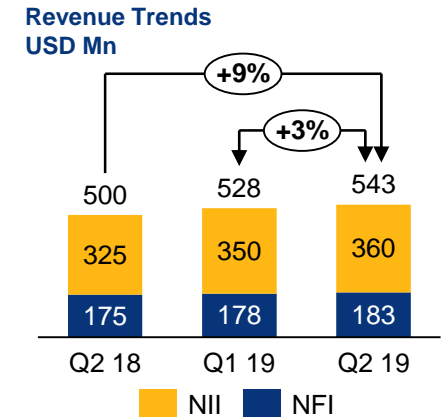
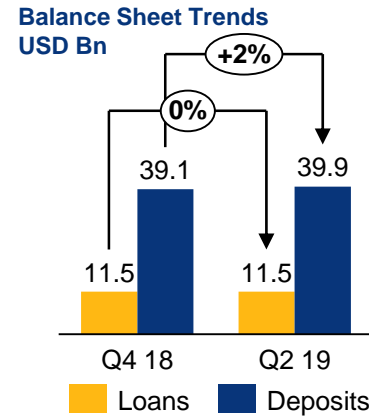
Dubai occupancy rates and RevPAR (Jan-May)



Divisional performance

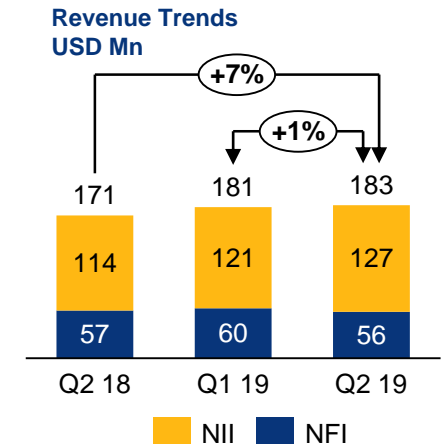
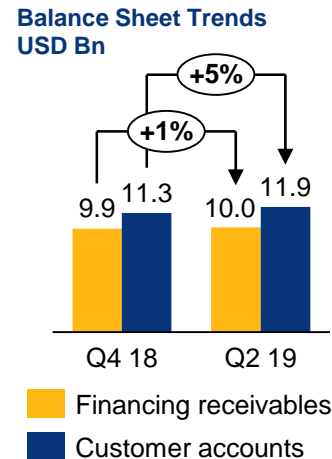
Retail Banking & Wealth Management

- Revenue increased 9% y-o-y and 3% q-o-q led by higher net interest income from liabilities and fee income driven by Cards and FX
- Liabilities grew by 2% backed by higher current and savings accounts
- New card sales were also up 24% over the previous period
- Liv, the lifestyle digital bank for millennials remains the fastest growing retail banking proposition in the UAE reaching a base of over 250,000 customers



Emirates Islamic

- Revenue increased 7% y-o-y led by a 12% increase in funded income
- El's total assets reached USD 16.6 billion for H1-2019. Financing and Investing Receivables increased by 1% to USD 10 billion since 2018
- CASA balances represented 64% of total customer accounts compared with 66% at the end of 2018
- El's headline Financing to Deposit ratio stood at 83% and is comfortably within the management's target range

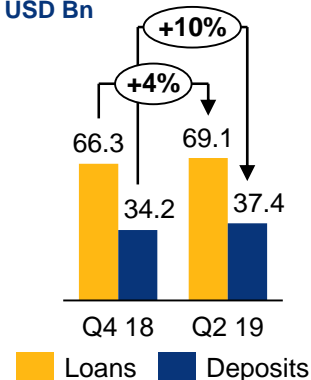


Divisional performance

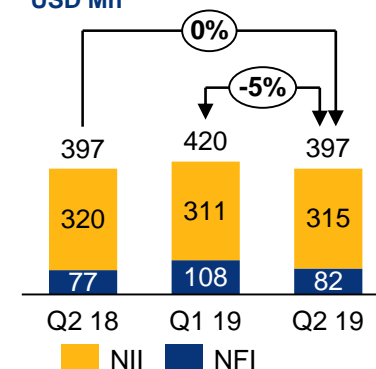
Wholesale Banking

- Wholesale Banking revenue remained unchanged y-o-y and was down 5% q-o-q due to lower volume of treasury sales and FX margins during an extended holiday period
- Net interest income grew 1% q-o-q driven by growth in lending activity
- Fee income of USD 190 million for H1-2019 increased by 15% due to higher lending related fees and increased investment banking activity
- Loans grew 4% in H1-19 with strong momentum in lending activity and growth in the Bank's core and short term lending business
- Deposits were 10% higher reflecting the Bank's aim to maintain liquidity at an optimum level

Balance Sheet Trends
USD Bn



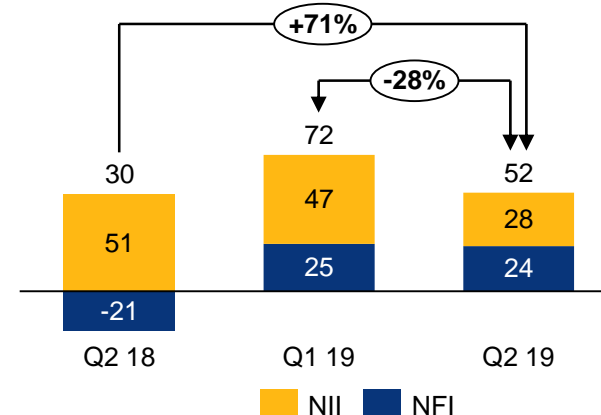
Revenue Trends
USD Mn



Global Markets & Treasury

- GM&T revenues increased 71% y-o-y
- Revenue growth helped by increased credit trading activity from higher new issuance volumes in the region
- The Rates desk stepped up market making activities which helped increase market share. The Foreign Exchange desk also contributed by taking advantage of volatility in G10 currencies
- The ALM business continued to deliver strong results by positioning the balance sheet to take maximum advantage of interest rates movements
- The Global Funding Desk raised USD 2.6 billion of term funding through private placements with maturities out to 20 years. The desk also successfully raised a US\$ 1 billion Perpetual Tier 1 issuance

Revenue Trends
USD Mn





Get in touch.

INVESTOR RELATIONS



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