FY 2015 Results Presentation

18 January 2016

Emirates NBD

Important Information

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Emirates NBD delivered a solid set of results in 2015 amid a challenging environment

FY 2015 at a glance

		FY 2015	vs. 2015 guidance
Profitability	**Net profit**	**AED 7.1 Bn +39%**	
	Net interest margin	2.85%	2.70 – 2.80% range
	Cost-to-income ratio	31.0%	33% management target
Credit Quality	NPL ratio	7.1%	
	Coverage ratio	111.5%	100-110% target range
Capital & Liquidity	Tier 1 ratio	18.0%	
	Capital adequacy ratio	20.7%	
	AD ratio	94.2%	90-100% management target
Assets	Loan growth (net)	10%	5% range

2015 Macro themes

	Regional	Global
+	• Resilience of UAE economy due to non-oil sectors	• Recovering US economy
-	• Sustained weakness in oil price dampened business and investor sentiment • Strong dollar impact on Dubai tourism counterbalanced by overall growth in number of visitors helped by new routes • Tighter market liquidity conditions due to outflow of government deposits in the banking system • SME skip cases raised concerns on credit quality	• Global stock market volatility dampened investor sentiment • Slowdown in global growth contributed to weaker business and investor sentiment

FY 2015 Financial Results

Highlights

- Net profit of AED 7,124 Mn for FY-15 improved 39% y-o-y
- Net interest income rose 8% y-o-y due to asset growth and a lower cost of deposits
- Non-interest income improved 1% y-o-y as core fee income growth was offset by lower gains from the sale of properties and investments. Core fee income improved 14% y-o-y driven by growth in trade finance, foreign exchange and derivative income, alongside growing credit card volumes
- Costs grew 8% y-o-y due to staff costs linked with rising business volumes and partially offset by a control on other costs
- Provisions of AED 3,406 Mn improved 32% y-o-y as cost of risk continues to normalise
- AD ratio of 94.2% improved 1% y-o-y despite tighter market liquidity conditions demonstrating strong structural liquidity
- NPL ratio improved to 7.1% and coverage ratio strengthened to 111.5%
- NIMs remained flat at 2.85% as downward pressure on loan spreads offset by growth in low-cost CASA deposits

Key Performance Indicators

AED Mn	FY-15	FY-14	Better / (Worse)
Net interest income	10,241	9,496	8%
Non-interest income	4,987	4,946	1%
Total income	**15,228**	**14,442**	**5%**
Operating expenses	(4,719)	(4,389)	(8%)
Pre-impairment operating profit	**10,509**	**10,053**	**5%**
Impairment allowances	(3,406)	(4,995)	32%
Operating profit	**7,102**	**5,058**	**40%**
Share of profits from associates	166	210	(21%)
Taxation charge	(145)	(129)	(12%)
Net profit	**7,124**	**5,139**	**39%**
Cost: income ratio (%)	31.0%	30.4%	(0.6%)
Net interest margin (%)	2.85%	2.85%	(0.00%)

AED Bn	31-Dec-15	31-Dec-14	%
Total assets	406.6	363.0	12%
Loans	270.6	246.0	10%
Deposits	287.2	258.3	11%
AD ratio (%)	94.2%	95.2%	1.0%
NPL ratio (%)	7.1%	7.9%	0.8%

Q4-15 Financial Results Highlights

Highlights

- Net profit of AED 2,134 Mn for Q4-15 improved 74% y-o-y and 28% q-o-q
- Net interest income improved 8% y-o-y due to loan growth and 3% q-o-q due to loan growth coupled with a slight widening in margins
- Non-interest income improved 30% y-o-y and 39% q-o-q due to growth in core fee income coupled with some one-off gains from the sale of investments and other income.
- Costs increased 15% y-o-y and 21% q-o-q due to staff costs linked with changing business volumes, and an increase in marketing costs in Q4 as we prepared to hit the ground running in 2016
- Provisions of AED 599 Mn improved 49% y-o-y and 27% q-o-q as cost of risk improved for the 6th consecutive quarter
- AD ratio of 94.2% improved 1% y-o-y and 3% q-o-q despite tighter market liquidity conditions demonstrating strong structural liquidity
- NPL ratio improved to 7.1% with strong coverage
- NIMs widened in Q4-15 by 7bp q-o-q to 2.82% as Treasury was able to profitably deploy excess liquidity at attractive yields. This, coupled with a widening in deposit spreads, more than offset the impact of rising EIBOR rates on loan spreads

