

For immediate release

Emirates NBD's profit up 17% YoY to AED 4.8 billion for first-half of 2021

Dubai, 28 July 2021

Emirates NBD's net profit jumped 17% on stable margins, effective cost management and a significant reduction in the cost of risk reflecting improved business sentiment. The Group's strong first-half results demonstrate financial resiliency and the success of its diversified business model. Emirates NBD continues to support businesses and customers recovering from the global pandemic, while accelerating the pace of investment in digital and its international network to support future growth. Retail lending recorded its best ever quarter, including record growth for credit cards, personal loans, and home loans.

Total Income AED 11,540 million ↑ 9% vs H2-20 ↓ 9% y-o-y	Expenses AED 3,764 million ↓ 2% vs H2-20 ↓ 6% y-o-y	Provisions AED 2,614 million ↓ 30% vs H2-20 ↓ 38% y-o-y	Net Profit AED 4,784 million ↑ 66% vs H2-20 ↑ 17% y-o-y
NIM 2.45%	Cost:Income ratio 32.6%	NPL Ratio 6.3%	CET-1 Ratio 15.6%

Key Highlights – First-Half-2021

- **Strong operating performance on higher transaction volumes reflecting improving economic conditions coupled with firm cost management**
 - **Total income** up 9% over the preceding half year due to a marked increase in transactions and stable NIMs
 - **Expenses** declined 6% y-o-y to AED 3.8 billion on disciplined cost management action
 - **Impairment allowances** reduced 38% y-o-y with cost of risk substantially improving to 114bp, lowest since 2019 pre-pandemic, while still maintaining best-in-class coverage ratios
 - **Net profit** jumped 17% y-o-y to AED 4.8 billion on improving economic conditions
 - **Net interest margin** stable at 2.45% with lower cost of funding from record CASA balances mitigating lower yields on loans and liquid assets

- **Strong capital and liquidity combined with a healthy deposit mix and higher profits enable the Group to support customers and empower them to benefit from the expanding economy**
 - **Total assets** stable during the first half at AED 694 billion maintaining a strong asset base
 - **Customer loans** at AED 438 billion with Q2-21 a record quarter for growth in personal loans, credit cards and mortgages
 - **Deposit mix:** highest ever CASA balances, increasing by AED 25 billion, positioning the Group very well for eventual rate rises
 - **Credit Quality:** NPL ratio increased marginally by 0.1% to 6.3% in H1-21 with coverage ratio strengthening to 122.5% reflecting Group's prudent approach to credit impairment

- **Capital and Liquidity:** 158.8% 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 and adapt to customers' changing needs and preferences, enabling secure banking through many innovative digital channels. The Group has reinforced its commitment to sustainability and responsible investment while further expanding its international presence.**
- **Customer support:** AED 10.7 billion of support provided to over 120,000 customers
 - **Customer repayments:** AED 6.8 billion of repayments demonstrate the Group's successful efforts in mitigating the financial impact on customers from Covid-19
 - **Social responsibility:** Private Banking teams received certified training in sustainable and responsible investing, reinforcing Emirates NBD's commitment to embrace sustainable practices
 - **ESG:** The first bank in the UAE to offer an eco-friendly debit card made from recycled plastic
 - **ESG:** The first bank from the Gulf region to issue an ESG-linked syndicated loan, with cost of the USD 1.75 billion facility a function of environmental and social targets
 - **Investment Banking:** EmCap had a record half year, leading 68 bond and loan transactions, raising USD 50 billion for clients from 15 countries in multiple currencies
 - **DenizBank:** Successfully issued a USD 410 million multicurrency syndicated loan, becoming the first Turkish bank syndication to include a Renminbi denominated tranche, reflecting DenizBank's appeal amongst international investors
 - **Digital:** Liv. digital bank continues to successfully expand; servicing more than 470,000 customers in the UAE and 75,000 customers in KSA
 - **International Expansion:** Increased KSA branch network to seven with the opening of a third branch in Riyadh



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

- “Emirates NBD’s profits increased by 17% for the first-half of 2021 to AED 4.8 billion as business sentiment continues to improve.
- The Group’s strong first-half results demonstrate its financial resiliency and the success of its diversified business model.
- The UAE economy has remained open thanks to the speed and success of the UAE’s vaccination programme. With 70% of the population fully vaccinated, and with one of the highest testing rates globally, the UAE continues to be a safe and attractive destination for residents and visitors.
- During the Holy Month of Ramadan, the Group encouraged people from all cultures and faiths in the UAE to fast with a friend for a day and, in recognition of these efforts, we were delighted to donate AED 500,000 to the Al Jalila Foundation.”



