Q3 2017 Results Presentation

30 October 2017

Emirates NBD

Important Information

Disclaimer

The material in this presentation is general background information about the activities of Emirates NBD Bank PJSC (Emirates NBD), current at the date of this presentation, and believed by Emirates NBD to be accurate and true. It is information given in summary form and does not purport to be complete. Some of the information that is relied upon by Emirates NBD is obtained from sources believed to be reliable, but Emirates NBD (nor any of its directors, officers, employees, agents, affiliates or subsidiaries) does not guarantee the accuracy or completeness of such information, and disclaims all liability or responsibility for any loss or damage caused by any act taken as a result of the information. The information in this presentation is not intended to be relied upon as advice or a recommendation to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. An investor should seek independent professional advice when deciding if an investment is appropriate.

Due to rounding, numbers and percentages presented throughout this presentation may not add up precisely to the totals provided.

Forward Looking Statements

Certain matters discussed in this presentation about the future performance of Emirates NBD or members of its group (the Group), including without limitation, future revenues, earnings, strategies, prospects and all other statements that are not purely historical, constitute “forward-looking statements”. Such forward-looking statements are based on current expectations or beliefs, as well as assumptions about future events, made from information currently available. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “seek”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. Undue reliance should not be placed on any such statements in making an investment decision, as forward-looking statements, by their nature, are subject to known and unknown risks and uncertainties that could cause actual results, as well as the Group’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements, such as changes in the global, political, economic, business, competitive, market and regulatory forces; future exchange and interest rates; changes in tax rates; and future business combinations or dispositions.

Emirates NBD undertakes no obligation to revise or update any statement, including any forward-looking statement, contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Emirates NBD delivered a strong set of results in Q3-17

Q3 2017 YTD at a glance

		Q3 2017 YTD	vs. 2017 guidance
Profitability	**Net profit**	**AED 6.17 Bn** **+15%** y-o-y	
	Net interest margin	2.46%	2.45 – 2.50%*
	Cost-to-income ratio	30.8%	33%
Credit Quality	NPL ratio	6.1%	✓
	Coverage ratio	124.9%	✓
Capital & Liquidity	Tier 1 ratio	18.8%	
	Capital adequacy ratio	21.2%	
	AD ratio	94.4%	90-100%
	LCR ratio	139.1%	
Assets	Net Loan growth	5% ytd	mid-single digit

* Revised upwards

2017 Macro themes

	Regional	Global
+	• Resilience of UAE economy underpinned by non-oil activity growth • Positive business sentiment • Improving liquidity	• Emirates NBD's balance sheet positioned to benefit from rising interest rates • Improved banking system liquidity to support private sector growth
-	• Impact on GCC of prolonged standoff with Qatar • Strong dollar impact on Dubai tourism • Introduction of VAT	• Potential Euro area volatility from implementation of Brexit and key government elections • Tensions in the Korean Peninsula

Q3-17 YTD Financial Results

Highlights

- Net profit of AED 6,170 Mn for Q3-17 YTD improved 15% y-o-y
- Net interest income improved 4% y-o-y due to loan growth and a sustained improvement in margins
- Non-interest income declined 6% y-o-y due to lower one-off gains from the sale of investment securities
- Costs improved 5% y-o-y as cost control measures introduced in 2016 have taken effect. This gives Emirates NBD headroom as we embark on a multi-year planned investment in our digital offering and a technology refresh
- Provisions of AED 1,692 Mn improved 23% y-o-y as cost of risk continues to normalize on the back of improving asset quality metrics
- NPL ratio stable at 6.1% and coverage ratio strengthened to 124.9%
- Liquidity Coverage Ratio (LCR) of 139.1% and AD ratio of 94.4% demonstrates healthy liquidity position
- NIMs widened since the beginning of the year as loans reset at higher EIBOR rates and Deposit and Wholesale funding costs eased on improved liquidity

Key Performance Indicators

AED Mn	Q3-17 YTD	Q3-16 YTD	Better / (Worse)
Net interest income	7,991	7,651	4%
Non-interest income	3,428	3,634	(6%)
Total income	**11,419**	**11,285**	**1%**
Operating expenses	(3,522)	(3,693)	5%
Pre-impairment operating profit	**7,896**	**7,592**	**4%**
Impairment allowances	(1,692)	(2,184)	23%
Operating profit	**6,204**	**5,407**	**15%**
Share of profits from associates	54	86	(37%)
Taxation charge	(89)	(111)	20%
Net profit	**6,170**	**5,382**	**15%**
Cost: income ratio (%)	30.8%	32.7%	1.9%
Net interest margin (%)	2.46%	2.54%	(0.08%)

AED Bn	30-Sep-17	31-Dec-16	%
Total assets	461.1	448.0	3%
Loans	304.1	290.4	5%
Deposits	322.1	310.8	4%
AD ratio (%)	94.4%	93.4%	(1.0%)
NPL ratio (%)	6.1%	6.4%	0.3%

