

H1-14 Results Presentation

July 24, 2014



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Highlights

- Net profit of AED 2,350 Mn for H1 improved 30% y-o-y.
- Net interest income rose 25% y-o-y helped by an improved asset mix due to retail and Islamic growth, CASA growth leading to lower cost of funds and a contribution of 6% from Egypt
- Non-interest income improved 31% y-o-y boosted by increases in trade finance income, brokerage & asset management fees, gains from legacy property sales and a contribution of 4% from Egypt
- Cost to income ratio improved 4.2% y-o-y. Excluding one-offs, cost to income ratio would have been 31.4%. Costs increased 12% y-o-y due to staff and occupancy costs linked with rising business volumes and partially offset by a control of other costs. Egypt contributed 8% of the increase
- Provisions of AED 2,613 Mn boosted the coverage ratio by 7.2% in H1 to 64.7%
- AD ratio of 95.6% within 90-100% management range
- NIMs improved 33bp y-o-y to 2.77% due to improving asset and deposit mix and contribution from Egypt

Key Performance Indicators

AED Mn	H1-14	H1-13	Better / (Worse)	H2-13	Better / (Worse)
Net interest income	4,559	3,661	25%	4,478	2%
Non-interest income	2,483	1,889	31%	1,829	36%
Total income	7,042	5,550	27%	6,307	12%
Operating expenses	(2,137)	(1,914)	(12%)	(2,281)	6%
Pre-impairment operating profit	4,905	3,636	35%	4,026	22%
Impairment allowances	(2,613)	(1,884)	(39%)	(2,829)	8%
Operating profit	2,292	1,752	31%	1,197	91%
Share of profits from associates	121	67	82%	80	51%
Gain on disposal of stake in associates/subsidiaries	-	-	n/a	202	(100%)
Taxation charge	(63)	(10)	(537%)	(31)	(104%)
Net profit	2,350	1,808	30%	1,448	62%
Cost: income ratio (%)	30.3%	34.5%	4.2%	36.2%	5.9%
Net interest margin (%)	2.77%	2.44%	0.33%	2.80%	(0.03%)

AED Bn	30-Jun-14	30-Jun-13	%	31-Dec-13	%
Total assets	348.3	334.8	4%	342.1	2%
Loans	241.8	231.8	4%	238.3	1%
Deposits	252.9	230.3	10%	239.6	6%

Q2-14 Financial Results Highlights

Highlights

- Net profit of AED 1,308 Mn for Q2 improved 35% y-o-y and 25% q-o-q
- Net interest income rose 22% y-o-y helped by an improved asset mix due to retail and Islamic growth, CASA growth leading to lower cost of funds and a 5% contribution from Egypt
- Non-interest income improved 37% y-o-y boosted by increases in trade finance income, asset management fees, gains from legacy property sales and a contribution of 3% from Egypt
- Cost to income ratio improved 4.6% y-o-y. Excluding one-offs, cost to income ratio would have been 31.1%. Costs increased 10% y-o-y due to staff and occupancy costs linked with rising business volumes and partially offset by a control of other costs. Egypt contributed 6% of the increase
- Provisions of AED 1,345 Mn boosted the coverage ratio by 4% in Q2 to 64.7%
- AD ratio of 95.6% within 90-100% management range
- Q2-14 NIMs improved to 2.78% due to improving asset and deposit mix

Key Performance Indicators

AED Mn	Q2-14	Q2-13	Better / (Worse)	Q1-14	Better / (Worse)
Net interest income	2,327	1,913	22%	2,232	4%
Non-interest income	1,382	1,007	37%	1,101	26%
Total income	3,709	2,920	27%	3,333	11%
Operating expenses	(1,087)	(989)	(10%)	(1,050)	(4%)
Pre-impairment operating profit	2,622	1,931	36%	2,283	15%
Impairment allowances	(1,345)	(997)	(35%)	(1,267)	(6%)
Operating profit	1,277	934	37%	1,016	26%
Share of profits from associates	60	41	46%	61	(2%)
Gain on disposal of stake in associates/subsidiaries	-	-	n/a	-	n/a
Taxation charge	(29)	(3)	(741%)	(35)	17%
Net profit	1,308	972	35%	1,042	25%
Cost: income ratio (%)	29.3%	33.9%	4.6%	31.5%	2.2%
Net interest margin (%)	2.78%	2.48%	0.30%	2.75%	0.03%

