FY-14 Results Presentation

Jan 18, 2015

Important Information

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FY-14 Financial Results Highlights

Emirates NBD

Highlights

- Net profit of AED 5,139 Mn for FY-14 improved 58% y-o-y, with pre-impairment operating profit exceeding AED 10 bn, a first for any UAE bank
- Increased dividend of AED 0.35 per share proposed
- Net interest income rose 17% y-o-y helped by an improved asset mix due to retail and Islamic growth, a lower cost of funds due to CASA growth and reduction in more costly time deposits
- Non-interest income improved 33% y-o-y due to higher transaction volumes, translating into higher banking fee income across business units, and one-off gains from the sale of property and investments
- Cost to income ratio improved 5% y-o-y to 30.4%. Excluding one-offs, cost to income ratio was 31.3%. Expenses increased 5% y-o-y due to staff and occupancy costs linked with rising business volumes, partially offset by a control of professional fees and marketing costs
- NPL ratio improved significantly to 7.8% in 2014 due to reclassification of DW exposure, write-off of fully provided Retail loans and strong recoveries on the back of an improved economy
- Provisions of AED 4,995 Mn boosted the coverage ratio in 2014 to 100.3%
- AD ratio of 95.2% within management range
- NIMs improved 22 bps y-o-y to 2.85% due to an improved asset and deposit mix

Key Performance Indicators

AED Mn	FY-14	FY-13	Better / (Worse)
Net interest income	9,496	8,139	17%
Non-interest income	4,946	3,717	33%
Total income	**14,442**	**11,856**	**22%**
Operating expenses	(4,389)	(4,194)	(5%)
Pre-impairment operating profit	**10,053**	**7,662**	**31%**
Impairment allowances	(4,995)	(4,713)	(6%)
Operating profit	**5,058**	**2,949**	**72%**
Share of profits from associates	210	147	43%
Gain on disposal of stake in associates/subsidiaries	0	202	(100%)
Taxation charge	(129)	(41)	(214%)
Net profit	**5,139**	**3,256**	**58%**
Cost: income ratio (%)	30.4%	35.4%	5.0%
Net interest margin (%)	2.85%	2.63%	0.22%
AED Bn	**31-Dec-14**	**31-Dec-13**	**%**
Total assets	363.0	342.1	6%
Loans	246.0	238.3	3%
Deposits	258.3	239.6	8%

Q4-14 Financial Results Highlights

Emirates NBD

Highlights

- Net profit of AED 1,226 Mn for Q4 improved 82% y-o-y and declined 22% q-o-q
- Net interest income rose 11% y-o-y helped by an improved asset mix mainly due to Islamic growth, a lower cost of funds helped by both CASA growth and repayment of MOF Tier 2 deposit
- Non-interest income improved 15% y-o-y boosted by foreign exchange and derivative income but declined 22% q-o-q due to reduced income from sale of property and investment securities
- Cost to income ratio improved 5.7% y-o-y to 33.1%. Excluding one-offs, cost to income ratio was 30.5%. Expenses improved 4% y-o-y linked with rising business volumes, partially offset by a control of staff and other costs
- NPL ratio improved significantly to 7.8% in Q4 due to reclassification of DW exposure, write-off of fully provided Retail loans and strong recoveries on the back of an improved economy
- Provisions of AED 1,163 Mn boosted the coverage ratio to 100.3%
- AD ratio of 95.2% within management range
- NIMs improved 15 bps y-o-y to 2.91% due to an improved asset and deposit mix

Key Performance Indicators

AED Mn	Q4-14	Q4-13	Better / (Worse)	Q3-14	Better / (Worse)
Net interest income	2,473	2,224	11%	2,465	0%
Non-interest income	1,082	938	15%	1,380	(22%)
Total income	**3,555**	**3,162**	**12%**	**3,845**	**(8%)**
Operating expenses	(1,177)	(1,228)	4%	(1,075)	(10%)
Pre-impairment operating profit	**2,378**	**1,934**	**23%**	**2,770**	**(14%)**
Impairment allowances	(1,163)	(1,313)	11%	(1,219)	5%
Operating profit	**1,214**	**621**	**95%**	**1,552**	**(22%)**
Share of profits from associates	51	45	12%	38	35%
Gain on disposal of stake in associates/subsidiaries	0	12	(100%)	0	n/a
Taxation charge	(39)	(5)	(632%)	(27)	(47%)
Net profit	**1,226**	**673**	**82%**	**1,563**	**(22%)**
Cost: income ratio (%)	33.1%	38.8%	5.7%	27.9%	(5.2%)
Net interest margin (%)	2.91%	2.76%	0.15%	2.95%	(0.04%)