Q3-17 Financial Results Highlights

Highlights

- Net profit of AED 2,276 Mn for Q3-17 increased 37% y-o-y and 13% q-o-q
- Net interest income improved 10% y-o-y due to loan growth and higher margins. Net interest income improved 4% q-o-q as a result of growing margins
- Non-interest income improved 9% y-o-y due to higher Foreign Exchange income
- Costs were higher by 12% q-o-q on higher staff costs and higher cost from seasonal marketing campaigns
- Provisions of AED 431 Mn improved 41% y-o-y and 31% q-o-q as cost of risk continues to normalize on the back of improving asset quality metrics
- NPL ratio stable at 6.1% and coverage ratio strengthened to 124.9%
- Liquidity Coverage Ratio (LCR) of 139.1% and AD ratio of 94.4% demonstrates healthy liquidity position
- NIMs widened since the beginning of the year as loans reset at higher EIBOR rates and Deposit and Wholesale funding costs eased on improved liquidity

Key Performance Indicators

AED Mn	Q3-17	Q3-16	Better / (Worse)	Q2-17	Better / (Worse)
Net interest income	2,806	2,551	10%	2,699	4%
Non-interest income	1,160	1,063	9%	1,137	2%
Total income	**3,965**	**3,614**	**10%**	**3,836**	**3%**
Operating expenses	(1,270)	(1,218)	(4%)	(1,136)	(12%)
Pre-impairment operating profit	**2,696**	**2,397**	**12%**	**2,699**	**(0%)**
Impairment allowances	(431)	(729)	41%	(621)	31%
Operating profit	**2,264**	**1,668**	**36%**	**2,078**	**9%**
Share of profits from associates	42	25	69%	(26)	260%
Taxation charge	(30)	(29)	(6%)	(31)	2%
Net profit	**2,276**	**1,664**	**37%**	**2,021**	**13%**
Cost: income ratio (%)	32.0%	33.7%	1.7%	29.6%	2.4%
Net interest margin (%)	2.56%	2.44%	0.12%	2.49%	0.07%

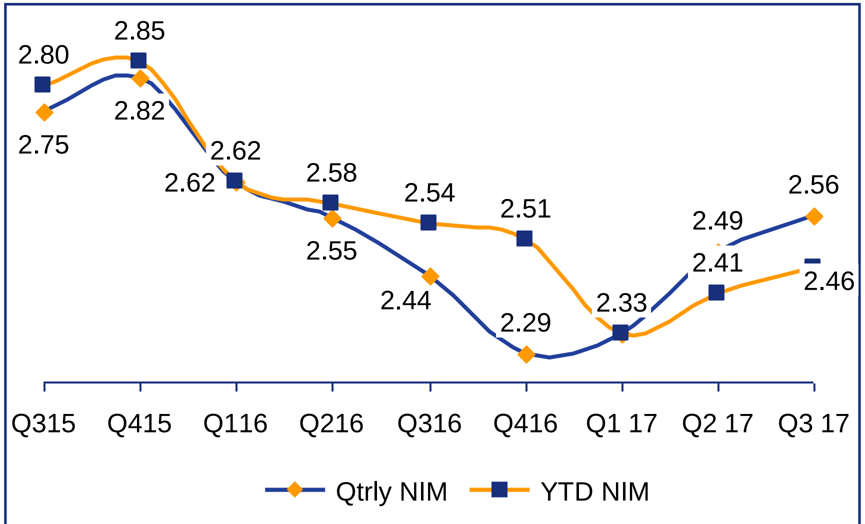
AED Bn	30-Sep-17	31-Dec-16	%	30-Jun-17	%
Total assets	461.1	448.0	3%	456.2	1%
Loans	304.1	290.4	5%	304.0	0%
Deposits	322.1	310.8	4%	319.9	1%
AD ratio (%)	94.4%	93.4%	(1.0%)	95.0%	0.6%
NPL ratio (%)	6.1%	6.4%	0.3%	6.1%	0.0%