AED Bn	30-Jun-14	31-Dec-13	%	31-Mar-14	%
Total assets	348.3	342.1	2%	347.1	0%
Loans	241.8	238.3	1%	239.7	1%
Deposits	252.9	239.6	6%	251.5	1%

Highlights

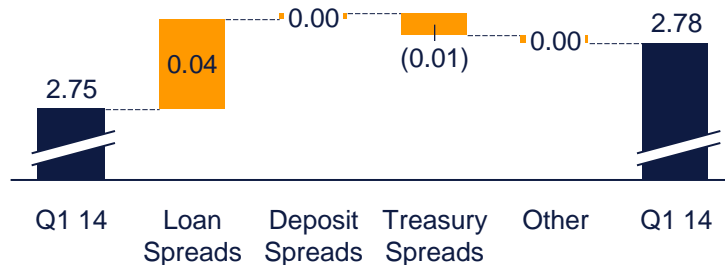
- NIMs improved 3 bps in Q2-14 and improved 33 bps from 2.44% in H1-13 to 2.77% in H1-14
- Loan spreads improved in Q2 and year-on-year due to growth in balances of higher yielding retail and Islamic assets
- Treasury spreads improved y-o-y due to strong investment performance coupled with cheaper cost of wholesale funding
- The benefit from growth in CASA has been offset by a drop in interest rates
- 2014 NIM guidance revised upwards from 2.5-2.6% to 2.7-2.8% due to successful balance sheet optimisation

Net Interest Margin (%)

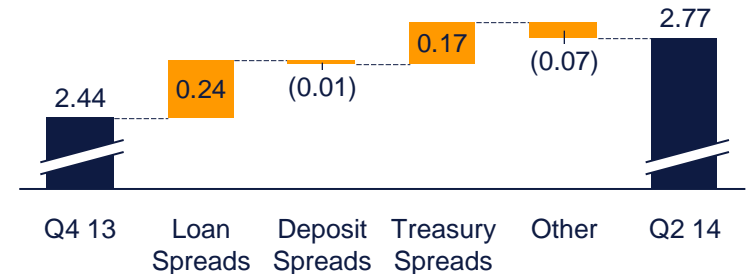


Net Interest Margin Drivers (%)

Q2-14 vs. Q1-14



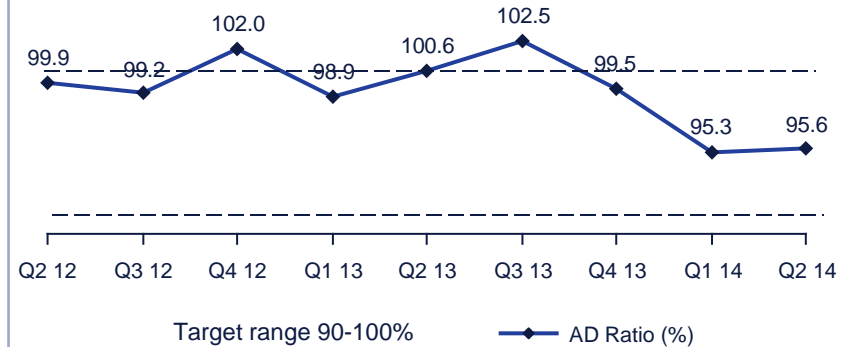
H1-14 vs. H1-13



Highlights

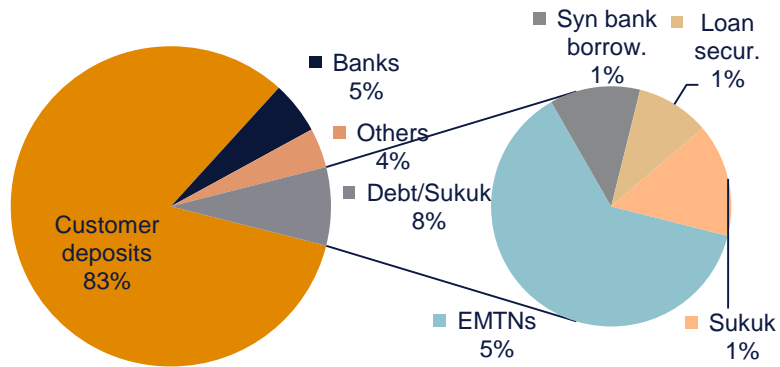
- Headline AD ratio of 95.6% comfortably within the 90-100% management target range
- Liquid assets* of AED 46.9 Bn as at Q2-14 (15.4% of total liabilities)
- Debt maturity profile comfortably within funding capabilities
- Issued A\$ 400 million of 5-year senior debt. Cheapest 5-year funding that the bank has raised in the last 6 years
- Modest maturity profile affords Emirates NBD ability to consider public and private debt issues opportunistically