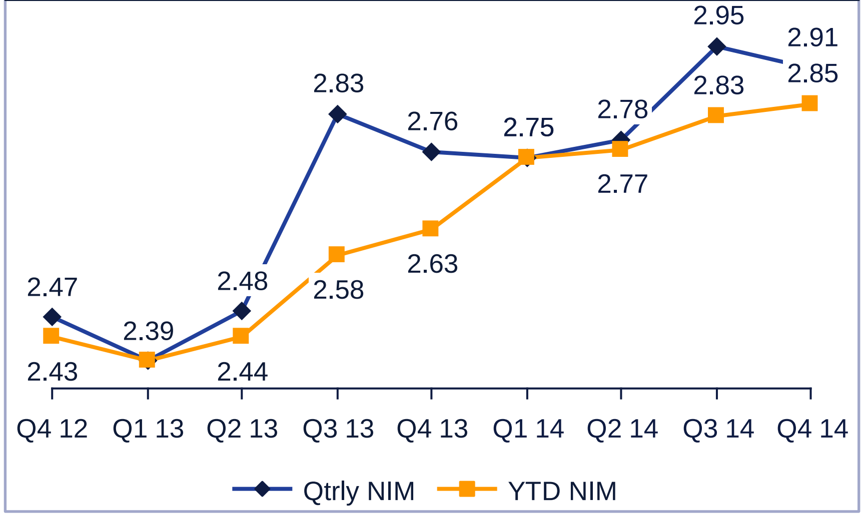
AED Bn	31-Dec-14	31-Dec-13	%	30-Sep-14	%
Total assets	363.0	342.1	6%	353.9	3%
Loans	246.0	238.3	3%	247.7	(1%)
Deposits	258.3	239.6	8%	249.7	3%

Net Interest Income

Highlights

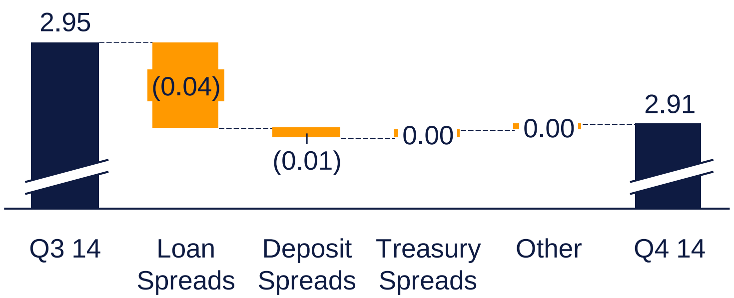
- NIMs declined 4 bps in Q4-14 and improved 22 bps to 2.85% through 2014
- Loan spreads improved in 2014 due to growth in higher yielding retail and Islamic assets
- Deposit spreads improved in 2014 due to CASA growth and repayment of Ministry of Finance Tier 2 deposit
- Treasury spreads improved y-o-y due to strong investment performance coupled with cheaper cost of wholesale funding
- We expect NIMs in 2015 to be in the range of 2.7 - 2.8%

Net Interest Margin (%)

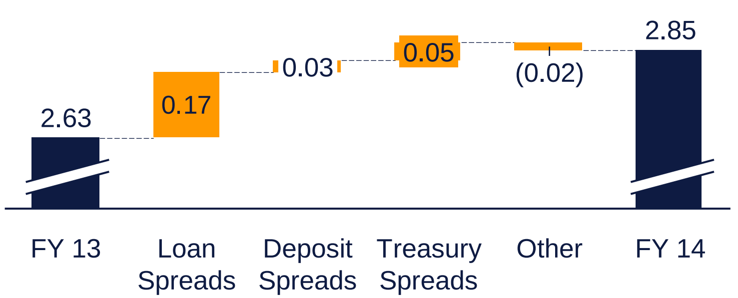


Net Interest Margin Drivers (%)