Net Interest Income

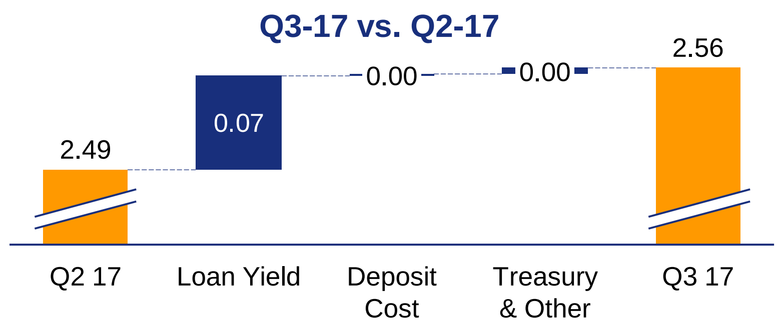
Highlights

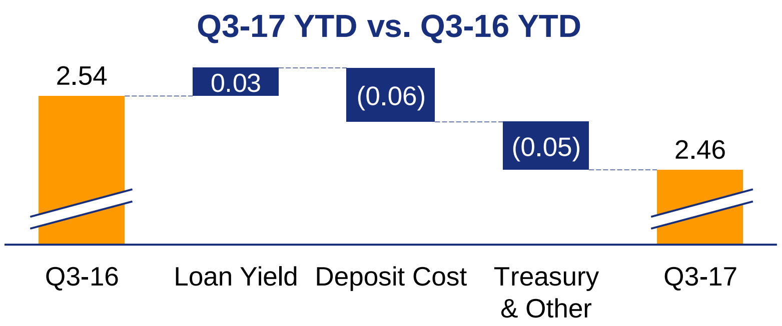
- While NIMS appear lower y-o-y due to funding costs, average funding rates are being managed lower and, together with rate rises flowing into loan yields, this has resulted in a 7 bps improvement q-o-q
- Loan yields improved 3 bps y-o-y and 7bps q-o-q as loans reset at higher rates due to the recent rise in interest rates
- Contribution from both Deposits and Treasury have improved as impact from higher funding costs eased
- We expect some further improvement in NIMs next quarter as the effect of recent rate rises and cheaper funding continues to flow through
- 2017 NIM guidance increased to 2.45-2.50%

Net Interest Margin (%)



Net Interest Margin Drivers (%)



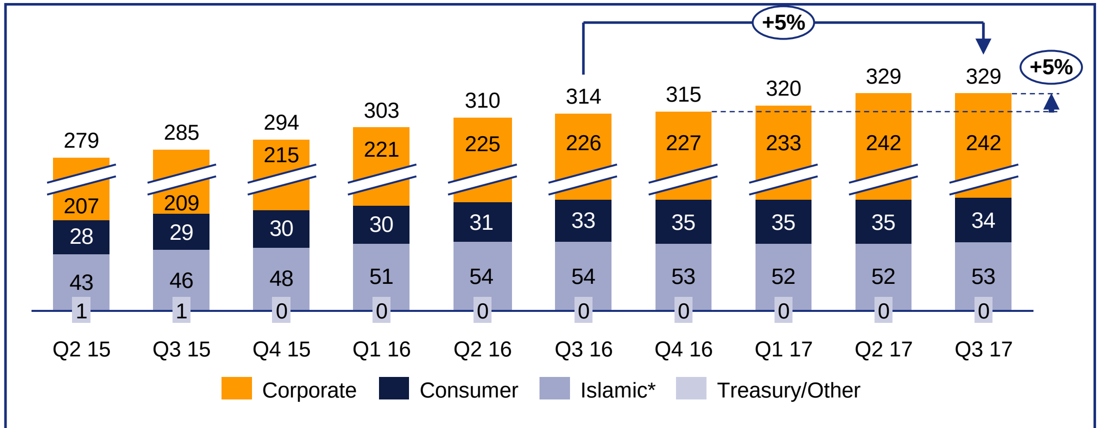


Loan and Deposit Trends

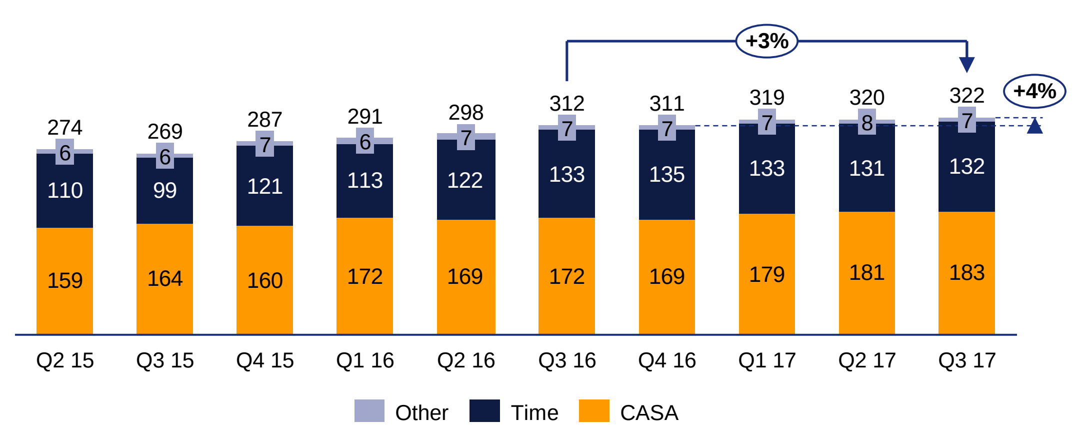
Highlights

- Gross loans for Q3-17 YTD grew 5% with good growth in corporate lending
- Corporate lending for Q3-17 YTD grew 7% due to growth in real estate, services and trade sectors
- Consumer lending for Q3-17 YTD was flat with growth in credit cards and mortgages being offset by a decline in micro-SME balances
- Islamic financing for Q3-17 YTD grew 1% due to growth in services, trade and construction sectors
- Deposits grew 4% since the start of the year with CASA balances growing 8% and Fixed deposits declining 2%.
- CASA deposits now represent 57% of total deposits