Advances to Deposit (AD) Ratio (%)



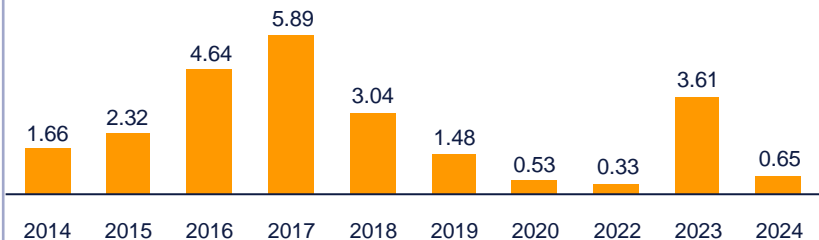
Composition of Liabilities/Debt Issued (%)

Liabilities (AED 305.4 Bn) Debt/Sukuk (AED 24.1 Bn)



Maturity Profile of Debt Issued (AED Bn)

Maturity Profile of Debt/Sukuk Issued
100% = AED 24.1 Bn

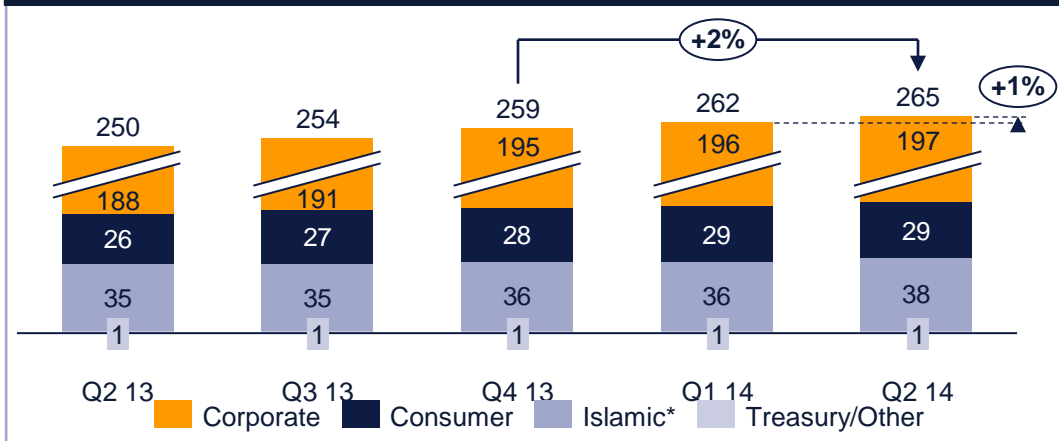


*including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

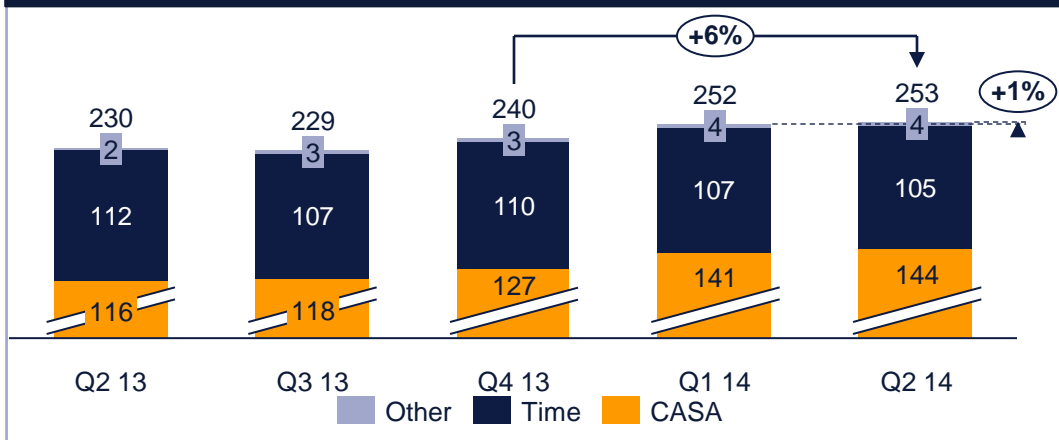
Highlights

- Gross loans increased by 1% q-o-q and by 2% from end 2013
- Consumer lending grew 1% q-o-q and by 5% from end 2013
- Islamic financing grew 4% q-o-q and by 6% from end 2013
- Deposits increased 1% q-o-q and by 6% from end 2013
- CASA grew 2% q-o-q and by 14% from end 2013
- More costly time deposits declined by 2% q-o-q and by 5% from end 2013
- CASA deposits as a percentage of total deposits have increased to 57% in Q2-14 from 43% at the end of 2012