Q4-14 vs. Q3-14



FY-14 vs. FY-13

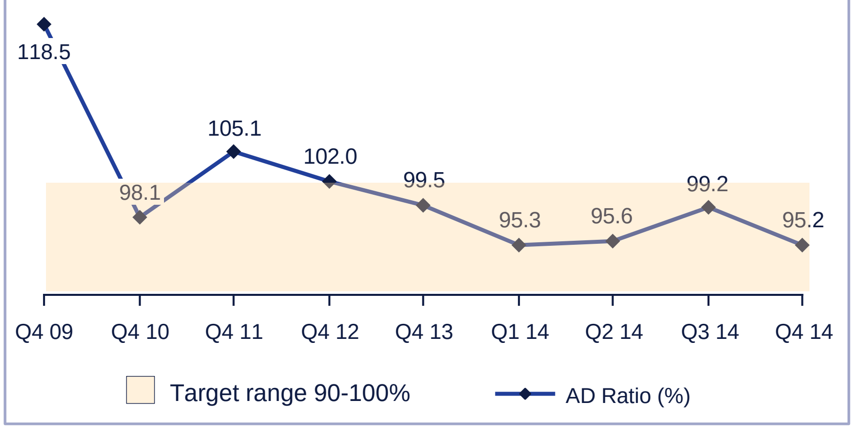


Funding and Liquidity

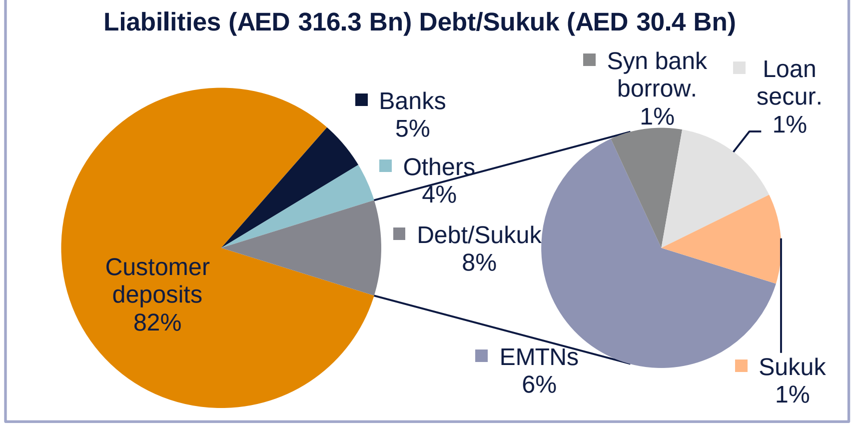
Highlights

- AD ratio of 95.2% within 90-100% management target range
- Liquid assets* of AED 56.6 Bn as at 31 December 2014 (17.9% of total liabilities)
- Modest maturity profile affords Emirates NBD ability to consider public and private debt issues opportunistically
- In 2014,
  - Issued USD 500 Mn of Tier 1 capital notes
  - Issued USD 1.5 Bn of senior public issues
  - Issued USD 1 Bn private placements in AED, USD, GBP, CHF, EUR and JPY
  - Repaid remaining AED 4.8 Bn of MOF Tier 2 deposits

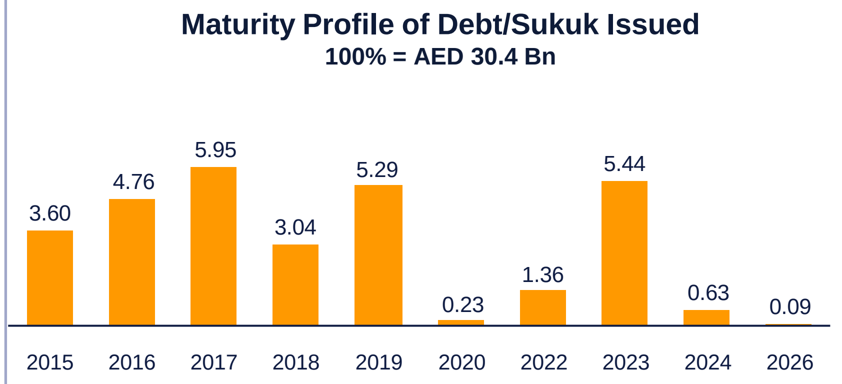
Advances to Deposit (AD) Ratio (%)



Composition of Liabilities/Debt Issued (%)



Maturity Profile of Debt Issued (AED Bn)



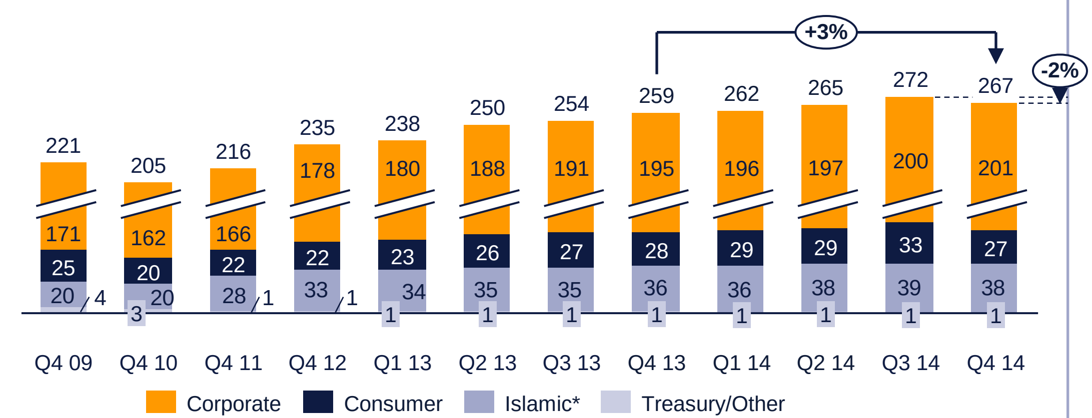
*including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

