

FY 2017 Results Presentation

16 January 2018





Important Information

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Emirates NBD delivered a strong set of results in 2017

FY2017 Key Metrics

		FY 2017	v. 2017 Guidance	2018 Guidance
Profit	Net profit	AED 8.35 Bn +15%		
	NIM	2.47%	2.45 – 2.50%	2.55-2.65%
	Cost-to-income	31.3%	33%	33%
Credit Quality	NPL	6.2%	✓	Improving trend
	Coverage	124.5%	✓	
Capital *	CET 1	16.4%		
	Tier 1	19.7%		
	CAR	22.0%		
Liquidity	AD ratio	93.1%	90-100%	90-100%
	LCR ratio	146.0%		
Assets	Loan growth	5%	mid-single digit	mid-single digit

* Based on Basel III capital regulations

2018 Macro themes

	Regional	Global
+	<ul style="list-style-type: none"> Resilience of UAE economy underpinned by non-oil activity growth Higher growth in GCC economies Improving liquidity 	<ul style="list-style-type: none"> Emirates NBD's balance sheet positioned to benefit from rising interest rates Improved banking system liquidity to support private sector growth
-	<ul style="list-style-type: none"> Geo-politics within GCC Strong dollar impact on Dubai tourism Introduction of VAT 	<ul style="list-style-type: none"> Potential Euro area volatility from implementation of Brexit and key government elections



FY 2017 Financial Results

Highlights

- Net profit of AED 8,346 Mn for FY 2017 improved 15% y-o-y
- Net interest income improved 7% y-o-y due to 5% loan growth and helped by recent interest rate rises
- Non-interest income improved 1% y-o-y as higher foreign exchange and derivatives income offset lower gains from the sale of properties
- Costs improved 1% y-o-y as lower staff costs more than offset an increase in costs both on Marketing and IT relating to our planned investment in digital and technology refresh
- Provisions of AED 2,229 Mn improved 15% y-o-y as cost of risk continues to normalize on the back of improving asset quality metrics
- NPL ratio stable at 6.2% and coverage ratio strengthened to 124.5%
- Liquidity Coverage Ratio (LCR) of 146.0% and AD ratio of 93.1% demonstrates healthy liquidity position
- NIMs were stable y-o-y as the benefit from rate rises coupled with lower deposit and wholesale funding costs in 2017 offset higher deposit costs experienced in 2016

Key Performance Indicators

AED Mn	FY 2017	FY 2016	Better / (Worse)
Net interest income	10,786	10,111	7%
Non-interest income	4,669	4,637	1%
Total income	15,455	14,748	5%
Operating expenses	(4,844)	(4,888)	1%
Pre-impairment operating profit	10,611	9,860	8%
Impairment allowances	(2,229)	(2,608)	15%
Operating profit	8,382	7,252	16%
Share of profits from associates	72	135	(47%)
Taxation charge	(109)	(148)	27%
Net profit	8,346	7,239	15%
Cost: income ratio (%)	31.3%	33.1%	1.8%
Net interest margin (%)	2.47%	2.51%	(0.04%)

AED Bn	31-Dec-17	31-Dec-16	%
Total assets	470.4	448.0	5%
Loans	304.1	290.4	5%
Deposits	326.5	310.8	5%
AD ratio (%)	93.1%	93.4%	0.3%
NPL ratio (%)	6.2%	6.4%	0.2%

Q4-17 Financial Results Highlights

Highlights

- Net profit of AED 2,176 Mn for Q4-17 increased 17% y-o-y and declined 4% q-o-q
- Net interest income improved 14% y-o-y due to loan growth and helped by recent interest rate rises. Net interest income was flat q-o-q
- Non-interest income improved 24% y-o-y and 7% q-o-q due to higher income from bancassurance and the sale of investments
- Costs were higher by 4% q-o-q on an increase in Marketing and IT costs relating to our planned investment in digital and technology refresh
- Provisions of AED 537 Mn are higher 27% y-o-y and 24% q-o-q
- NPL ratio stable at 6.2% and coverage ratio strengthened to 124.5%
- Liquidity Coverage Ratio (LCR) of 146.0% and AD ratio of 93.1% demonstrates healthy liquidity position
- NIMs widened y-o-y helped by rate rises and improved funding costs and declined q-o-q due to competition for liquidity over year-end

