

For immediate release

Emirates NBD today reported its Q1 results with profit of AED 2.3 billion up 12% YoY and up 76% QoQ

Dubai, 20 April 2021

Emirates NBD's strong Q1 results enable it to accelerate the pace of investment in digital and in its international network to support future growth. Its profitability and strong capital also enables it to maintain very prudent levels of credit impairment coverage. Emirates NBD's strong balance sheet and liquidity allow it to continue supporting its customers and clients on the path to recovery from the global pandemic. We are proud to be the first bank from the Gulf Region to issue a USD 1.75 billion ESG-linked syndicated loan.

Total Income AED 6,163 million ↑ 25% q-o-q ↓ 10% y-o-y	Expenses AED 1,868 million ↓ 9% q-o-q ↓ 9% y-o-y	Provisions AED 1,763 million ↑ 12% q-o-q ↓ 31% y-o-y	Net Profit AED 2,322 million ↑ 76% q-o-q ↑ 12% y-o-y
NIM 2.46%	Cost:Income ratio 30.3%	NPL Ratio 6.1%	CET-1 Ratio 15.6%

Key Highlights – First Quarter 2021

- **Strong operating performance on improving economic conditions coupled with effective cost management**
 - **Total income** up 25% q-o-q to AED 6.2 billion on a marked recovery of non-funded income and higher net interest income as NIMs successfully absorbed the unprecedented rate cuts of 2020
 - **Expenses** declined 9% y-o-y and q-o-q to AED 1.9 billion on effective cost management discipline
 - **Impairment allowances** reduced 31% y-o-y with a substantially lower net cost of risk at 158 bps following proactive provisioning in previous quarters
 - **Net profit** improved 12% y-o-y and 76% q-o-q to AED 2.3 billion on improving economic conditions with DenizBank adding significant diversification to the Group
 - **Net interest margin** increased to 2.46% with lower cost of funding from strong CASA growth mitigating NIM reduction in DenizBank after Q4 2020 and Q1 2021 rate increases

- **Strong capital and liquidity combined with a healthy deposit mix and higher profits enable the Group to provide continued support to customers and clients**
 - **Total assets** stable during the first quarter at AED 695 billion maintaining a strong asset base
 - **Customer loans** at AED 436 billion with strong demand for personal loans, auto loans and mortgages
 - **Deposit mix** improved further with CASA increasing by AED 16 billion to 56% of total deposits

- **Credit Quality:** NPL ratio improved 0.1% to 6.1% with Coverage ratio strengthening to 125.1% reflecting our prudent approach to credit impairment
 - **Capital and Liquidity:** 165.1% Liquidity Coverage Ratio and 15.6% Common Equity Tier-1 ratio reflect the Group's core strengths enabling continued support to customers and the wider community
- **Emirates NBD continues to support customers and enable banking through many innovative digital channels. The Group's progressive strategy is visible through further international expansion and successful ESG initiatives.**
- **Customer deferral repayments:** AED 10.3 billion of support provided to over 110,000 customers
 - **Customer Repayments:** AED 5.5 billion of repayments demonstrate the Group's successful efforts in mitigating the financial impact on customers from Covid-19
 - **Investment Banking:** Emirates NBD Capital raised over USD 18 billion for 24 clients located in 12 countries
 - **ESG:** Emirates NBD was the first bank from the Gulf region to issue an ESG-linked syndicated loan. The cost of the USD 1.75 billion facility is based on the percentage of women in senior management and water efficiency
 - **ESG:** The Group continued with its successful environmental and social initiatives, through green and social banking offerings and financial contributions to the local community
 - **Social responsibility:** Over 60% of UAE branches now provide disability-friendly access and over 1,500 employees are trained in sign language and disability etiquette
 - **DenizBank:** Raised USD 435 million of term funding through a multi-tenor and multi-currency 'Diversified Payment Rights' transaction, attracting a range of international investors
 - **Digital:** Payments using Apple Pay, Samsung Pay, and Google Pay more than doubled in 2020 and momentum in contactless payments continues in Q1 2021
 - **International Expansion:** Increased branch network in KSA to six and became the first foreign bank to be granted permission to open branches in Madinah and Makkah