Trend in Gross Loans by Type (AED Bn)



Trend in Deposits by Type (AED Bn)



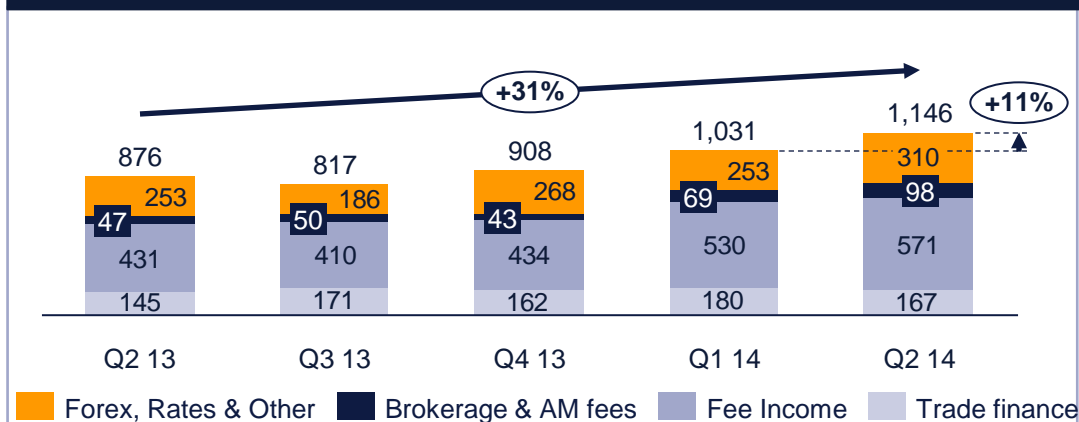
Highlights

- Non-interest income improved 31% y-o-y and 36% from the previous half year due to a rise in fee income, brokerage income, and income from legacy property sales and investment securities
- Positive trend in core gross fee income due to a rise in credit card business and trade finance volumes as well as a doubling in brokerage and asset management fees
- Property income improved significantly due to increased profit from sale of inventory and disposal of a legacy site
- Investment securities income up 41% due to strong investment portfolio performance

Composition of Non Interest Income (AED Mn)

AED Mn	H1-14	H1-13	Better / (Worse)	H2-13	Better / (Worse)
Core gross fee income	2,177	1,668	31%	1,725	26%
Fees & commission expense	(361)	(185)	(95%)	(273)	(32%)
Core fee income	1,816	1,483	22%	1,451	25%
Property income / (loss)	324	163	99%	228	42%
Investment securities	343	243	41%	162	111%
Total Non Interest Income	2,483	1,889	31%	1,829	36%

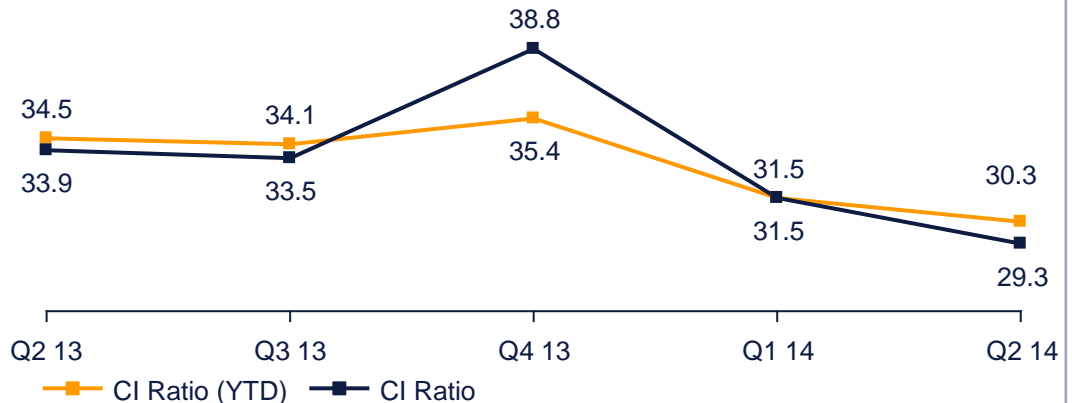
Trend in Core Gross Fee Income (AED Mn)



