

For immediate release

Emirates NBD Announces First Half 2015 Results

Net profits up 41% to AED 3.3 billion on higher income and lower provisions

Total Income up 7% to AED 7.6 billion as net interest income grew by 9%

Dubai, 15 July 2015

Financial Highlights

Emirates NBD (DFM: EmiratesNBD), the largest bank in the UAE by Total Income and branch network, delivered a strong set of financial results with net profit up 41% to AED 3.3 billion. The strong operating performance was helped by an increase in both net interest income and non-interest income, a modest increase in costs and a lower impairment charge.

Total Income for the first half grew by 7% to AED 7.6 billion. Net interest income grew 9% to AED 5.0 billion due to growth in Retail assets and a lower cost of funds. Non-interest income improved by 4% to AED 2.6 billion due to growth in foreign exchange, derivative income and higher asset management fees.

The Bank's balance sheet strengthened further thanks to an improvement in liquidity, capital and credit quality ratios. Liquidity strengthened further as the Bank grew its deposit base whilst prudentially issuing AED 8.9 billion of term debt. Capital ratios grew on the back of strong retained profit. The Impaired Loan ratio improved further to 7.4% as the bank actively managed its existing stock of impaired loans whilst the Impaired Loan Coverage ratio increased to 109.8%.

Commenting on the Group's performance, Mr. Hesham Abdulla Al Qassim, Vice Chairman, Emirates NBD said: "I am very pleased that Emirates NBD is delivering higher profitability whilst continuing to strengthen the Balance Sheet. In H1 2015 Emirates NBD achieved a 41% growth in net profit to AED 3,317 million. The Group also delivered further improvements in asset quality, capital and liquidity. The Group is well positioned to utilise our strong franchise and balance sheet to take advantage of opportunities within the region."

Group Chief Executive Officer, Shayne Nelson said: "I am delighted that we have delivered another strong set of financial results, with healthy levels of growth in both income and profit. Our prudential balance sheet offers protection against future volatility in the global financial markets whilst providing a strong foundation for growth. We remain cautiously optimistic for the remainder of 2015."

Group Chief Financial Officer, Surya Subramanian said: "The operating performance for the first half of 2015 is solid, as demonstrated by the growth in both the total income and profit. We continue to deliver positive jaws as the 7% increase in income exceeded the 5% rise in costs. We took advantage of

favourable market conditions to prudently raise nearly AED 9 billion of term-funding in the first half of 2015. This decision to 'front load' our term-funding requirements is paying dividend even as we now see increased volatility in the global capital markets from a range of sources."

Financial Review

AED million	Half year ended 30-Jun-15	Half year ended 30-Jun-14	Better / (Worse) (%)	Half year ended 31-Dec-14	Better / (Worse) (%)
Net interest income	4,982	4,559	9%	4,938	1%
Non-interest income	2,573	2,483	4%	2,462	5%
Total income	7,555	7,042	7%	7,400	2%
General & administrative expenses	(2,236)	(2,137)	(5%)	(2,252)	1%
Operating profit before impairment charges	5,319	4,905	8%	5,148	3%
Impairment allowances	(1,986)	(2,613)	24%	(2,382)	17%
Operating profit	3,333	2,292	45%	2,766	20%
Share of profits of associates	75	121	(38%)	89	(16%)
Taxation charge	(90)	(63)	(43%)	(66)	(38%)
Net profit	3,317	2,350	41%	2,789	19%

Cost to income ratio (%)	29.6%	30.3%	0.7%	30.4%	0.8%
Net interest margin (%)	2.83%	2.77%	0.06%	2.93%	(0.10%)
EPS (AED)	0.54	0.38	42%	0.47	15%
Return on Tangible Equity (%)	21.0%	16.6%	4.4%	18.6%	2.4%

AED billion	as at 30-Jun-15	as at 30-Jun-14	Better / (Worse) (%)	as at 31-Dec-14	Better / (Worse) (%)
Total Assets	388.1	348.3	11%	363.0	7%
Loans	256.2	241.8	6%	246.0	4%
Deposits	274.4	252.9	9%	258.3	6%
Impaired Loan Ratio (%)	7.4%	13.5%	6.1%	7.9%	0.5%
Impaired Loan Coverage Ratio (%)	109.8%	64.7%	45.1%	100.3%	9.5%
Capital Adequacy Ratio (%)	21.0%	19.6%	1.4%	21.1%	(0.1%)
Tier 1 Ratio (%)	18.0%	15.6%	2.4%	18.0%	0.0%

Total income for the half year ended 30 June 2015 amounted to AED 7,555 million; an increase of 7% compared with AED 7,042 million during the same period in 2014.