Trend in Gross Loans by Type (AED Bn)



Trend in Deposits by Type (AED Bn)



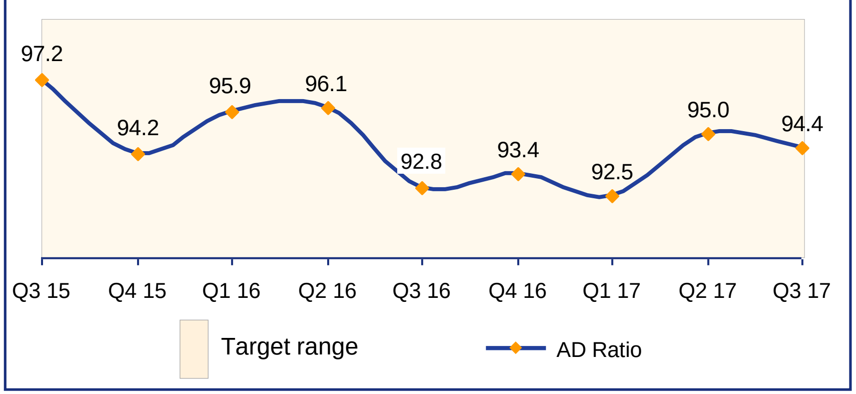
* Gross Islamic Financing Net of Deferred Income

Funding and Liquidity

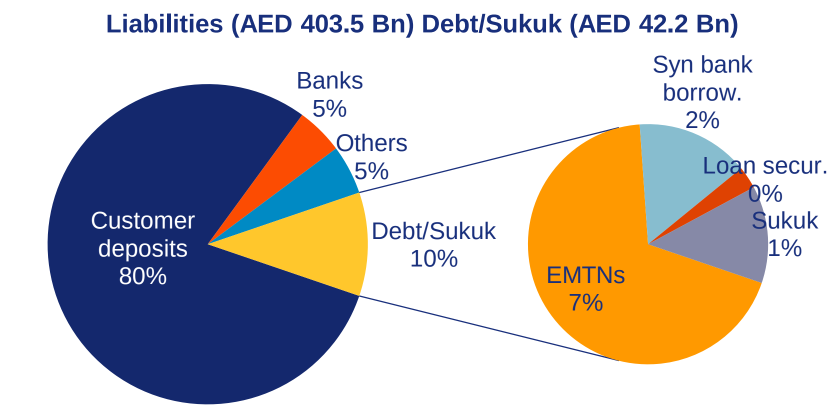
Highlights

- Liquidity Coverage Ratio (LCR) of 139.1% and AD ratio of 94.4% demonstrates healthy liquidity position
- Liquid assets* of AED 67.9 Bn as at Q3-17 (16.8% of total liabilities)
- Debt & Sukuk term funding represent 10% of total liabilities
- In 2017 YTD, AED 6.9 Bn of term-debt issued in 4 currencies with maturities out to 20 years
- Maturity profile for 2017 and 2018 allows the Group ability to consider public and private debt issues opportunistically

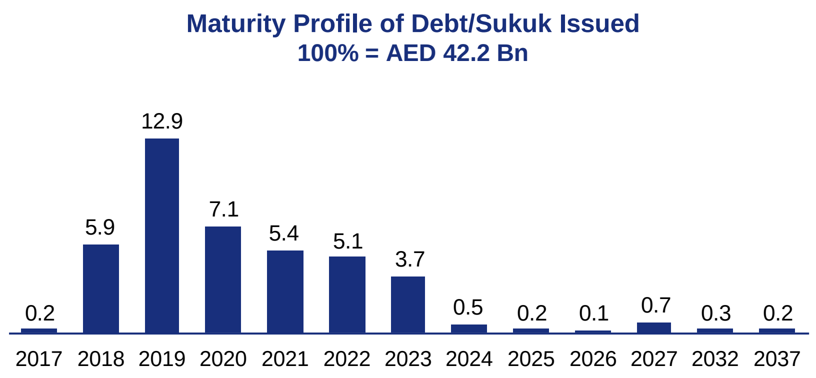
Advances to Deposit (AD) Ratio (%)



Composition of Liabilities/Debt Issued (%)



Maturity Profile of Debt Issued (AED Bn)