Key Performance Indicators

AED Mn	Q4-17	Q4-16	Better / (Worse)	Q3-17	Better / (Worse)
Net interest income	2,795	2,460	14%	2,806	(0%)
Non-interest income	1,241	1,003	24%	1,160	7%
Total income	4,037	3,463	17%	3,965	2%
Operating expenses	(1,322)	(1,194)	(11%)	(1,270)	(4%)
Pre-impairment operating profit	2,715	2,269	20%	2,696	1%
Impairment allowances	(537)	(424)	(27%)	(431)	(24%)
Operating profit	2,178	1,845	18%	2,264	(4%)
Share of profits from associates	18	49	(64%)	42	(57%)
Taxation charge	(20)	(37)	46%	(30)	34%
Net profit	2,176	1,857	17%	2,276	(4%)
Cost: income ratio (%)	32.7%	34.5%	1.7%	32.0%	(0.7%)
Net interest margin (%)	2.51%	2.29%	0.22%	2.56%	(0.05%)

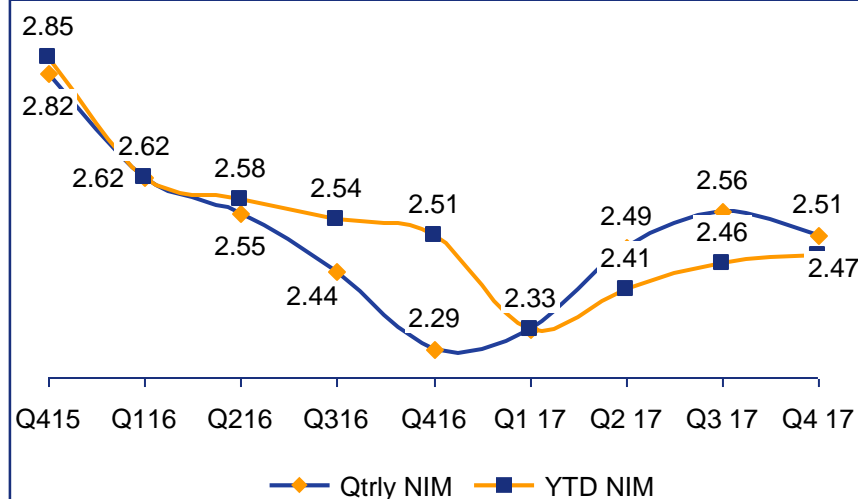
AED Bn	31-Dec-17	31-Dec-16	%	30-Sep-17	%
Total assets	470.4	448.0	5%	461.1	2%
Loans	304.1	290.4	5%	304.1	0%
Deposits	326.5	310.8	5%	322.1	1%
AD ratio (%)	93.1%	93.4%	0.3%	94.4%	1.3%
NPL ratio (%)	6.2%	6.4%	0.2%	6.1%	(0.1%)

Net Interest Income

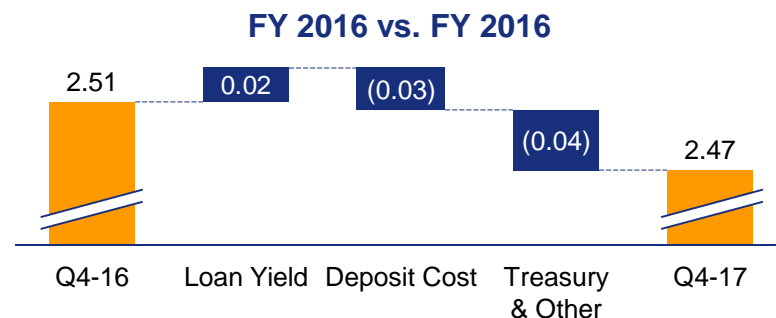
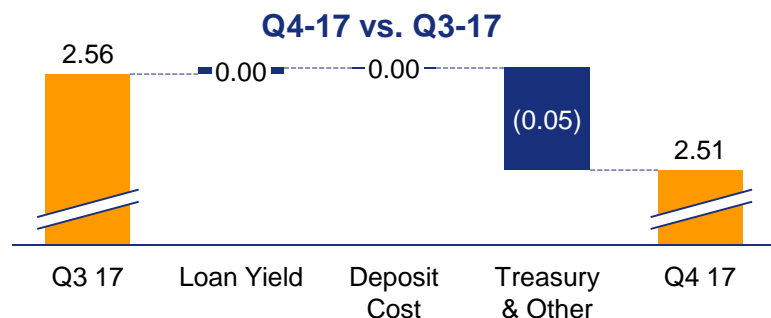
Highlights

- NIMs showed an improving trend in 2017, as rate rises flowed through to the loan book and liquidity conditions improved
- Q4-17 NIM of 2.51% improved 22 bps y-o-y
- Loan yields improved 2 bps y-o-y and held steady q-o-q helped by recent interest rate rises
- Funding costs adversely impacted margins in Q4 reflecting higher premium for liquidity over year end. Bank successfully prefunded expensive debt maturing in Q1-18 by issuing a \$750 Mn 5-year senior bond in November
- 2018 NIM guidance raised to 2.55-2.65% as we expect improvement in funding costs coupled with further benefit from anticipated rate rises