Shayne Nelson, Group Chief Executive Officer said:

- “Emirates NBD’s profits jumped 17% as the impact of lower interest rates was more than offset by firm cost management and a significant improvement in the cost of risk to pre-pandemic levels.
- I am proud that we continue to use the Group’s strong balance sheet to support our customers, empowering them to benefit from the expanding economy.
- The Group expanded its branch presence in the Kingdom of Saudi Arabia to seven with the opening of a third branch in Riyadh.
- We reinforced our commitment to sustainable and responsible investment and launched the UAE’s first eco-friendly debit card made from recycled plastic.
- In the second quarter we upgraded our global payment system, enabling much faster cross-border payments and more visible tracking, improving the overall experience for our customers.”



Patrick Sullivan, Group Chief Financial Officer said:

- “Total income for the first-half of 2021 was up 9% to AED 11,540 million over the preceding half year due to increased transactional activity and stable margins.
- Non-funded income improved year on year with Q2-21 a record quarter for growth in personal loans, credit cards and mortgages.
- Margins remained stable as strong CASA growth helped mitigate lower yields on loans and liquid assets.
- CASA balances at highest ever level, positioning us well for eventual rate rises.
- In the second quarter we improved the efficiency and cost of the capital structure through a capital management exercise.”

Financial Review

AED million	Half year ended 30-Jun-21	Half year ended 30-Jun-20	Better / (Worse) (%)	Half year ended 31-Dec-20	Better / (Worse) (%)
Net interest income	8,148	9,305	(12)%	8,182	0%
Non-funded income	3,391	3,323	2%	2,400	41%
Total income	11,540	12,628	(9)%	10,582	9%
Operating expenses	(3,764)	(3,999)	6%	(3,857)	2%
Pre-impairment operating profit	7,776	8,629	(10)%	6,725	16%
Impairment allowances	(2,614)	(4,211)	38%	(3,725)	30%
Operating profit	5,162	4,418	17%	3,000	72%
Net profit	4,784	4,091	17%	2,874	66%

Key Metrics

Cost to income ratio (%)	32.6%	31.7%	(90) bps	36.4%	380 bps
Net interest margin (%)	2.45%	2.84%	(39) bps	2.45%	0 bps
Cost of Risk (bps)	114	172	58	156	42
EPS (AED)	0.70	0.60	0.10	0.46	0.24
Return on Tangible Equity (%)	13.1%	11.7%	140 bps	6.9%	620 bps

AED billion	as at 30-Jun-21	as at 30-Jun-20	Inc / (Dec)	as at 31-Dec-20	Inc / (Dec)
Total assets	693.8	694.3	0%	698.1	(1)%
Loans	438.2	442.9	(1)%	443.5	(1)%
Deposits	457.9	460.9	(1)%	464.2	(1)%

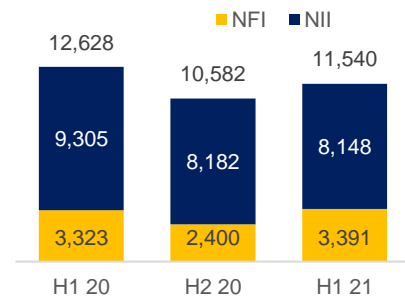
Key Metrics

NPL Ratio (%)	6.3%	5.8%	50 bps	6.2%	10 bps
Impaired Loan Coverage Ratio (%)	122.5%	116.9%	560 bps	117.3%	520 bps
Liquidity Coverage Ratio (%)	158.8%	152.5%	630 bps	165%	(620) bps
Capital Adequacy Ratio (%)	18.7%	18.5%	20 bps	18.5%	20 bps
Tier 1 Ratio (%)	17.6%	17.3%	30 bps	17.4%	20 bps
Common Equity Tier 1 Ratio (%)	15.6%	15.3%	30 bps	15.0%	60 bps

Operating Performance

Total income for first-half of 2021 was up 9% to AED 11,540 million over the preceding half year due to increased transactional activity and stable NIMs. Total income was down 9% y-o-y as higher non-funded income was offset by a decline in net interest income due to lower interest rates.