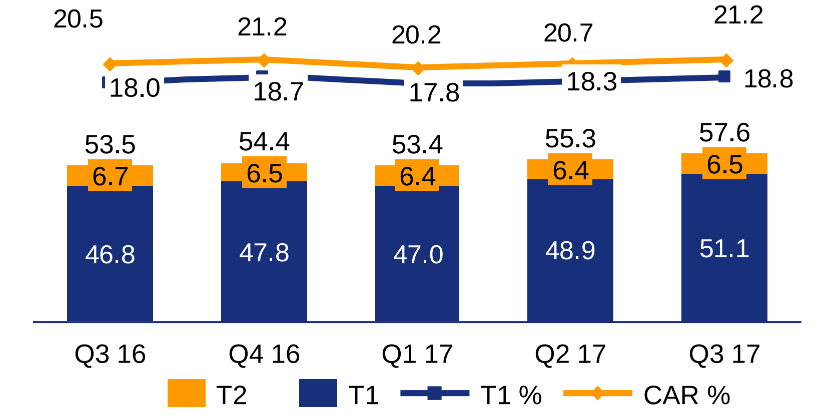
*Including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

Capital Adequacy

Highlights

- In Q3-17, Tier 1 ratio improved by 0.5% to 18.8% and CAR increased by 0.5% to 21.2%
- Increase in Tier 1 capital from retained earning more than offsetting modest increase in risk weighted assets

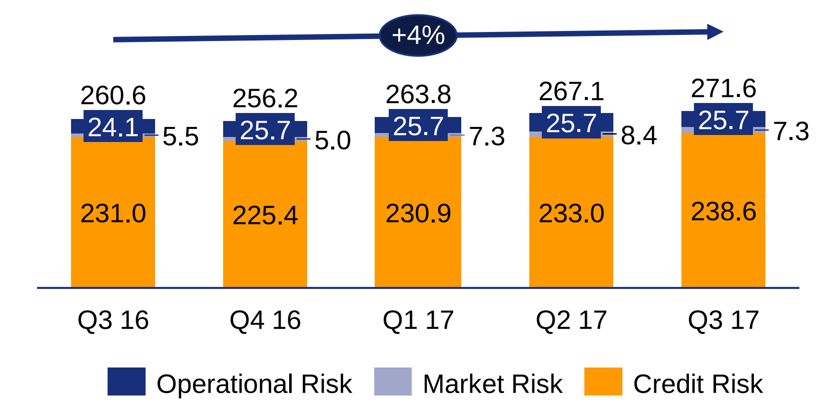
Capitalisation



Capital Movements

AED Bn	Tier 1	Tier 2	Total
Capital as at 31-Dec-2016	**47.8**	**6.5**	**54.4**
Net profits generated	6.2	-	**6.2**
FY 2016 dividend paid	(2.2)	-	**(2.2)**
Tier 1 Issuance/Repayment	-	-	**-**
Tier 2 Issuance/Repayment	-	-	**-**
Amortisation of Tier 2	-	-	**-**
Interest on T1 securities	(0.4)	-	**(0.4)**
Other	(0.3)	0.0	(0.2)
Capital as at 30-Sep-2017	**51.1**	**6.5**	**57.6**

Risk Weighted Assets – Basel II (AED Bn)



Non-Interest Income

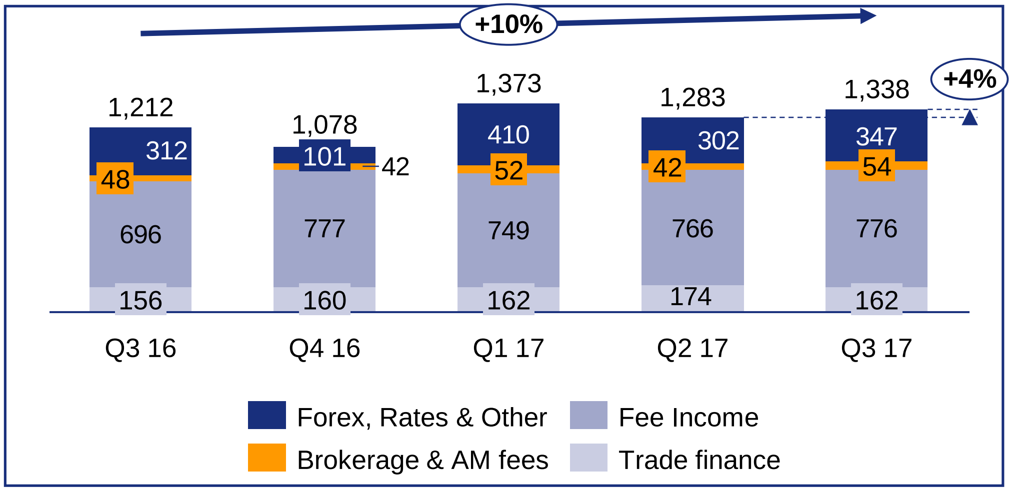
Highlights

- Core fee income improved 3% y-o-y driven by growth in foreign exchange and credit card, trade finance and processing fee income
- Non-interest income declined 6% y-o-y due to lower one-off gains from the sale of investment securities
- Income from property declined 184% y-o-y due to a downward revaluation of illiquid inventory
- Investment securities & other income was 38% lower y-o-y due to lower income from dividend and investment securities sales

Composition of Non Interest Income (AED Mn)