Net Interest Margin (%)



Net Interest Margin Drivers (%)

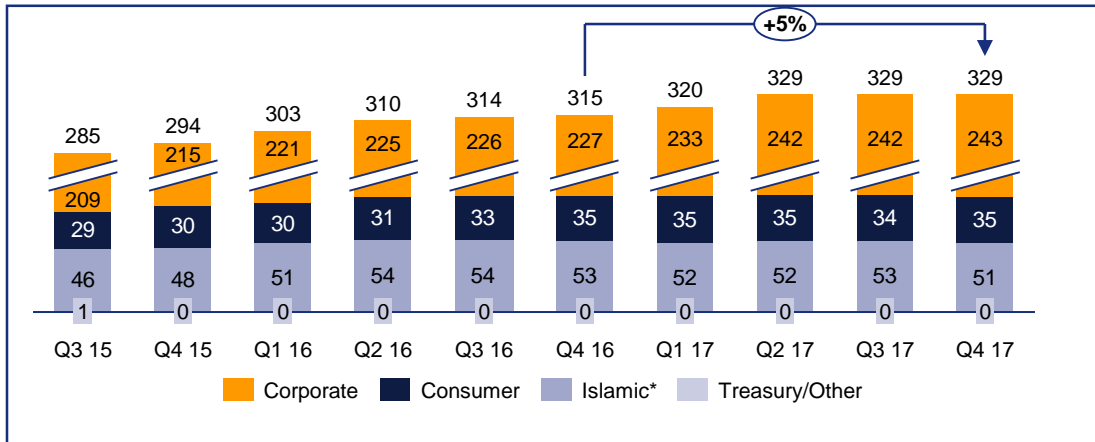


Loan and Deposit Trends

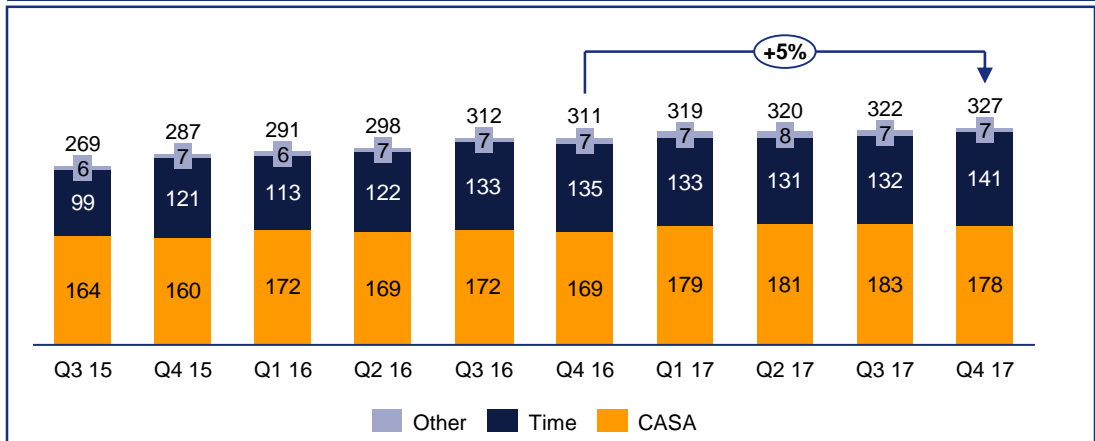
Highlights

- Gross loans grew 5% in 2017 with growth mainly from corporate lending
- Corporate lending grew 7% in 2017 due to growth in real estate, services and trade sectors
- Consumer lending grew 3% in 2017 with growth in credit cards and mortgages
- Islamic financing contracted 3% in 2017 due to a slowdown in new business as Emirates Islamic tightened underwriting standards
- Deposits grew 5% in 2017 with higher growth in fixed deposits in Q4 reflecting competition for liquidity over year-end
- CASA deposits represent 55% of total deposits

Trend in Gross Loans by Type (AED Bn)



Trend in Deposits by Type (AED Bn)