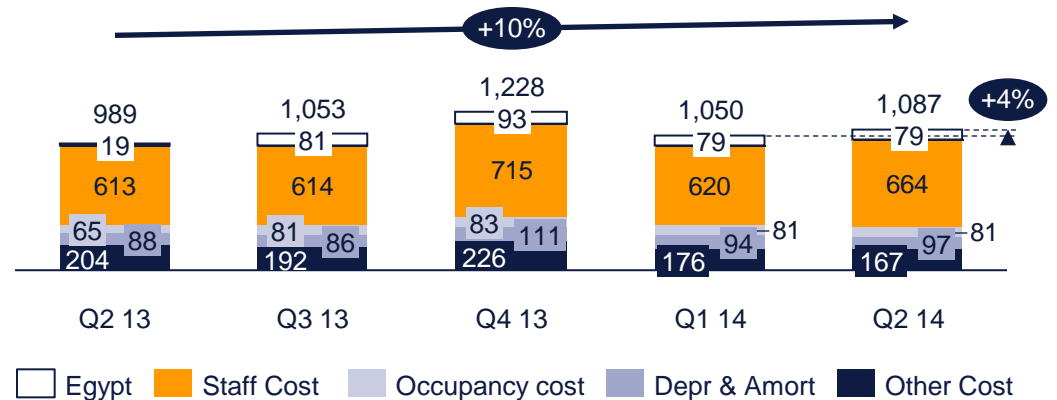
Highlights

- Costs increased 10% y-o-y in Q2 due to staff and occupancy costs on the back of higher business volumes and the inclusion of the Egyptian business
- Excluding Egypt, costs only increased by 4% y-o-y.
- Cost to Income Ratio improved by 2.2% q-o-q to 29.3%. Adjusted for one-offs Cost to Income Ratio would be 31.4% for H1-14 and 31.1% for Q2-14
- The longer term management target for cost to income ratio is 33%.
- We will invest more in the future, within this parameter, on systems and people to help support business growth and this process has already been set in motion in Q3-14

Cost to Income Ratio (%)



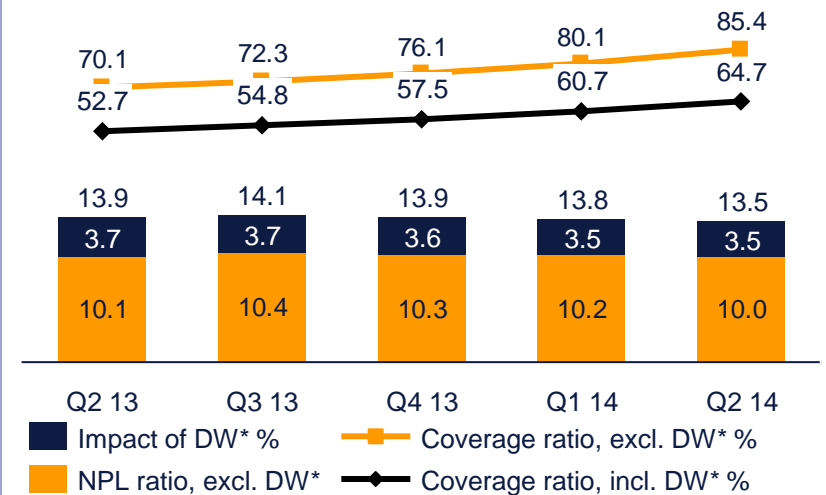
Cost Composition (AED Mn)



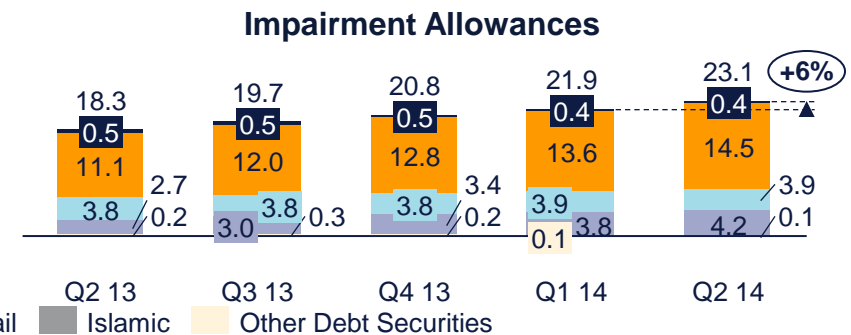
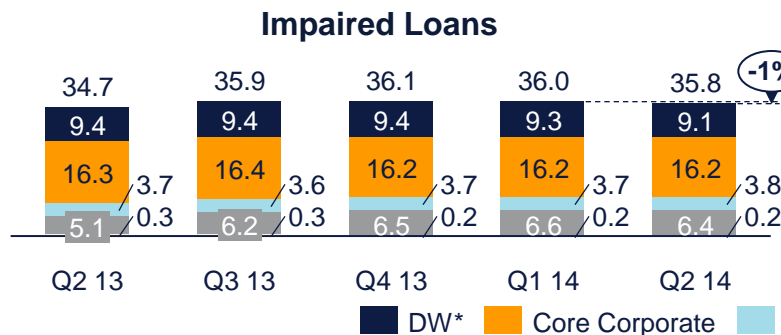
Highlights