Loan and Deposit Trends

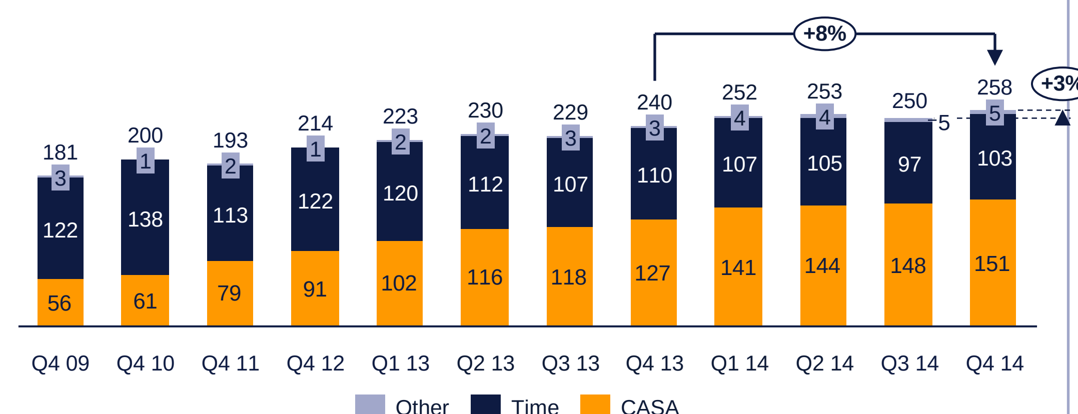
Highlights

- Gross loans grew 3% y-o-y in 2014 (5% y-o-y excluding the write-off of fully provided Retail loans), and declined 2% q-o-q in Q4-14
- Consumer lending declined 2% y-o-y in 2014 (grew 10% y-o-y excluding write-offs) and declined 17% q-o-q due to write-offs and temporary IPO leverage effect in Q3-14 unwinding in Q4-14
- Islamic financing grew 5% y-o-y in 2014 (8% excluding write-offs), and declined 2% q-o-q in Q4-14.
- Deposits increased 8% y-o-y in 2014, and increased 3% q-o-q in Q4-14
- Strategic push to grow CASA continued in 2014:
  - CASA deposits up 19% y-o-y in 2014 and 2% q-o-q in Q4-14
  - CASA deposits as a percentage of total deposits have increased to 58% in FY-14, 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

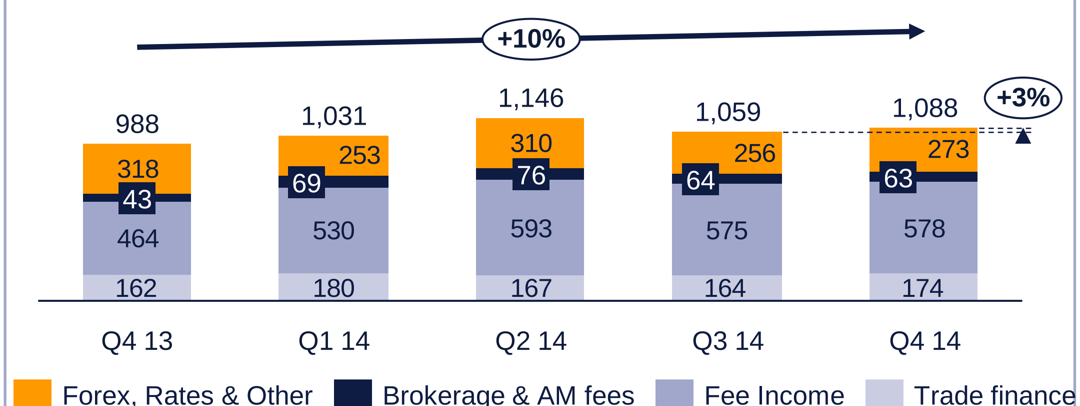
Highlights

- Non-interest income improved 33% y-o-y due to a rise in all sources of fee income and income from sale of properties and investment securities
- New products developed in 2014 such as the eIPO system and the direct remittance platform are expected to help sustain and grow non-interest income
- Property income improved significantly helped by a number of bulk sales
- Property income declined in Q4-14 compared to earlier quarters, reflecting lower disposals
- Investment securities income up 66% helped by disposal of some Union Property shares earlier in the year

Composition of Non Interest Income (AED Mn)

AED Mn	FY-14	FY-13	Better / (Worse)
Core gross fee income	4,324	3,468	25%
Fees & commission expense	(670)	(551)	(22%)
Core fee income	**3,654**	**2,917**	**25%**
Property income	611	390	57%
Investment securities	680	410	66%
Total Non Interest Income	**4,946**	**3,717**	**33%**

Trend in Core Gross Fee Income (AED Mn)