Hesham Abdulla Al Qassim, Vice Chairman and Managing Director said:

- “Emirates NBD’s increase of Q1 profit to AED 2.3 billion, up 12% y-o-y, reflects the resilience and gradual economic recovery following the global disruption in 2020.
- We recently published our 2020 Corporate Social Responsibility report highlighting the Group’s achievements and commitment to environmental and social issues.
- Emirates NBD will mark the ‘Year of the 50th’ with a number of events which will recognise the UAE’s achievements over the last 50 years and inspire the Nation’s youth to develop their vision for the next 50 years with innovation and creativity.”



Shayne Nelson, Group Chief Executive Officer said:

- “I am proud of the way our colleagues at Emirates NBD have focused on supporting customers and clients, and with that a 12% improvement in profitability y-o-y and up 76% q-o-q.
- These strong Q1 results enable us to accelerate the pace of investment in digital and in our international network to support future growth.
- In Q1-21, Emirates NBD expanded its branch network in the Kingdom of Saudi Arabia with new branches in Madinah and Makkah.
- In March 2021, Emirates NBD issued a USD 1,750 million ESG-linked syndicated loan with pricing linked to further improvements in water utilisation and the percentage of women in senior management. This is the first such loan issued from a bank in the Gulf region.
- Economic growth is expected to improve this year in all the countries that the Group operates in.
- Contactless payments now make up 84% of Emirates NBD’s face-to-face payment transactions as consumers embrace touch-free technology. Mobile-wallet based payments using Apple Pay, Samsung Pay and Google Pay more than doubled in 2020 as customers increasingly use personal devices to make payments.”



Patrick Sullivan, Group Chief Financial Officer said:

- “Emirates NBD delivered a 12% increase in profit y-o-y to AED 2.3 billion with the significant impact of lower interest rates being more than offset by significantly lower credit impairment, and good cost discipline. The 76% increase in profit q-o-q reflects a strong recovery of non-funded income, particular in our Turkish unit, DenizBank.
- Emirates NBD’s strong balance sheet and liquidity enables us to continue to supporting customers and clients on the path to recovery from the global pandemic. Our profitability and strong capital also enables us to maintain very prudent levels of credit impairment coverage, putting us on a very strong footing.”

Financial Review

AED million	3 months ended 31-Mar-21	3 months ended 31-Mar-20	Better / (Worse) (%)	3 months ended 31-Dec-20	Better / (Worse) (%)
Net interest income	4,088	4,936	(17)%	4,044	1%
Non-funded income	2,075	1,948	6%	890	133%
Total income	6,163	6,885	(10)%	4,934	25%
Operating expenses	(1,868)	(2,049)	9%	(2,047)	9%
Pre-impairment operating profit	4,296	4,836	(11)%	2,887	49%
Impairment allowances	(1,763)	(2,558)	31%	(1,575)	(12)%
Operating profit	2,533	2,278	11%	1,312	93%
Net profit	2,322	2,081	12%	1,318	76%

Key Metrics

Cost to 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%
Cost of Risk (bps)	158	210	52	128	(30)
EPS (AED)	0.34	0.31	0.03	0.18	0.16
Return on Tangible Equity (%)	12.9%	12.0%	0.9%	6.9%	6.0%

AED billion	as at 31-Mar-21	as at 31-Mar-20	Better / (Worse) (%)	as at 31-Dec-20	Better / (Worse) (%)
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)%