AED Mn	Q3-17 YTD	Q3-16 YTD	Better / (Worse)
Core gross fee income	3,994	3,811	5%
Fees & commission expense	(743)	(667)	(11%)
Core fee income	**3,250**	**3,144**	**3%**
Property income / (loss)	(72)	86	(184%)
Investment securities & other income	250	405	(38%)
Total Non Interest Income	**3,428**	**3,634**	**(6%)**

Trend in Core Gross Fee Income (AED Mn)

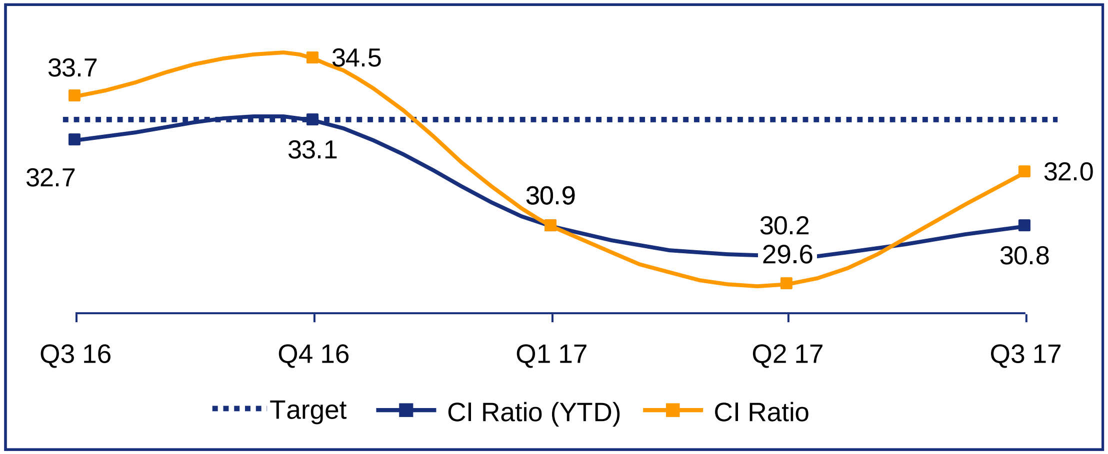


Operating Costs and Efficiency

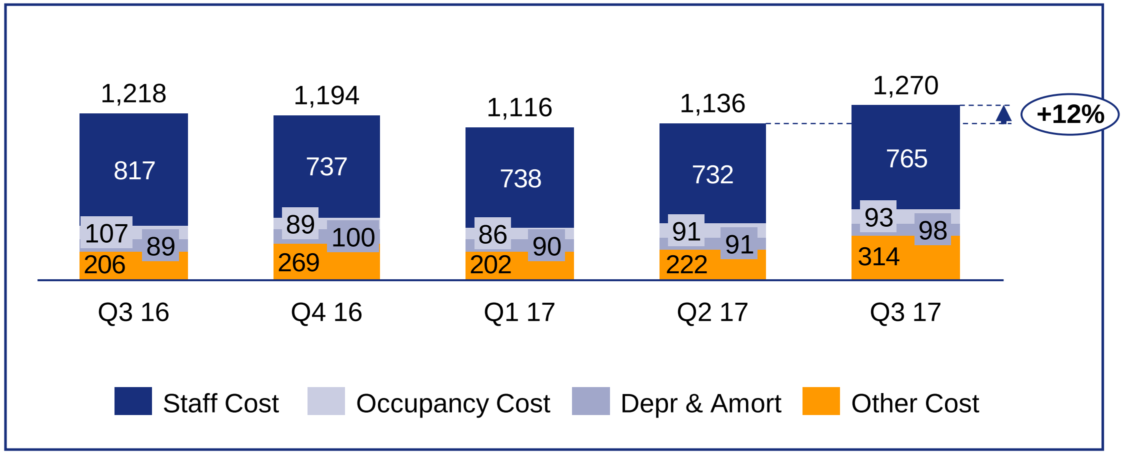
Highlights

- Q3-17 YTD costs improved by 5% y-o-y helped by a containment in staff costs following cost control measures implemented in 2016
- Costs increased in Q3-17 by 4% y-o-y as Other Costs rose due to a combination of factors including an increase in marketing spend and higher IT costs as signaled earlier
- Costs expected to be within 2017 guidance
- We still have headroom to fund our multi-year planned investment in digital

Cost to Income Ratio (%)



Cost Composition (AED Mn)