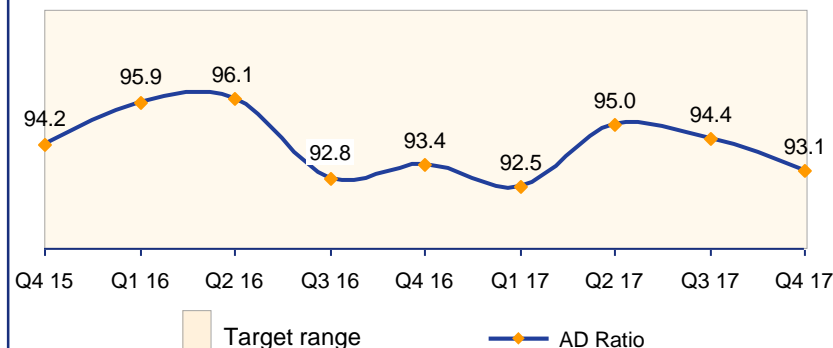
* Gross Islamic Financing Net of Deferred Income

Funding and Liquidity

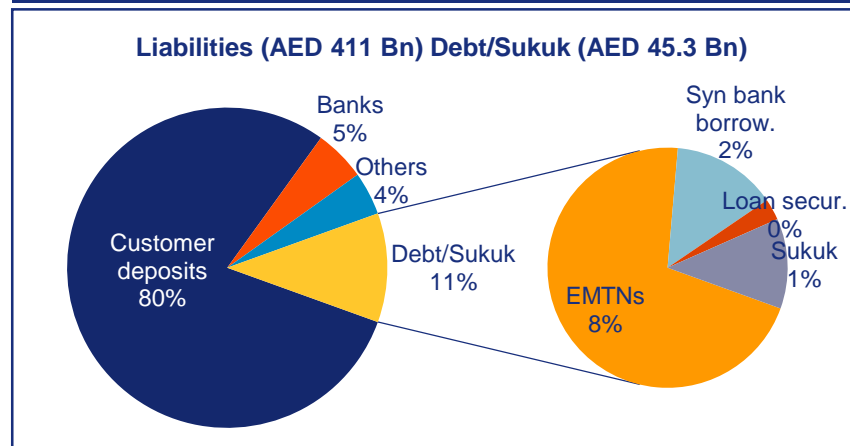
Highlights

- Liquidity Coverage Ratio (LCR) of 146.0% and AD ratio of 93.1% demonstrates healthy liquidity position
- Liquid assets* of AED 71.9 Bn as at Q4-17 (17.5% of total liabilities)
- Debt & Sukuk term funding represent 11% of total liabilities
- In 2017, AED 10.2 Bn of term-debt issued in 4 currencies with maturities out to 20 years
- Maturities of AED 5.9 billion in 2018 allow the Group ability to consider public and private debt issues opportunistically

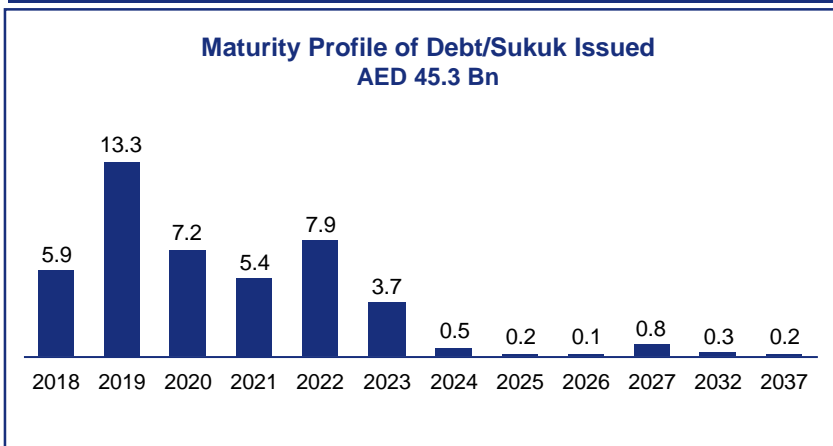
Advances to Deposit (AD) Ratio (%)



Composition of Liabilities/Debt Issued (%)



Maturity Profile of Debt Issued (AED Bn)



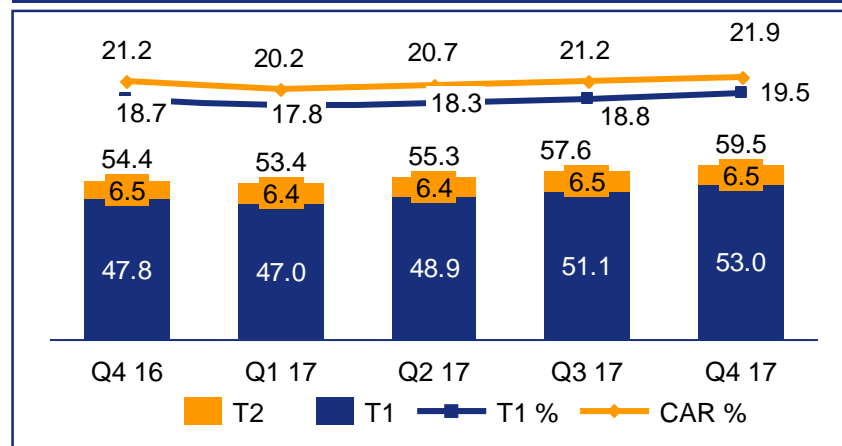
*Including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