Key Performance Indicators

AED Mn	Q4-15	Q4-14	Better / (Worse)	Q3-15	Better / (Worse)
Net interest income	2,669	2,473	8%	2,591	3%
Non-interest income	1,404	1,082	30%	1,009	39%
Total income	**4,073**	**3,555**	**15%**	**3,600**	**13%**
Operating expenses	(1,357)	(1,177)	(15%)	(1,126)	(21%)
Pre-impairment operating profit	**2,716**	**2,378**	**14%**	**2,474**	**10%**
Impairment allowances	(599)	(1,163)	49%	(822)	27%
Operating profit	**2,117**	**1,214**	**74%**	**1,652**	**28%**
Share of profits from associates	53	51	4%	39	37%
Taxation charge	(36)	(39)	7%	(18)	(103%)
Net profit	**2,134**	**1,226**	**74%**	**1,673**	**28%**
Cost: income ratio (%)	33.3%	33.1%	(0.2%)	31.3%	(2.0%)
Net interest margin (%)	2.82%	2.91%	(0.09%)	2.75%	0.07%

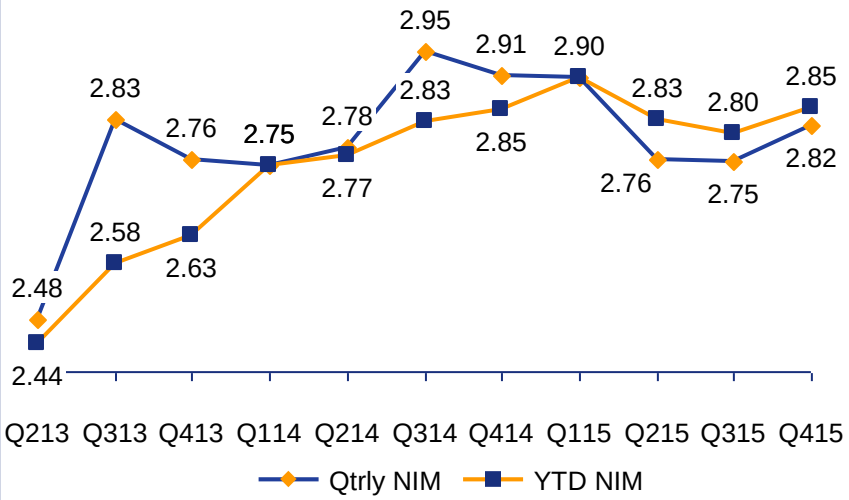
AED Bn	31-Dec-15	31-Dec-14	%	30-Sep-15	%
Total assets	406.6	363.0	12%	390.4	4%
Loans	270.6	246.0	10%	261.6	3%
Deposits	287.2	258.3	11%	269.3	7%
AD ratio (%)	94.2%	95.2%	1.0%	97.2%	3.0%
NPL ratio (%)	7.1%	7.9%	0.8%	7.1%	0.0%