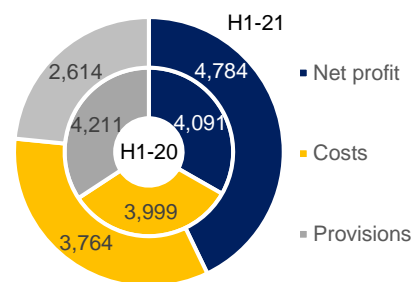
Net interest income remained flat over H2-20 as an improved deposit mix offset lower asset yields and declined 12% y-o-y due to lower interest rates and a decline in DenizBank margins. Non-funded income was up 41% over the preceding half year and 2% higher y-o-y due to higher activity, an increase in foreign exchange and derivative income and higher investment securities income.



Expenses for the first-half of 2021 of AED 3,764 million improved 2% over the preceding half year due to earlier management actions. Expenses were 6% lower y-o-y due to lower staff and operating costs, and lower costs from DenizBank.

Impairment allowances in H1-21 of AED 2,614 million reduced 30% over the preceding half year and 38% y-o-y due to improving economic conditions, and following proactive provisioning in 2020.

The Group's net profit of AED 4,784 million for the first-half is 66% higher over the preceding half year and 17% higher y-o-y on improving economic conditions with DenizBank adding significant diversification to the Group.

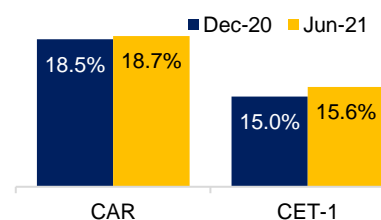


Balance Sheet Trends

In Q2-21 net loans grew by AED 2.1 billion as strong demand for retail loans and renewed growth in corporate and Islamic lending offset the FX translation impact from DenizBank. In H1-21, loans were down 1% due to repayments of corporate loans including loans receiving support and the FX translation impact. Deposits were down 1% in H1-21 due to Turkish lira depreciation. The deposit mix improved with CASA growing by AED 25 billion, helping replace a AED 27 billion reduction in more expensive fixed deposits.

Liquidity remains strong with the Liquidity Coverage Ratio at 158.8% and the Advances to Deposits Ratio at 95.7%. During the first-half of 2021, the Group raised AED 20.3 billion of senior term funding, more than fully covering this year's term debt maturities.

During the first-half, the Non-Performing Loan ratio increased marginally by 0.1% to 6.3% whilst the Coverage ratio strengthened further to 122.5%, demonstrating the Group's continued prudent approach towards credit risk management.



As at 30 June 2021, the Group's CET-1 ratio is 15.6%, Tier 1 ratio is 17.6% and CAR is 18.7%.

Business Performance

- **Retail Banking and Wealth Management (RBWM)** had a record quarter for retail loans, with volumes reaching 1.5 times pre-Covid averages.
 - 78% of RBWM customers are digitally active with 98% of all transactions now outside the branch.
 - Liv. grew its UAE base to over 470,000 customers and expanded with the launch of Liv. Prime, a membership based program offering premium lifestyle based benefits.
 - Emirates Signature multi-asset funds program ramped up with AUMs crossing USD 250 million.
- **Corporate and Institutional Banking (C&IB)** partnered with major government entities to deliver automated and digitized platforms.
 - Emirates NBD Capital (EmCap) led 68 bond and loan transactions during H1-21, raising USD 50 billion for sovereigns, quasi-sovereigns, corporates and financial institutions from 15 countries in multiple currencies. EmCap continues to enhance its ESG credentials, leading 12 ESG transactions. EmCap also successfully led four Equity Capital Market transactions during the first half of 2021.
- **Global Markets and Treasury (GM&T)** delivered a solid performance in H1-21 with net interest income improving 40%, driven by an increase in net interest income from hedging and banking book investments.
 - GM&T improved the efficiency and cost of the capital base, retiring AED 4 billion of existing notes and replacing with a \$750m more efficient AT1 issue.
 - GM&T, CIB and EmCap jointly issued a USD 1.75 billion ESG-linked syndicated loan with cost a function of environmental and social targets.
- **Emirates Islamic:** expanded its business banking centre network to support small and medium enterprises with the launch of two new facilities.
- **DenizBank's** income of AED 3,313 million represents 29% of Group income. DenizBank contributed AED 1,036 million or 22% to Group's profit with AED 126 billion of assets representing 18% of total Group assets.
 - DenizBank continues to diversify sources of term funding, issuing a USD 410 million multicurrency syndicated loan and becoming the first Turkish bank syndication to include a Renminbi denominated tranche, reflecting DenizBank's international appeal.
- **Saudi Arabia:** Liv. KSA has grown to 75,000 customers with innovative pipeline of enhancements planned for the rest of the year. Branch presence expanded to seven with the opening of a third branch in Riyadh.