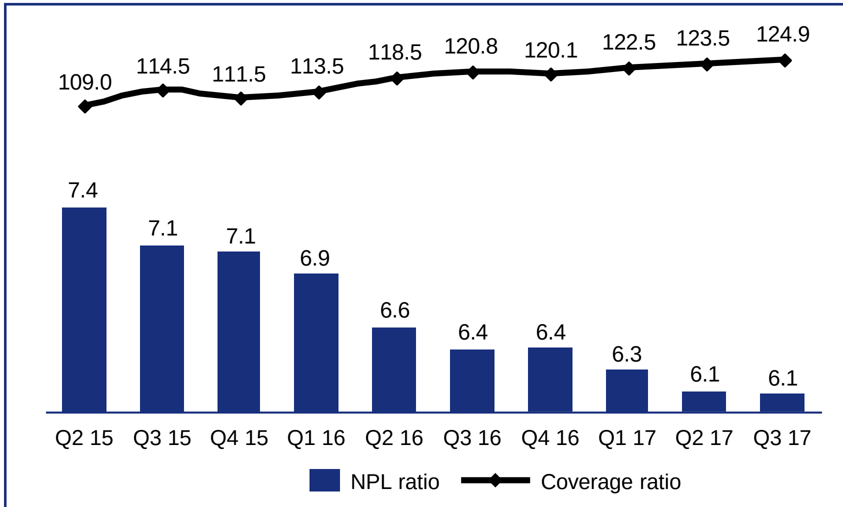


Credit Quality

Highlights

- NPL ratio improved to 6.1% during 2017 and held steady q-o-q
- Impaired loans were steady at AED 20.1 Bn during 2017 helped by AED 1,052 Mn of write backs & recoveries
- Q3-17 YTD cost of risk at 69 bps (annualized) continued to improve as net impairment charge of AED 1,692 Mn improved 23% y-o-y
- Coverage ratio strong at 124.9%
- Total portfolio impairment allowances amount to AED 7.5 Bn or 3.16% of credit RWAs

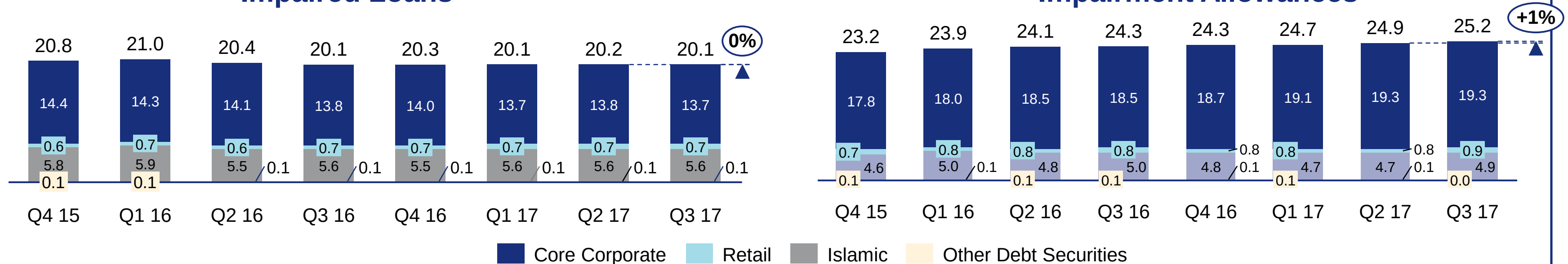
Impaired Loan & Coverage Ratios (%)



Impaired Loans and Impairment Allowances (AED Bn)

Impaired Loans

Impairment Allowances

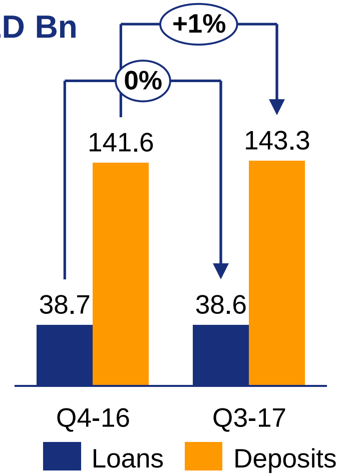


Divisional Performance

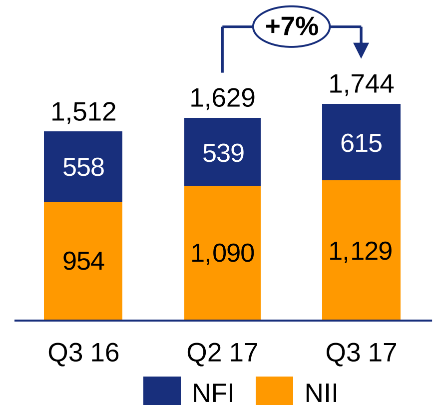
Retail Banking & Wealth Management

- Revenues increased 15% y-o-y and 7% q-o-q
- Q3-17 fee income accounted for 35% of total RBWM revenue, up from 33% in the previous quarter
- Loan growth was flat as a decline in micro-SME balances was largely offset by growth in credit cards and mortgages; deposits grew by 1% from end 2016
- RBWM continued to lead the market in digital and innovation with the revamp of its online banking platform and the recently launched FaceBanking video banking facilities. The Liv. digital banking proposition was also enhanced with the addition of new services
- The bank continues to optimize its distribution network with 584 ATMs and 95 branches as at 30-Sep-17