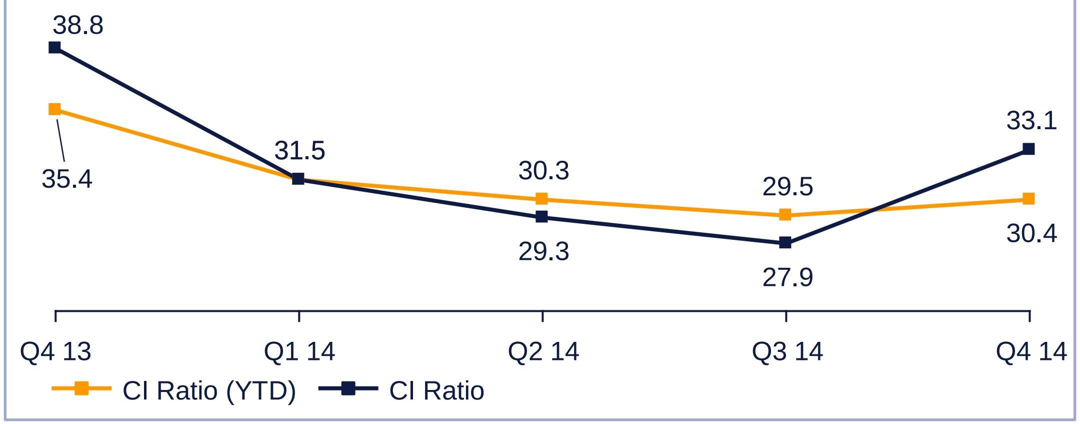


Operating Costs and Efficiency

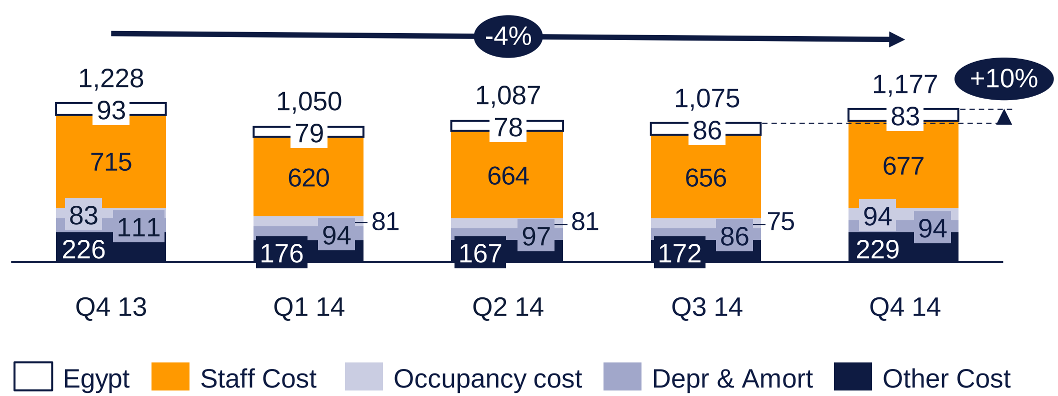
Highlights

- Costs increased by 10% q-o-q in Q4, as per previous guidance, and increased by 5% in 2014
- Cost to Income Ratio improved by 5% in 2014 to 30.4% YTD due to strong income growth and a control on costs. Adjusted for one-offs, Cost to Income Ratio would be 30.5% for Q4-14 and 31.3% for FY-14
- 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)



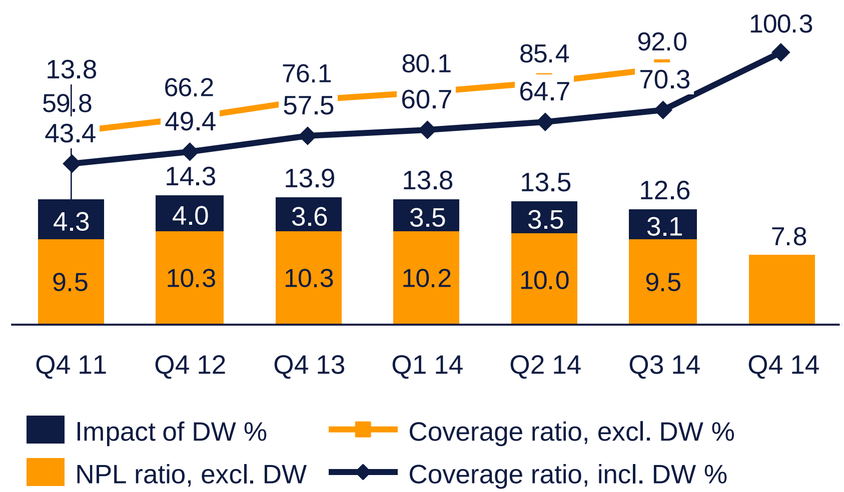
Credit Quality

Emirates NBD

Highlights

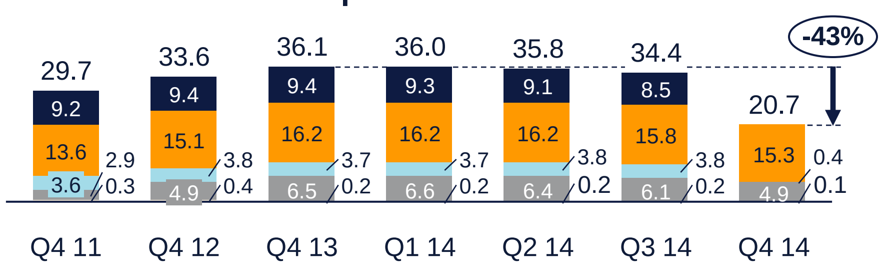
- NPL ratio improved significantly to 7.8%
- DW exposure reclassified as performing
- AED 4.4 Bn of fully provided Retail (Conventional and Islamic) loans written off
- 2014 net impairment charge of AED 5 Bn driven by additional net specific Corporate and Islamic loan provisions
- Coverage ratio increased to 100.3% reaching guidance target

Impaired Loan & Coverage Ratios (%)

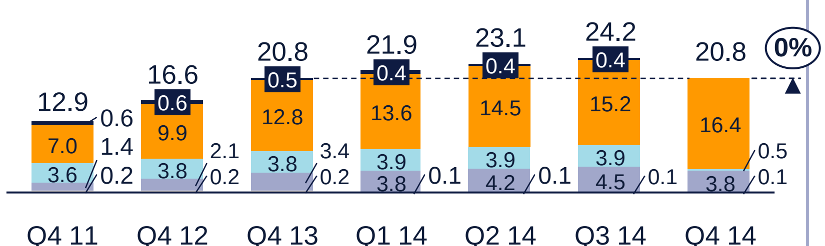


Impaired Loans and Impairment Allowances (AED Bn)