Outlook

The global economic recovery remains uneven, influenced by the success of vaccination programmes but threatened by the emergence of new variants of the virus. The speed of the UAE's vaccination programme has allowed the economy to remain open, even as other countries have struggled to contain the spread of the virus, and we expect the recovery in the non-oil sector to gain momentum in the second-half of 2021. Emirates NBD Research expects the non-oil economy to grow by 3.5% this year, although curbs on oil production will weigh on GDP growth, which is expected to reach 1.5% in 2021.

The Kingdom of Saudi Arabia's economy is expected to rebound this year after contracting 4.1% in 2020. Oil production cuts in the first quarter of 2021 will weigh on the GDP reading, even as the non-oil sector is expected to grow 4.0% this year.

The Egyptian economy has held up well in the face of the global pandemic, making it one of the few countries in the world to register positive GDP growth last year. While GDP growth likely slowed to 2.9% in the fiscal year ended June 2021, it is expected to accelerate to 4.9% next year.

Turkey also posted positive GDP growth in 2020, and the market expects improved growth of 5.5% this year. However, inflation uncertainty may weigh on the Lira.

-ENDS-

Awards:

Best Bank and Best Regional Bank Awards – Emirates NBD

- ✧ Emirates NBD won the 'Best Bank in the Middle East and 'Best Bank in the UAE' award at the 2021 Euromoney Awards for Excellence
- ✧ Emirates NBD ranked 5th in Forbes' Top 100 companies in the Middle East for 2021
- ✧ Emirates NBD is one of the top 100 banks, ranked 95th globally in The Banker list of the World's top 1,000 Banks for 2020
- ✧ Emirates NBD was 'Most Recommended Retail Bank in the UAE' at The Asian Banker's 2020 BankQuality™ Awards

Marketing, Social Media and Customer Engagement Awards – Emirates NBD

- ✧ 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

Emirates Islamic

- ✧ Emirates Islamic won the 'Best Digital Innovation in Islamic Banking' award at MEA Finance Banking Technology Summit & Awards
- ✧ Emirates Islamic won the 'Best Credit Card' award for its Emirati Visa Signature credit card at the 2021 International Finance Awards

Emirates NBD has a leading retail banking franchise, with 905 branches and 4,044 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

For more information:

Ibrahim Sowaidan
SVP, Head - Group Corporate Affairs
Emirates NBD
Telephone: +971 4 609 4113 / +971 50 6538937
e-mail: ibrahims@emiratesnbd.com

Patrick Clerkin
Senior Managing Director, Group Funding & Investor Relations
Emirates NBD
Telephone: +971 4 609 3007
e-mail: IR@EmiratesNBD.com / PatrickE@EmiratesNBD.com

This document has been prepared by Emirates NBD Bank PJSC (ENBD) for information purposes only. The information, statements and opinions contained in this document do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. This document is not intended for distribution in any jurisdiction in which such distribution would be contrary to local law or reputation.

The material contained in this press release is intended to be general background information on ENBD and its activities and does not purport to be complete. It may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. It is not intended that this document be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending on their specific investment objectives, financial situation or particular needs.

In the event that the press release contains any pro forma financial information on ENBD, that information has been prepared for illustrative purposes only, may address a hypothetical situation and may not give a true picture of the financial performance of the ENBD group. Furthermore, any pro forma financial information may only be meaningful where read in conjunction with the historical audited consolidated financial statements of ENBD. Unless expressly disclosed to the contrary, any pro forma financial information has been compiled based on the accounting policies of the group as disclosed in its most recent consolidated financial statements.

This document may contain certain forward-looking statements with respect to certain of ENBD's plans and its current goals and expectations relating to future financial conditions, performance and results. These statements relate to ENBD's current view with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond ENBD's control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon ENBD.

By their nature, these forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond ENBD's control, including, among others, the UAE domestic and global economic and business conditions, market related risks such as fluctuations in interest rates and exchange rates, the policies and actions of regulatory and Governmental authorities, the impact of competition, the timing impact and other uncertainties of future acquisition or combinations within relevant industries.

As a result, ENBD's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in ENBD's forward-looking statements and persons reading this document should not place reliance on forward-looking statements. Such forward-looking statements are made only as at the date on which such statements are made and ENBD does not undertake to update forward-looking statements contained in this document or any other forward-looking statement it may make.