Net Interest Income

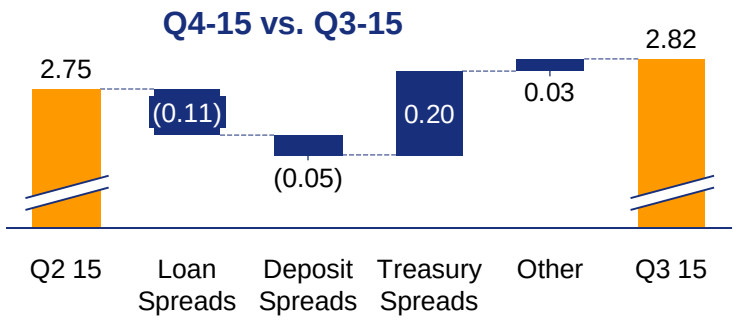
Highlights

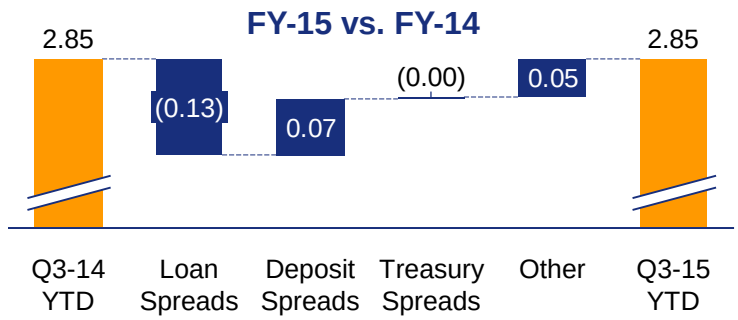
- FY-15 NIMs remained flat at 2.85%
  - Loan spreads experienced downward pressure y-o-y across a broad range of products
  - Deposit spreads improved as growth in low-cost CASA replaced more expensive time deposits.
  - Treasury Spreads flat as cheaper short term funding offset an increase in more expensive term funding
- Q4-15 NIMs improved 7 bps q-o-q to 2.82%
  - Loan rates held steady against an 11 bps increase in EIBOR whilst cost of fixed deposits increased in Q4
  - Treasury spreads improved as excess liquidity was profitably deployed
- We expect NIMs for 2016 to be in the range of 2.70 – 2.85%

Net Interest Margin (%)



Net Interest Margin Drivers (%)



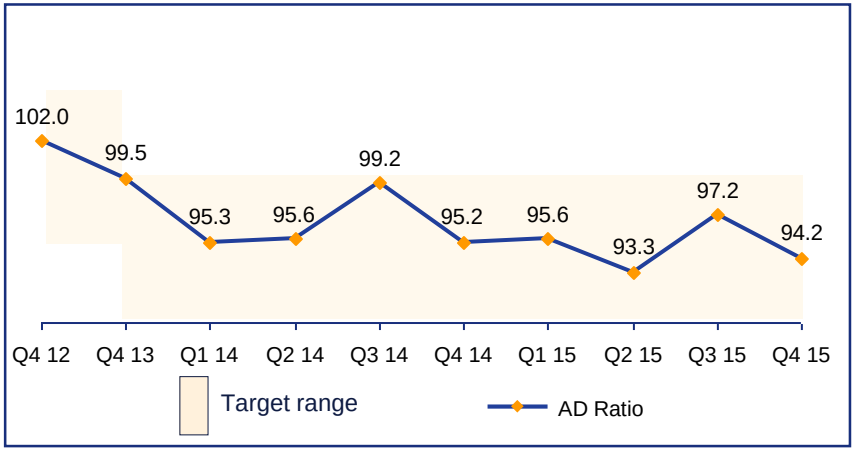


Funding and Liquidity

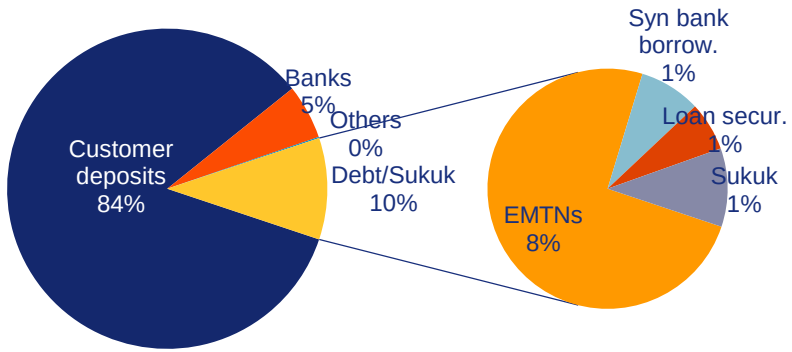
Highlights

- AD ratio of 94.2% within 90-100% management target range
- Liquid assets* of AED 55.0 Bn as at end 2015 (15.5% of total liabilities)
- Debt & Sukuk term funding represent 10% of total liabilities
- In 2015, maturity profile extended thanks to AED 10.6 Bn issuance through:
  - Public Issuance of AED 4.7 Bn in 3 currencies and
  - Private Placements of AED 5.9 Bn in 8 currencies
- Maturity profile affords Emirates NBD ability to consider public and private debt issues opportunistically