Balance Sheet Trends AED Bn



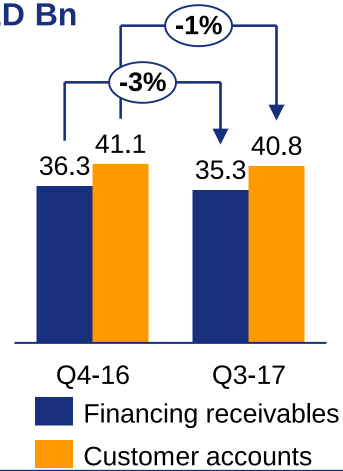
Revenue Trends AED Mn



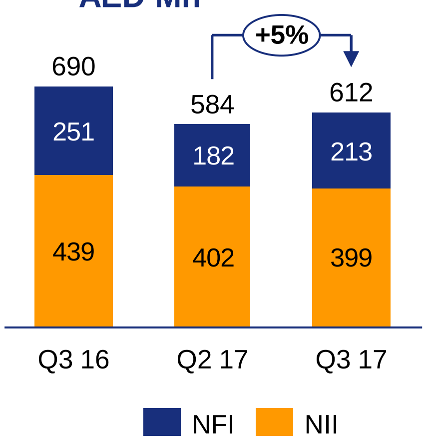
Emirates Islamic

- Emirates Islamic recorded a four-fold improvement in net profit to AED 498 million for the first nine months of 2017
- Financing receivables declined 3% in 2017 and Q3-17 revenue declined 11% y-o-y due to a slowdown in new business as EI tightened underwriting standards. EI well positioned after the 2016 business review as reflected by the 5% increase in quarterly revenue
- Customer accounts decreased 1% during 2017 as EI focused on improving liability mix and cost of funding. CASA now represents 70% of EI's customer deposits
- As at 30-Sep-17, EI had 66 branches and an ATM & CDM network of 207

Balance Sheet Trends AED Bn



Revenue Trends AED Mn

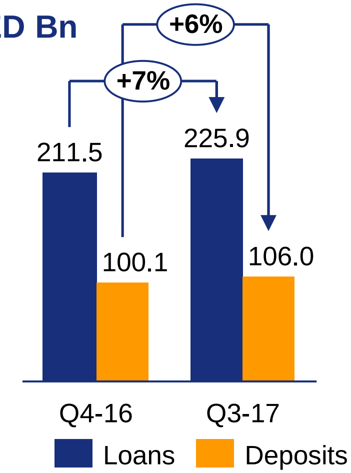


Divisional Performance (cont'd)

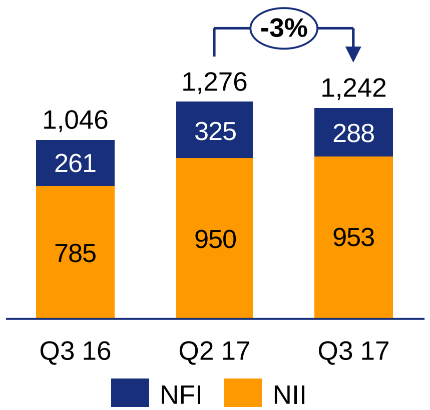
Wholesale Banking

- Wholesale Banking revenues increased 19% y-o-y and declined 3% q-o-q
- Loans grew 7% in 2017 due to growth in real estate, services and trade sectors. Deposits up 6% during 2017
- Net Interest Income grew 21% y-o-y on improved loan yields and better funding costs as high yield deposits rolled off
- Fee income grew 10% y-o-y but declined 11% in Q3 due to lower business volumes during the holiday period
- Focus in 2017 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



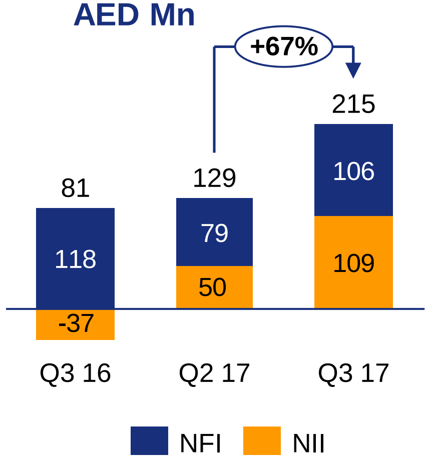
Revenue Trends AED Mn



Global Markets & Treasury

- GM&T revenues increased 164% y-o-y and 67% q-o-q
- Revenue growth helped by Balance Sheet positioning to take advantage of rate rises.
- Sales revenue from FX increased on higher volumes but offset by lower income from Structured & Fixed Income sales.
- Trading revenue in Credit & Foreign Exchange declined on increased 'event driven' volatility in global markets; partially offset by improved performance in Interest Rate Derivative Trading
- Raised AED 6.9 billion of term funding through private placements with maturities out to twenty years and an Australian Dollar ten-year public bond issue.

Revenue Trends AED Mn



Investor Relations

PO Box 777

Emirates NBD Head Office, 4th Floor

Dubai, UAE
Tel: +971 4 201 2606
Email: IR@emiratesnbd.com

Emirates NBD