- Impaired loans ratio improved by 0.3% q-o-q to 13.5%
- Net impaired loans decreased by AED 0.2 Bn helped by repayments and recoveries
- H1-14 net impairment charge of AED 2.6 Bn driven principally by additional net specific Corporate and Islamic loan provisions
- Coverage ratio increased by 4% in Q2 to 64.7%
- Total portfolio impairment allowances amount to AED 4.09 Bn or 2.7% of unclassified credit RWAs
- Medium term management targets for Impaired Loan Ratio is 12% and Coverage Ratio is 80%

Impaired Loan & Coverage Ratios (%)



Impaired Loans and Impairment Allowances (AED Bn)

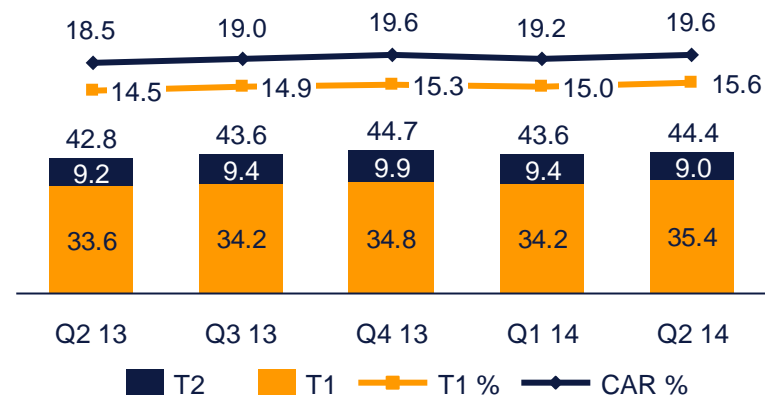


*DW = exposure AED 9.14 Bn; provision AED 409 Mn

Highlights

- CAR and T1 improved by 0.4% and 0.6% respectively in Q2-14 to 19.6% and 15.6% respectively resulting from:
 - increase in Tier 1 capital due to retained earnings
 - modest decrease in risk weighted assets
- Tier 1 Capital Ratio has improved by 1.1% y-o-y from 14.5% to 15.6%
- In July 2014, we repaid the remaining AED 4.8 Bn of MOF Tier 2 Deposits. With this, the entire crisis era support has been repaid.

Capitalisation



Capital Movements (AED Bn)

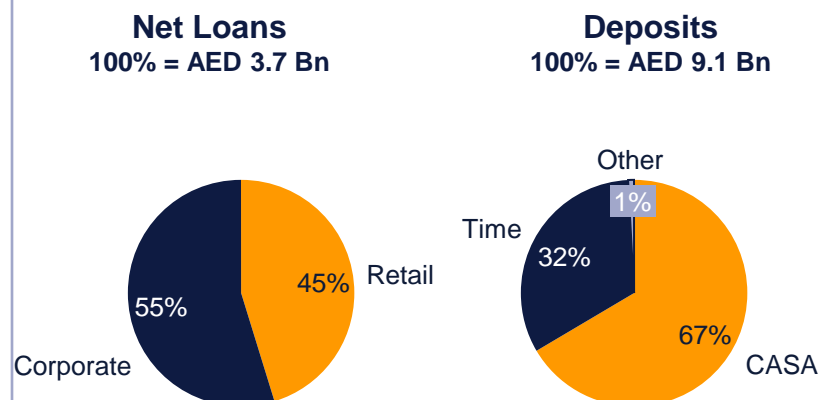
FY-13 to H1-14 (AED Bn)	Tier 1	Tier 2	Total
Capital as at 31-Dec-2013	34.7	9.9	44.6
Net profits generated	2.3	-	2.3
FY 2013 dividend paid	(1.4)	-	(1.4)
Tier 1 Issuance	-	-	-
Repayment of Tier 2	-	-	-
Amortisation of MOF T2 / sub debt	-	(1.0)	(1.0)
Interest on T1 securities	(0.2)	-	(0.2)
Tier 2 Issuance	-	0.1	0.1
Repayment of subordinated debt	-	-	-
Goodwill	(-)	-	(-)
Other	-	(0.1)	(0.1)
Capital as at 30-Jun-2014	35.4	9.0	44.4