Capital Adequacy

Highlights

- In Q4-17, Tier 1 ratio improved by 0.7% to 19.5% and CAR increased by 0.7% to 21.9%
- Increase in Tier 1 capital from retained earnings more than offsetting modest increase in risk weighted assets
- Under the Basel III framework:
 - Common Equity Tier 1 ratio is 16.4%
 - Tier 1 ratio is 19.7%
 - Total Capital ratio is 22.0%
- Emirates NBD has been designated a Domestically Systemically Important Bank. Additional D-SIB buffer of 0.75% for 2017 rising to 1.5% by 2019

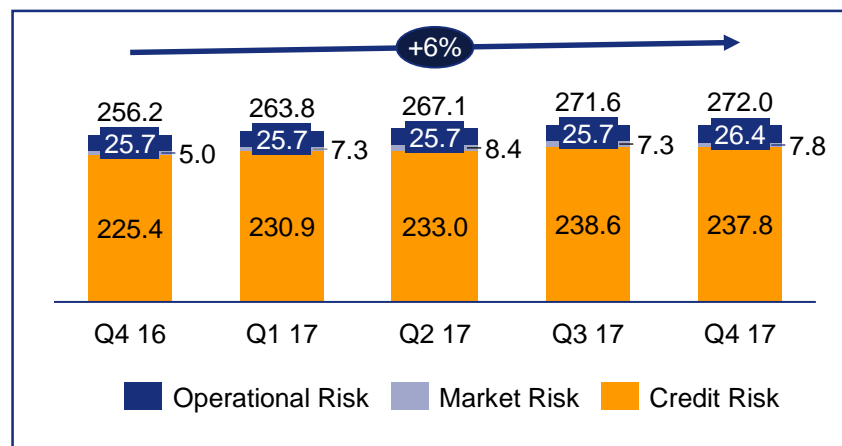
Capitalisation – Basel II



Capital Movements – Basel II

AED Bn	Tier 1	Tier 2	Total
Capital as at 31-Dec-2016	47.8	6.5	54.4
Net profits generated	8.4	-	8.4
FY 2016 dividend paid	(2.2)	-	(2.2)
Tier 1 Issuance/Repayment	-	-	-
Tier 2 Issuance/Repayment	-	-	-
Amortisation of Tier 2	-	-	-
Interest on T1 securities	(0.6)	-	(0.6)
Other	(0.4)	(0.1)	(0.4)
Capital as at 31-Dec-2017	53.0	6.5	59.5

Risk Weighted Assets – Basel II (AED Bn)



Non-Interest Income

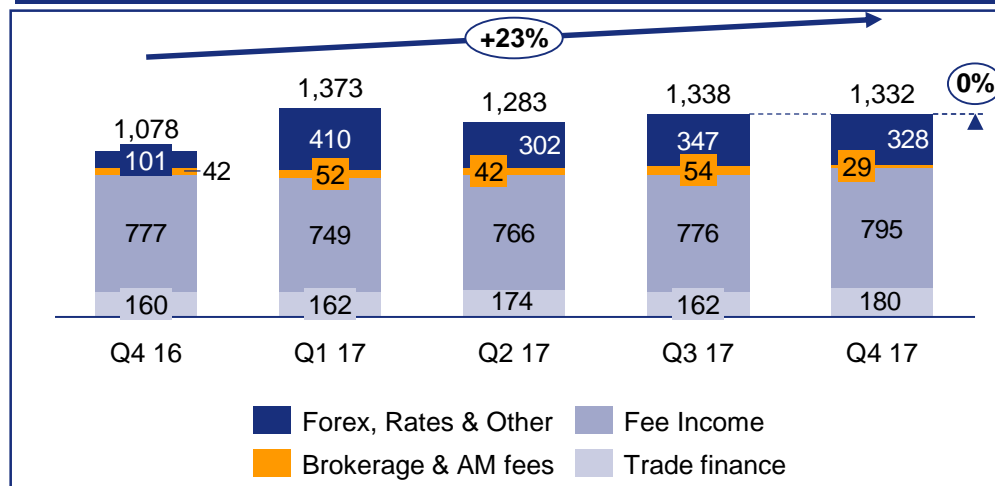
Highlights

- Core fee income improved 9% y-o-y driven by growth in foreign exchange and derivative income, bancassurance, credit card and trade finance income
- Non-interest income improved 1% y-o-y as higher core fee income offset lower gains from the sale of properties and investments
- Income from property declined 129% y-o-y due to a downward revaluation of illiquid inventory
- Investment securities & other income was 9% lower y-o-y due to lower income from dividend and investment securities sales