Net interest income improved by 9% in H1-15 to AED 4,982 million. The improvement in net interest income is attributable to an improved asset mix due to growth of Islamic and Retail assets and a lower cost of funds helped by CASA growth.

Non-interest income for the period improved by 4% to AED 2,573 million, driven by increases in foreign exchange, derivative income and higher asset management fees which was partially offset by lower gains from the sale of properties.

Costs for the half year ended 30 June 2015 amounted to AED 2,236 million, a modest increase of 5% over the previous year. This increase is attributed to higher staff costs linked with rising business volumes and partially offset by a control on other costs. The cost to income ratio improved marginally by 0.7% y-o-y to 29.6%, as income growth outpaced cost growth. Excluding one-offs, the cost to income ratio is 31.7%.

During the first half, the Impaired Loan Ratio improved to 7.4% from 7.9% at the end of 2014. The impairment charge in H1-15 of AED 1,986 million is 24% lower than in corresponding period of 2014 as the cost of risk starts to normalise in 2015. These provisions, along with a healthy level of write-backs and recoveries, helped boost the coverage ratio to 109.8%.

Net profit for the Group was AED 3,317 million in H1-15, 41% above the profit posted in H1-14. The increase in net profits was driven by growth in both net interest income and non-interest income, a more modest rise in expenses and reduced provisions.

Loans increased by 4% and Deposits by 6% during the first half of 2015. Emirates Islamic delivered strong growth with Islamic Financing receivables growing by 17% during H1-15. The Advances to Deposits Ratio improved to 93.3% from 95.2% at end 2014. During the first half of 2015 the Bank prudently raised AED 8.9 billion of term-funding. Term liabilities now represent 11% of total liabilities and help provide a strong cushion to deal with any future uncertainty in the global capital markets for the remainder of 2015.

As at 30 June 2015, the Bank's capital adequacy ratio and Tier 1 capital ratios were 21.0% and 18.0% respectively.

Business Performance

Retail Banking & Wealth Management (RBWM)

The Bank's Retail Banking and Wealth Management division reported a total income of AED 2,821 million for the first half of the year, compared to AED 2,793 million in H1 2014. The retail business has grown but revenues remained stable due to a change in internal transfer pricing adjustments.

Growth was primarily supported by an 18% increase in fee income driven by strong growth in foreign exchange and credit card business, coupled with growth in wealth management. This helped improve the Fee Income ratio to 38% from 33% in H1 2014. Supported by the Current Account and Savings Account ('CASA') mobilization campaign, RBWM grew its CASA balances by 5% in the first half of the year. RBWM's focus on improving the quality of customer sourcing led to a 40% monthly acquisition growth in affluent customers for the recently launched 'Beyond' proposition from Personal Banking.

RBWM delivered robust growth, particularly in Auto Loans, Cards and Mortgages, resulting in 4% growth in total advances in H1 2015 to AED 32 billion. We expanded our card offering to SMEs with the Emirates Money Business Credit Card, loaded with business and lifestyle benefits. We enhanced our benefit programs for customers by launching GoodTimes, a family-centric leisure and entertainment programme.

RBWM continued to lead the digital banking space with the pioneering launch of Mobile Cheque Deposit enabling customers to deposit cheques through their mobile phones, and the Mobile Queue Ticket allowing customers to take a digital token on their mobiles before visiting a branch. These and other efforts have resulted in over 30% growth of mobile and online transactions in the first half of the year.

Emirates NBD Private Banking delivered robust growth across its core markets. All international locations, continued to perform well. Emirates NBD Securities strengthened its position in the local and regional markets while Emirates NBD Asset Management grew its assets under management to AED 11.2 billion as at 30 June 2015.

Wholesale Banking (WB)

Wholesale Banking delivered a strong performance in H1 2015 with operating income up 11% to AED 2,486 million. Net interest income grew by 14% to AED 1,780 million during the first half of 2015 helped by asset growth whilst non-interest income grew by 3% to AED 706 million thanks to a good performance in trade finance, cash management and the sale of Treasury products.

The credit quality of the loan book remained robust and the resolution of some legacy portfolio issues led to increased recoveries, a fall in provisioning requirements and an improvement in the provision coverage level.

In terms of balance sheet, despite relatively weak corporate loan demand in the UAE, the first half of 2015 witnessed good momentum in the Bank's Trade Finance business. Deposits rose by 13% as the business continued to build liquidity with specific emphasis on Current Account and Savings Account balances.

This strong set of financial results is further evidence that the business is making solid progress in its transformation programme, aiming to become the leading Wholesale Bank in the Middle East and North Africa by providing a full range of products and solutions to the Bank's customers across the Region.

Global Markets & Treasury (GMT)

GMT reported total income of AED 163 Million for H1 2015 as against AED 464 Million in H1 2014.