Key Metrics

NPL Ratio (%)	6.1%	5.5%	(0.6)%	6.2%	0.1%
Impaired Loan Coverage Ratio (%)	125.1%	120.5%	4.6%	117.3%	7.8%
Liquidity Coverage Ratio (%)	165.1%	149.7%	15.4%	165.0%	0.1%
Capital Adequacy Ratio (%)	19.0%	17.9%	1.1%	18.5%	0.5%
Tier 1 Ratio (%)	17.9%	16.8%	1.1%	17.4%	0.5%
Common Equity Tier 1 Ratio (%)	15.6%	14.8%	0.8%	15.0%	0.6%

Operating Performance

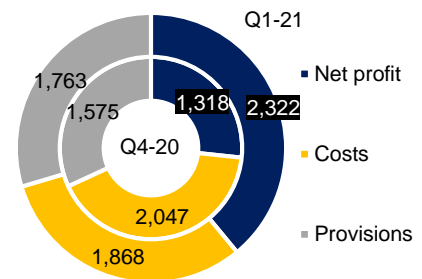
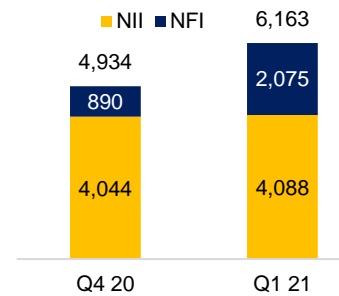
Total income for the first quarter of 2021 amounted to AED 6,163 million, an increase of 25% compared with AED 4,934 million in the preceding quarter.

Net interest income increased 1% over the previous quarter as net interest margin improved 4 basis points. Non-funded income increased 133% quarter on quarter with increased contribution from all sources and up 6% year on year on improved fee and investment securities income.

Expenses for the first quarter of 2021 of AED 1,868 million improved 9% over the preceding quarter and year-on-year as earlier cost management actions took effect. The cost-to-income ratio at 30.3% remains well within management guidance.

Impairment allowances in Q1-21 of AED 1,763 million reduced 31% year-on-year following proactive provisioning in previous quarters.

The Group's net profit of AED 2,322 million for the first quarter is 12% higher year-on-year and 76% higher quarter-on-quarter.



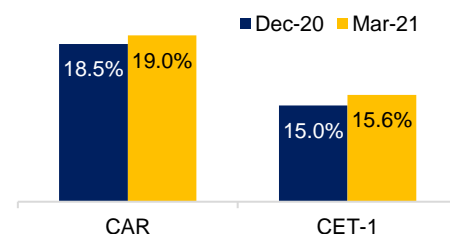
Balance Sheet Trends

In Q1-21, loans were down 2% due to repayments of corporate loans including TESS supported loans and the FX translation impact on DenizBank's loan book. Deposits were down 1% due to Turkish lira depreciation. The deposit mix continues to improve with CASA balances growing by AED 16 billion.

Liquidity remains strong with the Liquidity Coverage Ratio at 165.1% and the Advances to Deposits Ratio at 95%. During the first quarter of 2021, the Group raised AED 15.4 billion of senior term funding including the first ESG-linked syndicated loan from a bank in the Gulf region. DenizBank issued its first Diversified Payment Rights transaction since 2014.

During the quarter, the Non-Performing Loan ratio improved to 6.1% whilst the Coverage ratio strengthened to 125.1%, demonstrating the Group's continued prudent approach towards credit risk management.

As at 31 March 2021, the Group's Common Equity Tier 1 ratio is 15.6%, Tier 1 ratio is 17.9% and Capital Adequacy ratio is 19.0%.