Composition of Non Interest Income (AED Mn)

AED Mn	FY 2017	FY 2016	Better / (Worse)
Core gross fee income	5,325	4,889	9%
Fees & commission expense	(981)	(886)	(11%)
Core fee income	4,344	4,003	9%
Property income / (loss)	(60)	210	(129%)
Investment securities & other income	386	424	(9%)
Total Non Interest Income	4,669	4,637	1%

Trend in Core Gross Fee Income (AED Mn)

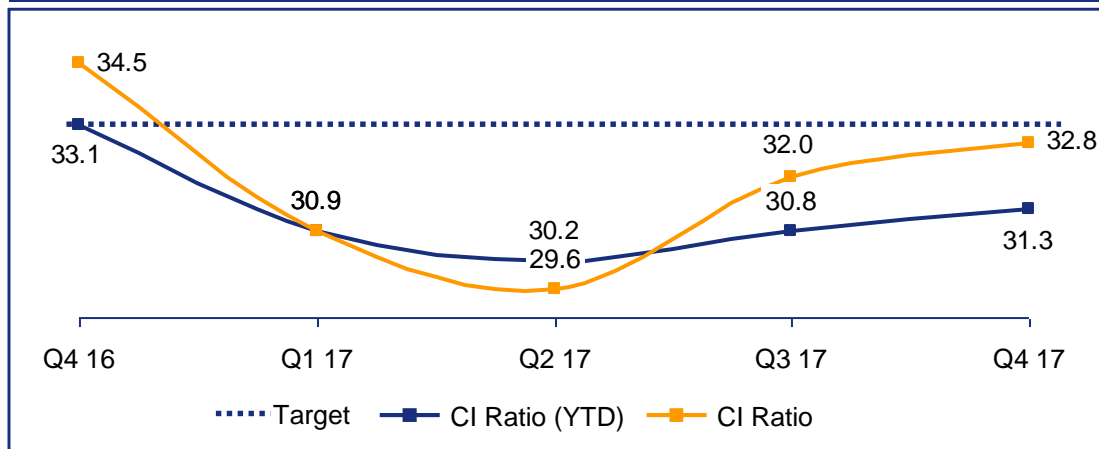


Operating Costs and Efficiency

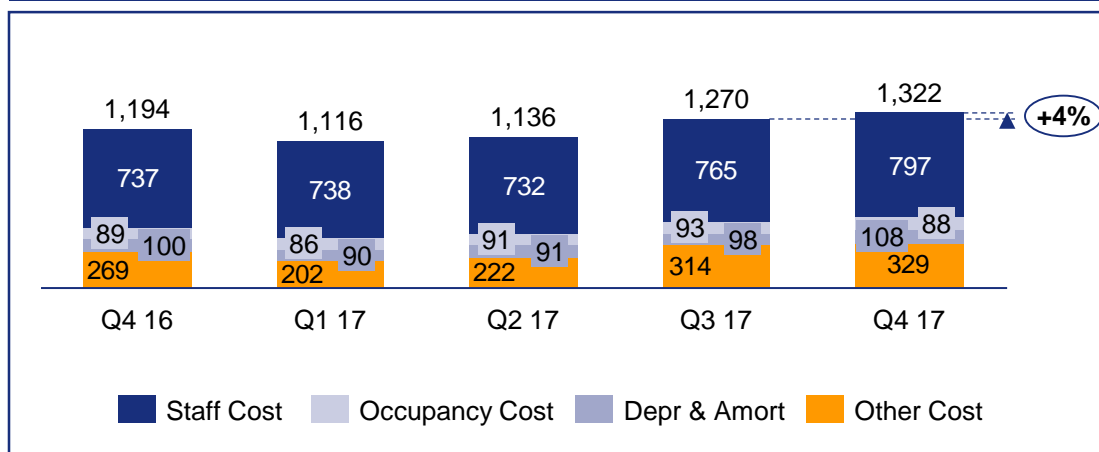
Highlights

- FY 2017 costs improved 1% y-o-y as lower staff costs more than offset an increase in costs both on Marketing and IT relating to our planned investment in digital and technology
- Costs increased 4% q-o-q in Q4-17 due to an increase in IT and related staff costs as signaled earlier
- Costs expected to be within 2018 guidance of 33% as we continue our digital investment and IT transformation

Cost to Income Ratio (%)



Cost Composition (AED Mn)