H1 2015 income is lower by AED 104 million on account of re-alignment of internal transfer pricing adjustments. Revenue declined in Q2-15 on lower trading income due to recent volatility in global markets.

Sales revenues continued to grow on higher volumes in Interest Rate hedging products and Foreign Exchange Sales.

Global Funding issued AED 8.9 billion of term debt through a mix of public deals and private placements in eight currencies.

GMT expects Sales & Trading revenues to be strong in 2015 as more corporate clients look to hedge their interest rate exposures on the expectation that global interest rates will start to rise.

Emirates Islamic (EI)

EI continued its impressive performance in H1 2015 by delivering a 33% growth in total income (net of customers' share of profit) to AED 1,220 million. Financing and investing receivables grew by 17% to AED 30.5 billion from the end of 2014.

EI aspires to become the leading Islamic bank in the region and the Bank's success is evidenced by the 97% growth in Net Profit to AED 447 million for H1 2015, which exceeds the Net Profit for the whole of 2014.

EI Management aims to grow market share by building a strong and sustainable customer base. EI continues to grow in 2015 with the 'customer first' culture and this is supported by an increased offering of 3 new branches in 2015. EI now has a total of 58 branches in the UAE.

Outlook

We remain cautiously optimistic for the remainder of 2015 but are conscious of the headwinds that recent global trends, a strong dollar and low oil price can present. Following the fall in oil prices in H2 2014, the Bank adjusted its 2015 UAE growth forecast down to 4.3% in January (from 4.8% previously). We expect tourism to remain an important contributor to growth notwithstanding more challenging conditions in key markets such as Russia. Other non-oil sectors, including manufacturing, transport, logistics and construction are also expected to grow. The Bank will continue to implement its successful strategy and its strong balance sheet provides a solid platform to take advantage of any regional growth opportunities. This strategy is built around five core building blocks which include delivering excellent customer experience, building a high performance organisation, driving core businesses, running an efficient organisation and diversifying sources of income.

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Notes to editors:

Awards:

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

- Emirates NBD Capital won 'Best Sukuk house' and 'Best local Investment Bank' in the UAE at EMEA Finance's Middle East Banking Awards 2014
- Emirates NBD won 'Most Innovative Bank' in Pan-Middle East at EMEA Finance's Middle East Banking Awards 2014
- Emirates NBD named Best Retail Bank in the Middle East and the UAE by the Asian Banker
- Emirates NBD named Best Private Bank in the UAE for Philanthropy and Social Impact Investing by Euromoney
- Emirates NBD won Best Automobile Lending Business award for 2015
- Emirates NBD won the Dubai Quality Appreciation Award – 2014
- Emirates NBD won the Princess Haya Award for Special Education
- Emirates NBD won the MRM Business Excellence Award
- Emirates NBD won the Euromoney Awards for Excellence 2015 - Middle East
- Emirates NBD named the world's top financial services brand in the Global Effie Effectiveness Index

❖ **Asset management and Consumer Finance Awards – Emirates NBD Asset Management**

- Emirates NBD Asset Management won at Fund Selector Asia Awards 2015
- Emirates NBD Asset Management won three awards at MENA Fund Manager Performance Awards
 - UAE Asset Manager of the Year for third consecutive year
 - Fixed Income Fund of the Year for the Emirates MENA Fixed Income Fund
 - Real Estate Fund of the Year for the Emirates Real Estate Fund

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

- Emirates NBD ranked among top 25 Global Banks on Social Media
- Emirates NBD named the most valuable banking brand in the UAE with a brand valuation of US\$1.78 billion
- Emirates NBD was recognised in first ever global Midas Brand Report 2014

❖ **Treasury, Emerging and Capital Markets Awards – Emirates NBD**

- Emirates NBD won Best Financial Institution borrower 2014 from Emeafinance

❖ **Other Awards**

- Emirates NBD's "RISE – The Power of Small" campaign won four Gold and one Bronze awards in the Cristal MENA Awards event

❖ **Emirates Islamic**

- Euro money Award for Innovation in Islamic Finance for the Nasdaq Dubai Murabaha Platform
- EI winning Best Savings Account and Best New SME product at the CPI Financial Banker Middle East Awards in 2015
- Best Prepaid Card in the Region award in the Rewards & Loyalty Innovation category at the Prepaid: Middle East Awards ceremony
- The Best Prepaid Program award at the Smart Card & Payment Awards 2015

About Emirates NBD

Emirates NBD (DFM: Emirates NBD) is a leading bank in the region.

Emirates NBD has a leading retail banking franchise, with 220 branches and 900 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, Qatar, the Kingdom of Saudi Arabia, Singapore, the United Kingdom and representative offices in China, India and Indonesia. For more information, please visit: www.emiratesnbd.com

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