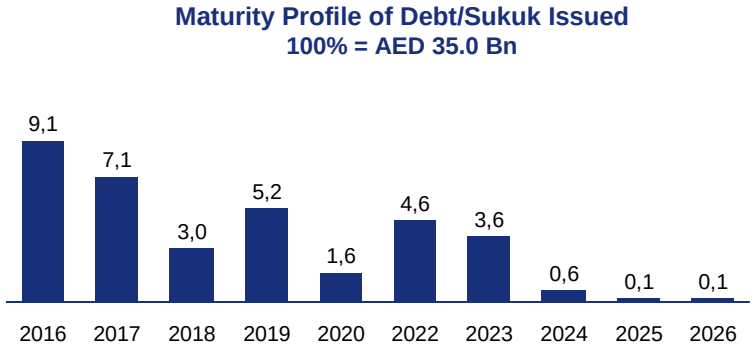
Advances to Deposit (AD) Ratio (%)



Composition of Liabilities/Debt Issued (%)



Maturity Profile of Debt Issued (AED Bn)



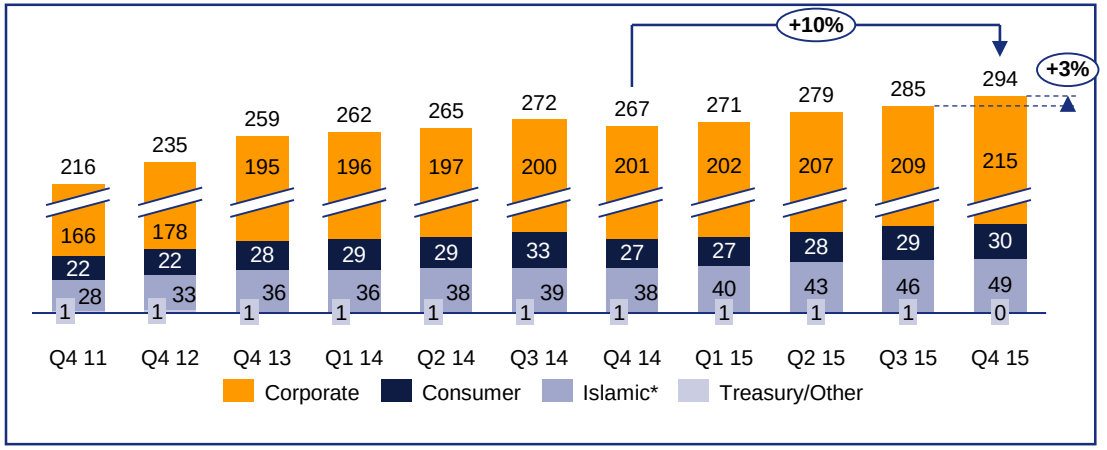
*Including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