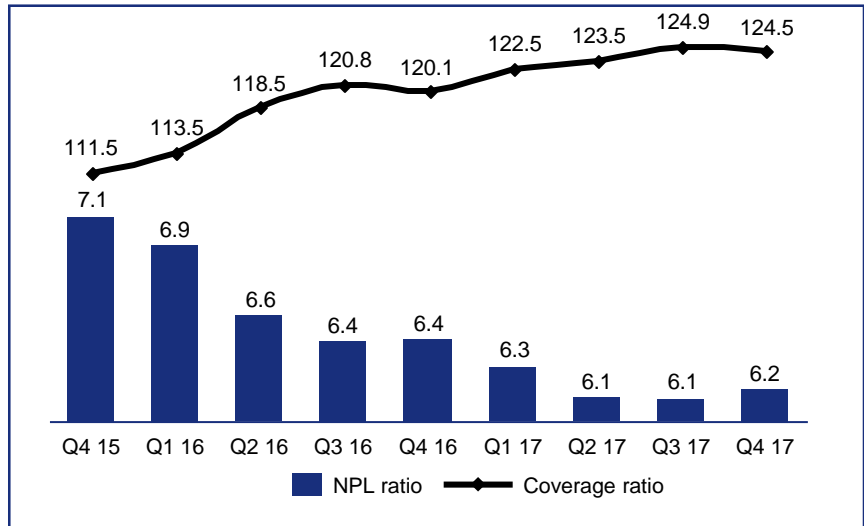


Credit Quality

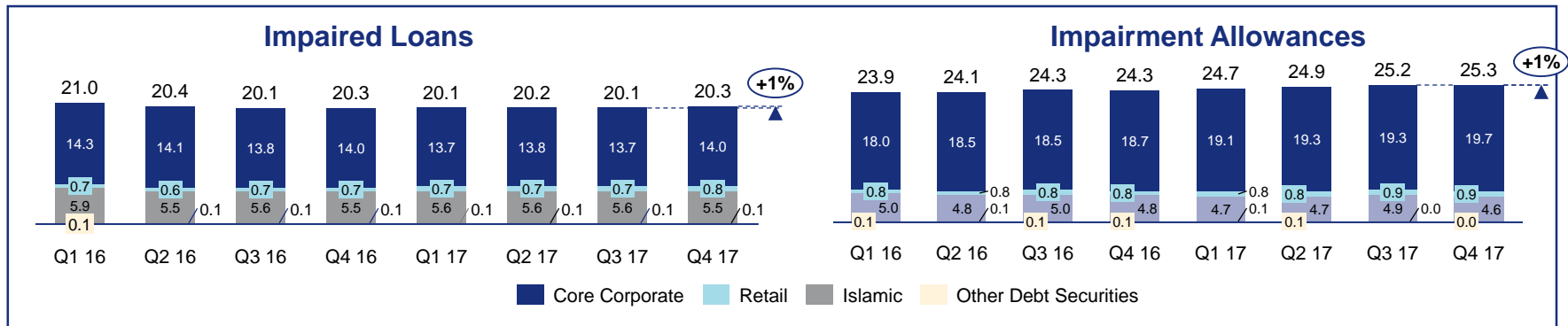
Highlights

- NPL ratio improved to 6.2% during 2017
- Impaired loans were steady at AED 20.3 Bn during 2017 helped by AED 1,777 Mn of write backs & recoveries
- FY 2017 cost of risk at 68 bps continued to moderate as net impairment charge of AED 2,229 Mn improved 15% y-o-y
- Coverage ratio strong at 124.5%
- Total portfolio impairment allowances amount to AED 7.6 Bn or 3.20% of credit RWA

Impaired Loan & Coverage Ratios (%)



Impaired Loans and Impairment Allowances (AED Bn)

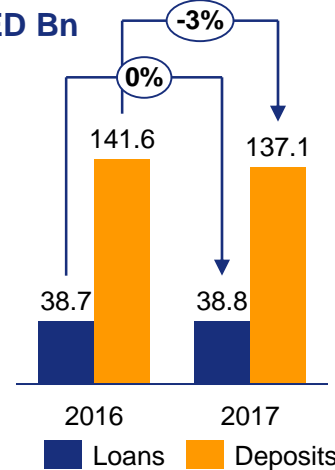


Divisional Performance

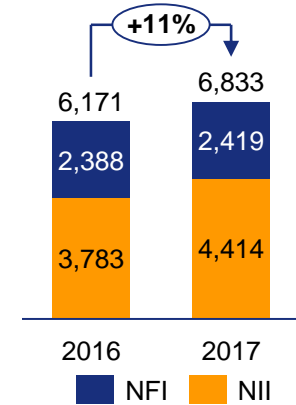
Retail Banking & Wealth Management

- Revenues increased 11% y-o-y
- Net interest income grew 17% led by liabilities. Fee income grew 1% supported by wealth, FX and cards and accounts for 35% of total RBWM revenue
- Loan growth was flat as growth in credit cards and mortgages was offset by a decline in micro-SME balances
- RBWM continued to lead the market in digital and innovation with the launch of Liv., the UAE's first digital bank targeted at millennials; FaceBanking video banking service; and EVA, the region's first voice-based virtual chatbot
- The bank continues to optimize its distribution network with 583 ATMs and 95 branches as at 31-Dec-17