Risk Weighted Assets – Basel II (AED Bn)



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 72 branches and 185 ATMs
- Financially sound with robust profitability and a healthy balance sheet
- Improving Cost to Income Ratio



Financials

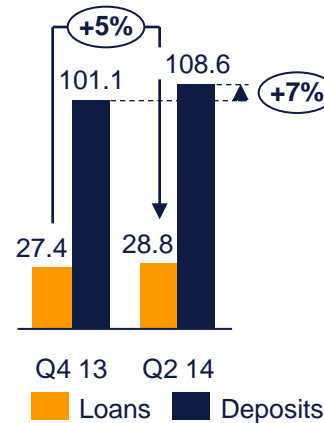
AED Mn	Year 2013 (from 9-June-13)	H1-14
Net interest income	225	222
Non-interest income	133	104
Total income	358	326
Operating expenses	(193)	(158)
Pre-impairment operating profit	165	168
Impairment allowances	(22)	(14)
Operating profit	143	154
Taxation charge	(30)	(51)
Net profit	113	103

AED Bn	31-Dec-13	30-Jun-2014
Net Loans	3.7	3.5
Deposits	9.0	9.1
Impaired Loan Ratio (%)	0.2%	0.5%
Cost to Income Ratio (%)	53.8%	48.0%

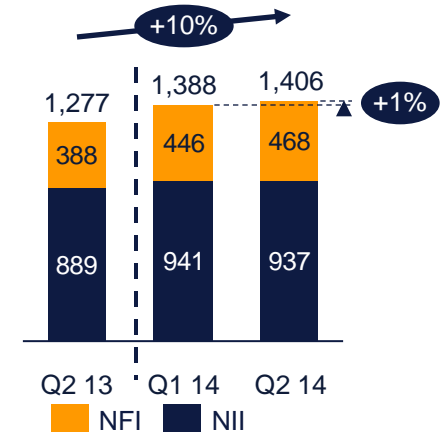
Retail Banking & Wealth Management

- RBWM continued to improve its position during the quarter
- Revenue improved 1% q-o-q and 10% y-o-y
- Deposits grew 7% from end 2013, driven mainly by CASA growth
- Loans grew 5% from end 2013 driven by growth in personal loans, credit cards and auto loans
- The bank has improved its distribution as part of its channel optimization strategy and had 524 ATMs and 99 branches as at Q2

Balance Sheet Trends AED Bn



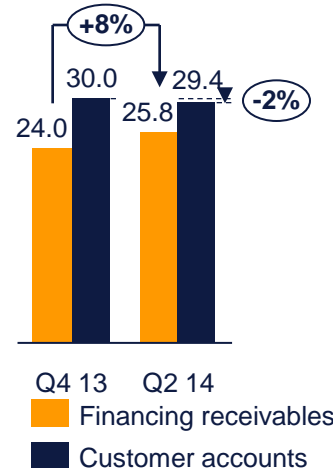
Revenue Trends AED Mn



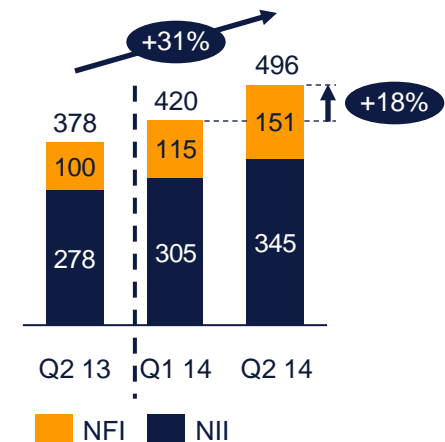
Islamic Banking

- Islamic Banking revenue improved 18% q-o-q and 31% y-o-y to AED 496 Mn in Q2
- Financing receivables grew 8% in H1-14
- Customer accounts declined by 2% in H1-14 due to a decrease in expensive wakala deposits
- At Q2-14, EI had 53 branches and ATM & CDM network of 176
- 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