Loan and Deposit Trends

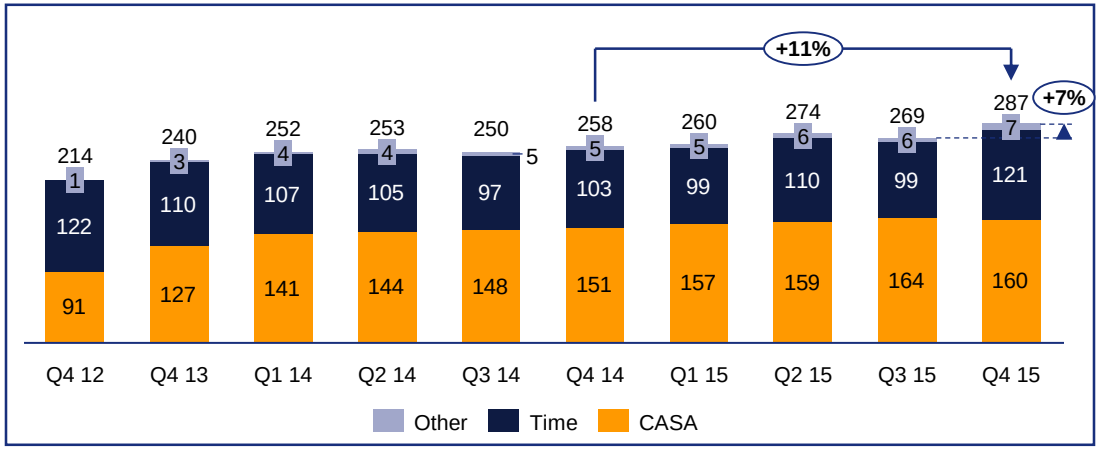
Highlights

- Gross loans grew 10% since end 2014 with strong growth in Retail and Islamic banking
- Islamic financing grew 27% since end 2014
- Consumer lending grew 12% since end 2014, mainly due to auto loans and credit cards
- Deposits increased 7% q-o-q and 11% from end 2014
- CASA balances declined 2% q-o-q as we prudently locked in time deposits during Q4 in the run up to year-end
- CASA deposits grew 6% since end 2014 and represent 56% of total deposits, up from 43% at end 2012

Trend in Gross Loans by Type (AED Bn)



Trend in Deposits by Type (AED Bn)



* Gross Islamic Financing Net of Deferred Income

Non-Interest Income

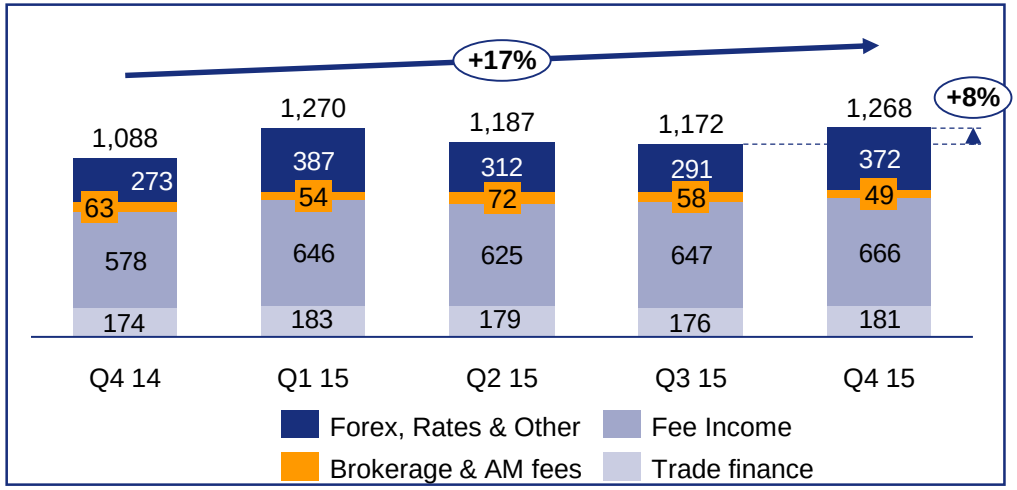
Highlights

- Non-interest income rose 1% y-o-y as core fee income growth was offset by lower gains from the sale of properties and investment securities
- Core fee income improved 14% y-o-y driven by increases in trade finance, foreign exchange and derivative income, alongside growing credit card volumes.
- Property income declined on lower demand for bulk and individual property sales compared to 2014
- Income from Investment Securities declined on the back of greater uncertainty in global markets, coupled with some large disposals in 2014 not repeated in 2015

Composition of Non Interest Income (AED Mn)