Impaired Loans



Impairment Allowances



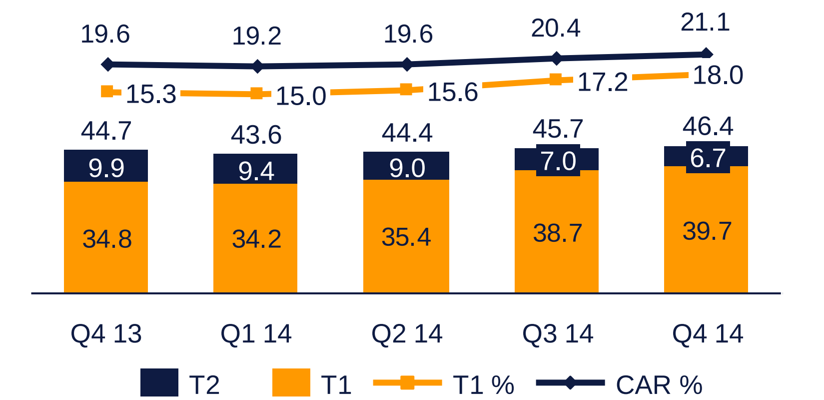
DW Core Corporate Retail Islamic Other Debt Securities

Capital Adequacy

Highlights

- CAR improved by 1.5% and Tier 1 ratio improved by 2.7% in 2014 due to:
  - Issuance of USD 500 Mn Tier 1 notes and retained earnings
  - Repayment of AED 4.8 Bn of MOF Tier 2 deposits
  - Decrease in risk weighted assets
- Capital Management exercise successfully completed with the entire repayment of crisis era support

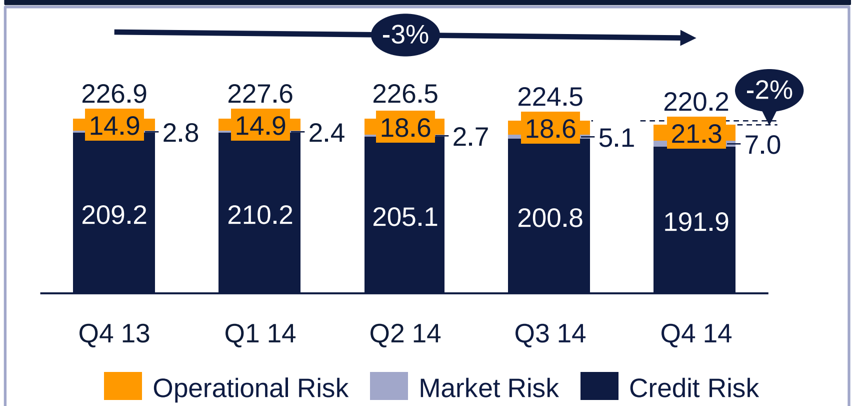
Capitalisation



Capital Movements (AED Bn)

FY-13 to FY-14 (AED Bn)	Tier 1	Tier 2	Total
Capital as at 31-Dec-2013	**34.7**	**9.9**	**44.6**
Net profits generated	5.1	-	**5.1**
FY 2013 dividend paid	(1.4)	-	**(1.4)**
Tier 1 Issuance	1.8	-	**1.8**
Repayment of Tier 2	-	(2.9)	**(2.9)**
Amortisation of MOF T2 / sub debt	-	(0.1)	**(0.1)**
Interest on T1 securities	(0.5)	-	**(0.5)**
Tier 2 Issuance	-	0.1	**0.1**
Repayment of subordinated debt	-	-	**-**
Goodwill	0.1	-	**0.1**
Other	(0.1)	(0.4)	**(0.5)**
Capital as at 31-Dec-2014	**39.7**	**6.7**	**46.4**

Risk Weighted Assets – Basel II (AED Bn)



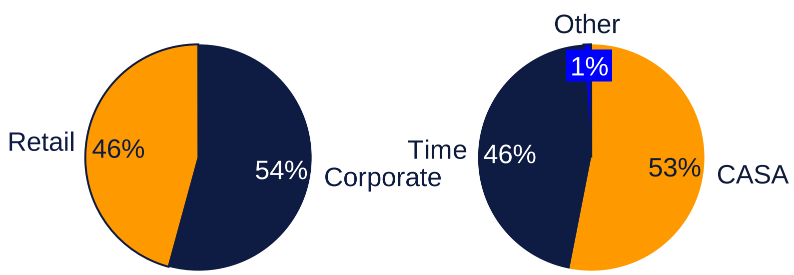
Egyptian Business Overview

Highlights

- Full service commercial banking platform:
  - Corporate Banking: focused on large corporate and MNCs; serves c.4,000 clients
  - Retail Banking: High growth segment; serves c.246,000 clients
- Wide presence in Egypt through 61 branches and 189 ATMs
- Financially sound with robust profitability and a healthy balance sheet
- Improving Cost to Income Ratio

Net Loans
100% = AED 3.7 Bn

Deposits
100% = AED 10.2 Bn



Financials

AED Mn	Year 2013 (from 9-June-13)	FY-14
Net interest income	225	482
Non-interest income	133	224
Total income	**358**	**706**
Operating expenses	(193)	(340)
Pre-impairment operating profit	**165**	**366**
Impairment allowances	(22)	(32)
Operating profit	**143**	**334**
Taxation charge	(30)	(102)
Net profit	**113**	**232**