Balance Sheet Trends AED Bn



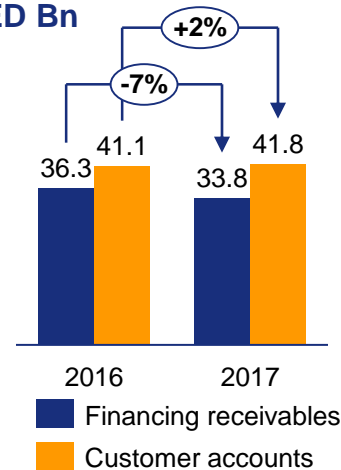
Revenue Trends AED Mn



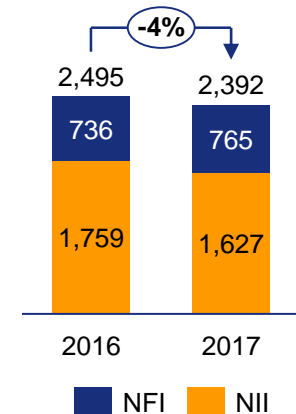
Emirates Islamic

- EI achieved a record net profit of AED 702 million in 2017, a six-fold improvement from 2016
- Financing receivables declined 7% to AED 34 billion in 2017 due to a slowdown in new business as EI tightened underwriting standards
- Customer accounts grew 2% to AED 42 billion as EI focused on improving liability mix and cost of funding. CASA now represents 81% of EI's customer deposits
- As at 31-Dec-17, EI had 64 branches and an ATM & CDM network of 203

Balance Sheet Trends AED Bn



Revenue Trends AED Mn





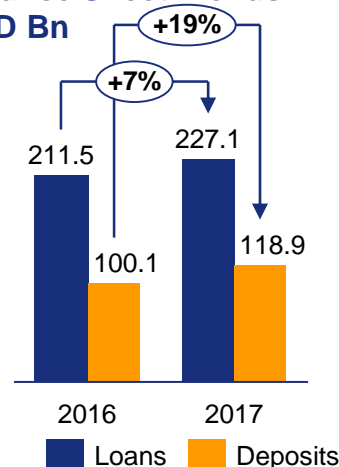
Divisional Performance (cont'd)

Wholesale Banking

- Wholesale Banking revenues increased 16% y-o-y
- Loans grew 7% in 2017 due to growth in real estate, services and trade sectors. Deposits up 19% in 2017
- Net Interest Income grew 19% y-o-y driven by an improvement in margins and growth in lending activity
- Fee income grew 6% y-o-y mainly due to growth in loans and trade finance
- Focus in 2017 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

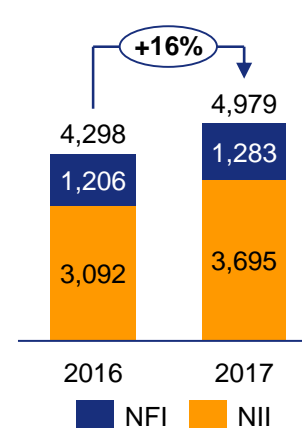
Balance Sheet Trends

AED Bn



Revenue Trends

AED Mn

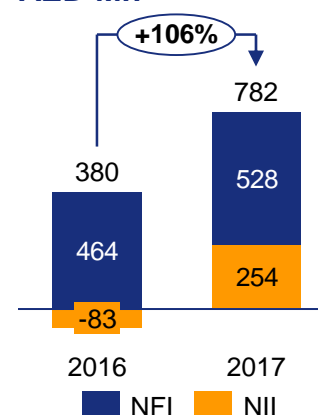


Global Markets & Treasury

- GM&T revenues increased 106% y-o-y
- Revenue growth helped by Balance Sheet positioning to take advantage of rate rises
- Sales revenue from FX increased on higher volumes due to enhanced product capability and closer working relationship with Corporate & Institutional clients
- Raised AED 10.2 billion of term funding through private placements with maturities out to twenty years, a US\$750m 5-year benchmark issue and a 10-year Australian dollar deal

Revenue Trends

AED Mn



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