AED Mn	FY-15	FY-14	Better / (Worse)
Core gross fee income	4,897	4,324	13%
Fees & commission expense	(740)	(670)	(11%)
Core fee income	**4,157**	**3,654**	**14%**
Property income / (loss)	321	611	(47%)
Investment securities & other income	510	680	(25%)
Total Non Interest Income	**4,987**	**4,946**	**1%**

Trend in Core Gross Fee Income (AED Mn)

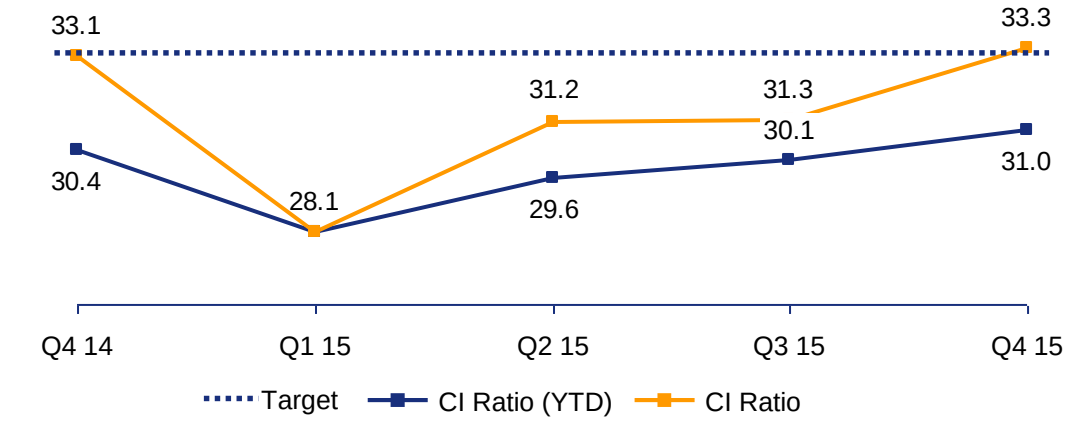


Operating Costs and Efficiency

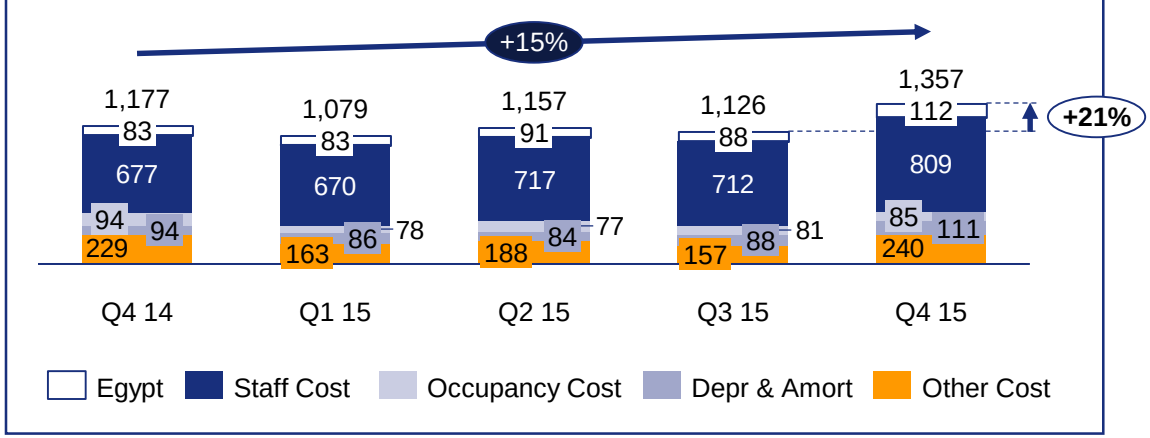
Highlights

- Costs increased by 21% q-o-q, as per previous guidance, and costs increased 8% in 2015 as staff costs increased in line with rising business volumes
- Cost to Income Ratio rose modestly by 0.6% to 31.0% from 30.4% in 2014
- Adjusted for one-offs, the 2015 Cost to Income Ratio was 32.7%

Cost to Income Ratio (%)



Cost Composition (AED Mn)