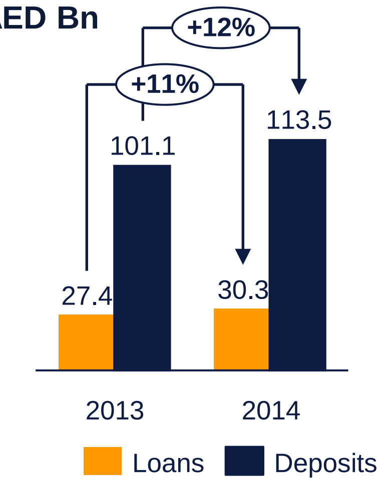
AED Bn	31-Dec-13	31-Dec-2014
Net Loans	3.7	3.7
Deposits	9.0	10.2
Impaired Loan Ratio (%)	0.2%	0.8%
Cost to Income Ratio (%)	53.8%	48.1%

Divisional Performance

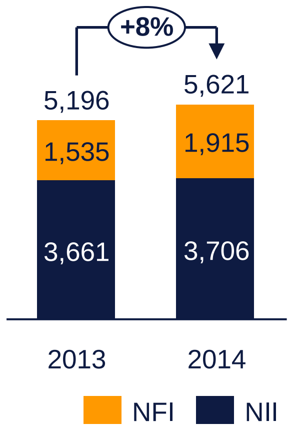
Retail Banking & Wealth Management

- Revenue improved 8% y-o-y
- Deposits grew 12% from end 2013 driven by CASA growth
- Loans grew 11% from end 2013 driven by growth in credit cards, auto loans, personal loans, overdrafts and time loans
- The bank has improved its distribution as part of its channel optimization strategy and had 526 ATMs and 98 branches as at 31-December
- RBWM offers best-in-class online and mobile banking solutions and in 2014 launched various innovative services such as the e-IPO platform

Balance Sheet Trends
AED Bn



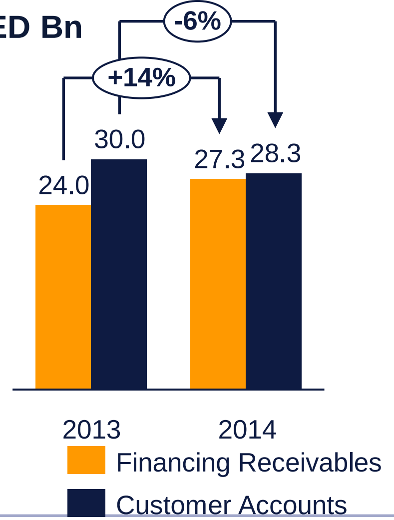
Revenue Trends
AED Mn



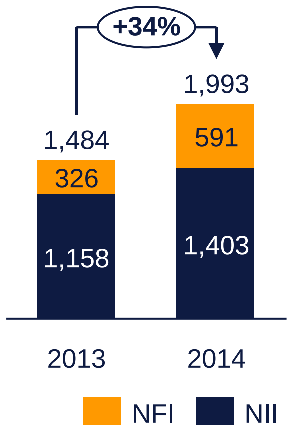
Islamic Banking

- Islamic Banking revenue improved 34%
- Financing receivables grew by 14% in 2014 mainly due to increases in Murabaha financing
- Customer accounts declined by 6% in 2014 mainly due to repayment of MoF Tier 2 deposit
- At Q4-14, EI had 56 branches and an ATM & CDM network of 174
- Islamic Banking business continues to develop through a strengthened core franchise coupled with an expansion of retail, SME, and corporate offerings

Balance Sheet Trends
AED Bn



Revenue Trends
AED Mn

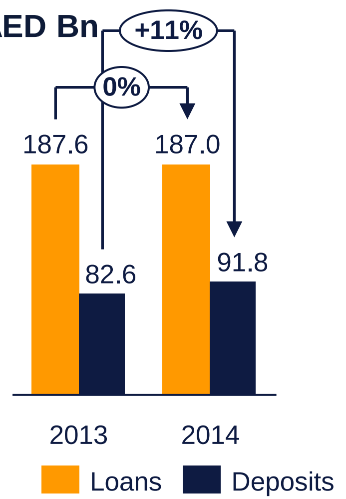


Divisional Performance (cont'd)

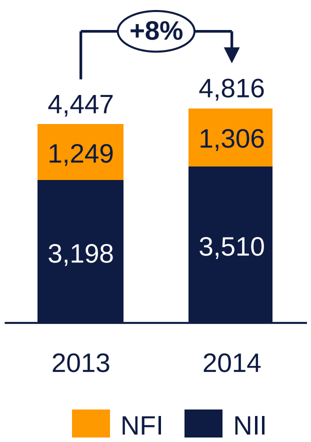
Wholesale Banking

- Wholesale Banking revenues grew 8% y-o-y
- Loans were stable from end 2013 as normal loan repayments offset new underwriting
- Deposits grew by 11% from end 2013 driven by CASA growth
- Focus during 2014 was 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



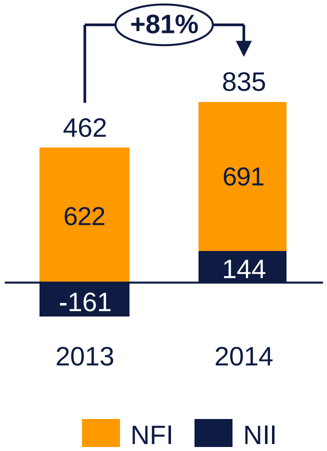
Revenue Trends AED Mn



Global Markets & Treasury

- Revenue at AED 835 Mn in 2014 improved 81% y-o-y
- Y-o-y growth due to robust increase in sales revenue and strong performance by Credit Trading desk.
- Successful balance sheet hedging has resulted in improved Net Interest Income