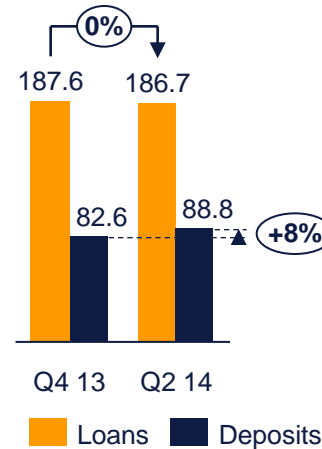
Revenue Trends AED Mn



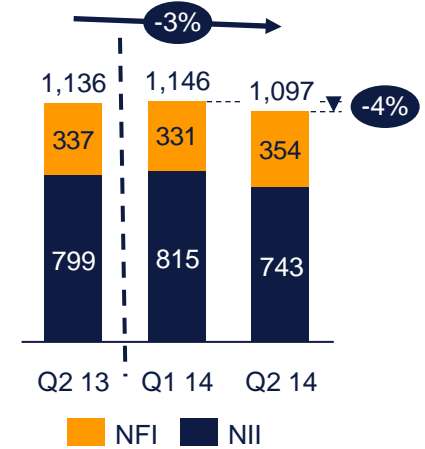
Wholesale Banking

- The decrease y-o-y and q-o-q is due to internal management adjustments for term funding and does not affect total Bank income
- Loans were broadly stable from end 2013 as new underwriting offset normal loan repayments
- Deposits grew by 8% from end 2013
- Main focus during Q2-14 was on continued strategy evolution by building center of excellence around key sectors and geographic locations to enhance customer service quality and 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



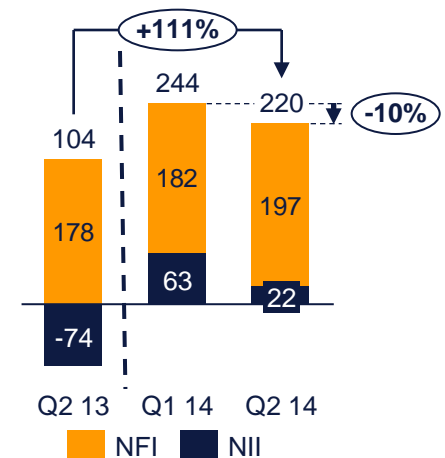
Revenue Trends AED Mn



Global Markets & Treasury

- Revenue at AED 220 Mn in Q2-14 declined by 10% q-o-q but improved 111% y-o-y
- Net interest income improved on the back of balance sheet positioning and hedging
- Improved gains from investments in Q2-14

Revenue Trends AED Mn



Economic Outlook

- 2014 GDP growth expectations for the UAE have been revised upwards to 5% due to a strong expansion in the non-oil private sector.
- 2014 GDP growth expectations also revised upwards to 5% for Dubai as manufacturing, hospitality, transport and logistics expanded robustly. Also buoyant real estate and construction sectors will boost growth
- In 2014 Dubai residential property price growth slowed significantly for villas and apartments
- Inflation expected to rise to 3% in 2014 from 1.1% in 2013 on the back of higher housing costs and higher input prices
- Emirates NBD has improved its capital and funding profile allowing it to take advantage of the expected future growth in Dubai and the region
- As Dubai continues to grow we expect a further positive trend in impaired loans leading to a stronger balance sheet

Profitability

- Pre-impairment operating profit of AED 4,905 Mn in H1-14, up 35% y-o-y
- Net profit of AED 2,350 Mn improved 30% y-o-y

Income

- Total income improved 27% y-o-y to AED 7,042 Mn in H1-14 helped by an improving asset mix, efficient funding base and strong fee income

Net Interest Margin

- NIMs stable at 2.77% in H1-14.
- Guidance revised upwards to 2.70-2.80%

CI Ratio

- Cost to Income ratio improved by 4.2% y-o-y to 30.3% in H1-14
- H2-14 spend is expected to grow as we invest in systems and people to support future business growth

Provisions

- Conservative provisioning with net impairment allowances of AED 2,613 Mn in H1-14 boosting the coverage ratio to 64.7%, up 12% from a year ago

Credit Quality

- NPL ratio improved by 0.3% to 13.5% in Q2-14 due to further recoveries
- Coverage ratio improved by 4.0% to 64.7% in Q2-14

Capital and Liquidity

- Capital and liquidity position extremely strong offering resilience for the future
- Tier 1 ratio improved by 1.1% y-o-y to 15.6% in Q2-14

Outlook

- The Bank will continue to implement its successful strategy and consolidate our position as a dominant player in the UAE and the region