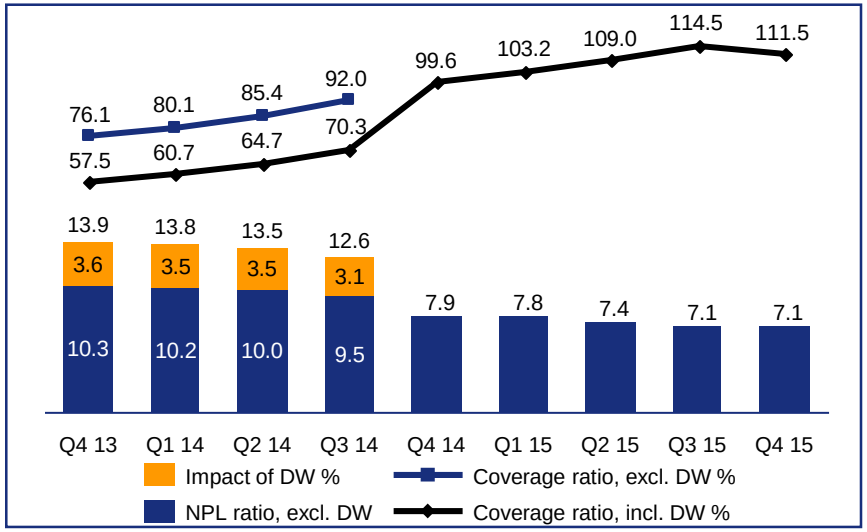


Credit Quality

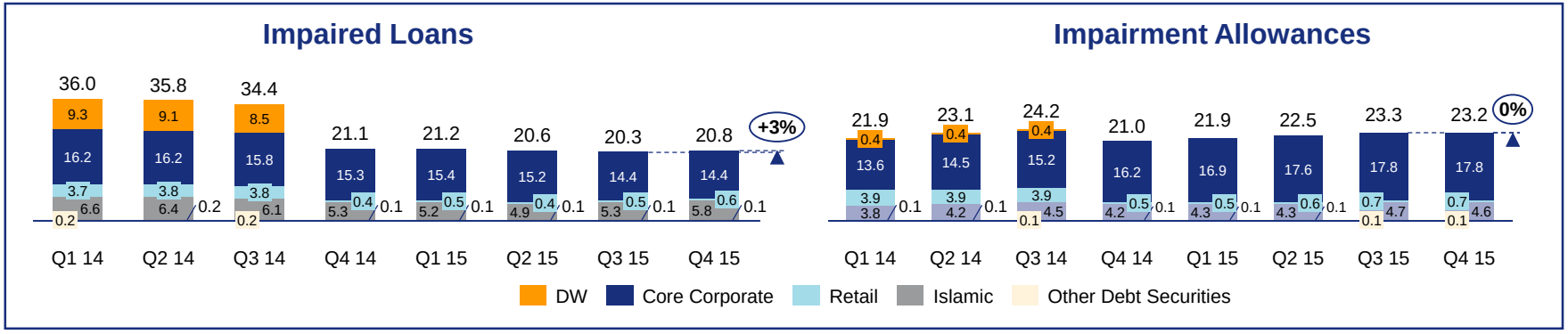
Highlights

- NPL ratio improved by 0.8% in 2015 to 7.1%
- Impaired loans improved to AED 20.8 Bn helped by over AED 2 Bn of writebacks & recoveries
- Cost of risk fell for the 6th consecutive quarter in Q4-15 with net impairment charge of AED 3.4 Bn in FY-15, AED 1.6 Bn lower than in FY-14
- Coverage ratio improved to 111.5% during 2015 due to the combined effect of routine provisioning and increased writebacks & recoveries
- Total portfolio impairment allowances amount to AED 6.1 Bn or 2.79% of credit RWAs

Impaired Loan & Coverage Ratios (%)



Impaired Loans and Impairment Allowances (AED Bn)