Business Performance

- All business units delivered higher income compared to the previous quarter.
- **Retail Banking and Wealth Management (RBWM)** grew CASA balances by 5% during the quarter supported by robust acquisitions and customer campaigns.
 - New credit card acquisitions and spend returned to pre-Covid 19 levels.
 - Over three-quarters of RBWM customers are now digitally active.
 - Liv. grew its UAE base to about 450,000 customers and expanded with the launch of Liv. Prime, a membership based program offering premium lifestyle based benefits.
- **Corporate and Institutional Banking (C&IB)** experienced strong customer uptake of its next-generation global corporate banking platform, 'businessONLINE'.
 - C&IB continued to support customers across all key sectors with interest and principal deferral relief for up to six months, helping minimise the financial disruption caused by Covid-19.
 - Emirates NBD Capital ('EmCap') led 24 transactions raising over USD 18 billion for sovereign, financial institutions and corporate clients from 12 geographies. EmCap grew its ESG credentials, leading 5 ESG related transactions.
- **Global Markets and Treasury (GM&T)** Sales and Trading delivered a strong performance in Q1-21 with trading income up 60% compared to Q1-20, helped by increased contributions from both the Credit and Rates trading teams.
 - GM&T, CIB and EmCap jointly issued a USD 1.75 billion ESG-linked syndicated loan with cost a function of the percentage of women in senior management and water efficiency.
- **Emirates Islamic** expanded its wealth management product offering whilst its corporate credit card gained strong momentum.
- **DenizBank's** total income of AED 2,039 million represents 33% of total Group income. DenizBank's contributed AED 642 million or 28% to Group net profit and assets of AED 126 billion are 18% of total Group assets.
- **Saudi Arabia:** Branch network increased to six as Emirates NBD became the first foreign bank to open branches in Madinah and Makkah.
- **Egypt:** Successful campaigns saw increase in market share of Auto Loans and further adoption of digital banking.

Outlook

The global economy is showing signs of recovery as vaccinations programmes against Covid-19 are rolled out. The UAE has administered over 90 vaccines per 100 people, the second highest vaccination rate in the world, enabling the economy to reopen and exit strict lockdown measures ahead of many other economies. Emirates NBD Research expects the non-oil economy to grow by 3.5% in 2021, although curbs on oil production will weigh on headline GDP growth, which is expected to reach 1.4% this year.

Turkey and Egypt were two of the few countries to post positive GDP growth in 2020 and the market expects higher growth in each country this year. In Turkey, the recent increase in coronavirus infections remains a key risk to the summer tourism season, which is an important driver of growth and employment.

The Kingdom of Saudi Arabia's economy is expected to grow by 0.7% this year after contracting 4.1% in 2020. The non-oil sector is expected to grow 4.0% in 2021 with extended oil production cuts weighing on GDP growth. Higher oil prices will help to reduce the budget deficit to just 1.4% of GDP this year, and a number of initiatives have been announced to boost domestic investment.

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Awards:

❖ **Best Bank and Best Regional Bank Awards – Emirates NBD**

- Emirates NBD won Euromoney’s ‘2021 Private Banking and Wealth Management’ Award for Mass Affluent Clients (USD 100K-1Mn) in the UAE
- Emirates NBD won ‘Most Recommended Retail Bank in the UAE’ and ‘Third Most Recommended Retail Bank in the Middle East’ at The Asian Banker’s 2020 BankQuality™ Awards

❖ **Marketing, Social Media and Customer Engagement Awards – Emirates NBD**

- Emirates NBD won the ‘Marketing Innovation’ award for 2020 for its Anti-Phishing “It Wasn’t Me” campaign, by BAI Global
- Emirates NBD was named the UAE’s most valuable banking brand and MENA’s second most valuable banking brand, with a value of USD 3.73 billion, in The Banker’s annual brand valuation league table

Emirates NBD has a leading retail banking franchise, with 907 branches and 4,032 ATMs / SDMs in the UAE and overseas. It is a major player in the UAE corporate and retail banking arena, and has strong Islamic banking, investment banking, private banking, asset management, global markets & treasury and brokerage operations.

The bank has operations in the UAE, Egypt, India, Turkey, the Kingdom of Saudi Arabia, Singapore, the United Kingdom, Austria, Germany, Bahrain, Russia and representative offices in China and Indonesia. For more information, please visit: www.emiratesnbd.com

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