Revenue Trends AED Mn



Outlook

Emirates NBD

Economic Outlook

- For the UAE
  - 2014 GDP growth expectation revised down to 4.5% from 5.0% due to fall in oil price
  - 2015 GDP growth forecast also revised lower to 4.3% from 4.8%

- For Dubai
  - 2014 GDP growth expectation unchanged at 5% as non-oil sectors expanded robustly
  - 2015 GDP growth forecast is 4.7% due to continued strength in non-oil sectors

- Dubai residential property price growth slowed significantly in 2014. Mid-range villa prices declined 6.7% y-o-y in December 2014

- Inflation averaged 2.3% in 2014. We expect to see inflation average 3% in 2015

- Emirates NBD improved its capital, funding and credit quality ratios allowing it to take advantage of the expected opportunities in Dubai and the region

Summary

Profitability	• Pre-impairment operating profit of AED 10.1 Bn in FY-14, up 31% y-o-y • Net profit of AED 5.1 Bn for FY-14 improved 58% y-o-y
Credit Quality	• NPL ratio improved significantly to 7.8% in 2014 due to reclassification of DW exposure, write-off of fully provided Retail loans and strong recoveries
Provisions	• Net impairment allowances of AED 5 Bn in 2014 have boosted the coverage ratio to 100.3%, reaching management target
CI Ratio	• Cost to Income ratio improved by 5.0% y-o-y to 30.4% in FY-14
Income	• Total income improved 22% y-o-y to AED 14.4 Bn helped by an improving asset mix, efficient funding & capital base and strong fee income
Net Interest Margin	• NIMs improved to 2.85% in FY-14
Capital and Liquidity	• Capital and liquidity extremely strong offering resilience for the future • Tier 1 ratio improved by 2.7% to 18.0% and AD ratio improved by 4.3% to 95.2%
Outlook	• The Bank will continue to implement its successful strategy and consolidate its position as a dominant player in the UAE and the region

ENBD's core strategy is focused on the following building blocks

Key Objective

Deliver an excellent customer experience

Strategic Levers

Drive core business

Run an efficient organization

Drive geographic expansion

Enablers

Build a high performing organization

Source: Emirates NBD

Strategic update – 2014 achievements

Emirates NBD

Priorities	2014 Objectives	Achievements
1 **Deliver an excellent customer experience**	• Continue Group-wide Service Excellence Program • Lead multi-channel banking in the UAE • Drive customer service through social media and other platforms	• Enhanced customer experience via proactive servicing and improved complaint management • Expanded digital services across all channels, especially mobile banking and launched innovative products, e.g., EIPO • Increased customer service availability on Facebook and Twitter
2 **Build a high performing organization**	• Drive Nationalization efforts • Raise employee engagement to be at par with best in class global banks • Improve performance management and accountability across Group	• 3-year nationalization strategy approved by the Board of Directors (currently under implementation) • Employee engagement increased by 4% over 2013 while ENBD scored 12% higher than GCC benchmark • National Leadership Program launched to identify and grow future senior leaders
3 **Drive core business**	• Transform Wholesale Banking franchise • Fortify Retail franchise and turbo-charge Islamic finance • Focus on legacy NPLs and tail management	• Transformation on track with new leadership and key investments • Retail Loans growth of 11%, Islamic Financing Receivables growth of 14% • NPL ratio improved significantly to 7.8% and coverage improved to 100.3%
4 **Run an efficient organization**	• Diversify income streams, improve capital efficiency and liquidity • Streamline organizational set-up • Streamline operations and platforms	• Capital adequacy improved from 19.6% to 21.1% • Advances to deposits ratio improved from 99.5% to 95.2% • Increased fee to income ratio from 27.9% to 29.6%
5 **Drive geographic expansion**	• Integrate Egypt business into Emirates NBD Group • Selectively pursue organic growth in current international markets	• Egypt integration is ongoing and expected to be completed in Q2 2015

Strategic priorities for 2015

Priorities	Focus Areas
1 Deliver an excellent customer experience	• Continue to deliver superior customer experience through better service and product offerings • Drive front line cultural/ behavior change • Reinforce ENBD's position as a digital innovator in the region via best-in-class online and mobile banking services • Enhance customer relationships in Wholesale Banking through new tools
2 Build a high performing organization	• Increase nationalization efforts with a focus on developing local leadership talent • Improved performance and reward management • Continue raising Employee Engagement level to meet global standards
3 Drive core business	• Drive asset growth through the fast growing Retail and Islamic franchises • Diversify loans portfolio to include broader representation of sectors and markets • Increase penetration in key Wholesale Bank growth sectors, e.g., Trade Finance, Manufacturing • Increase fee and commission income, e.g., via increased Trade Finance penetration and improved Treasury product offering
4 Run an efficient organization	• Drive digital channel adoption to lower transaction costs • Develop robust risk and compliance culture to meet enhanced regulatory standards • Streamline processes and procedures in key business units
5 Drive geographic expansion	• Complete IT and systems integration in Egypt by Q2 2015 • Catalyze growth in current international markets by focusing on cross border trade and other opportunities • Continue to evaluate potential organic and inorganic opportunities in selected markets