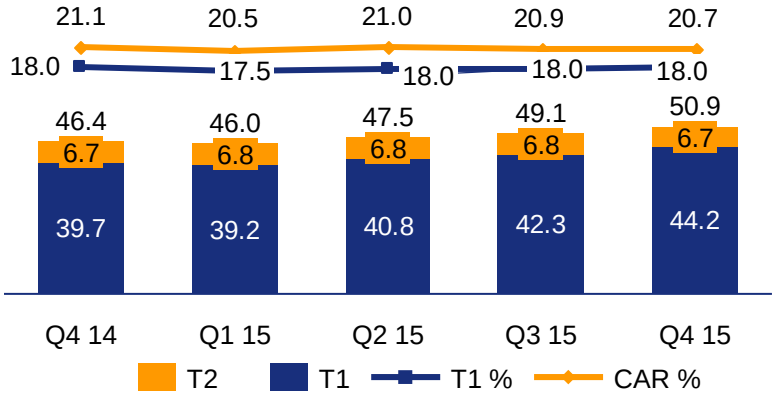


Capital Adequacy

Highlights

- In 2015, Tier 1 ratio remained steady at 18% and CAR declined by 0.4% to 20.7%
- Increase in Tier 1 Capital from retained earnings offset by increase in RWAs
- Increase in Tier 1 Capital from retained earnings offset by increase in RWAs due to growth in lending and treasury products

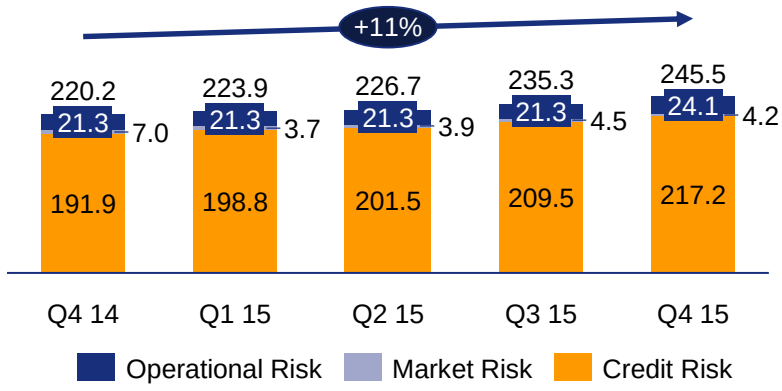
Capitalisation



Capital Movements (AED Bn)

FY-14 to FY-15 (AED Bn)	Tier 1	Tier 2	Total
Capital as at 31-Dec-2014	**39.7**	**6.7**	**46.4**
Net profits generated	7.1	-	**7.1**
FY 2014 dividend paid	(1.9)	-	**(1.9)**
Tier 1 Issuance/Repayment	-	-	**-**
Tier 2 Issuance/Repayment	-	-	**-**
Amortisation of Tier 2	-	(0.1)	**(0.1)**
Interest on T1 securities	(0.6)	-	**(0.6)**
Goodwill	0.1	-	**0.1**
Other	(0.2)	0.1	**(0.1)**
Capital as at 31-Dec-2015	**44.2**	**6.7**	**50.9**

Risk Weighted Assets – Basel II (AED Bn)

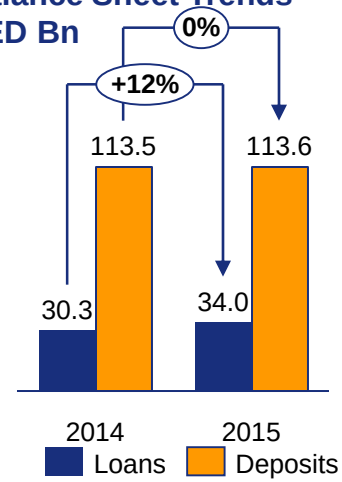


Divisional Performance

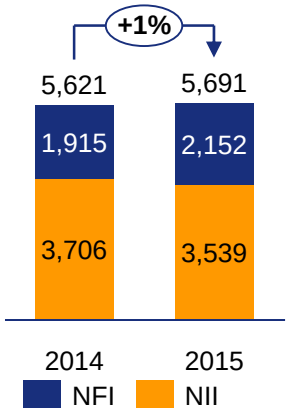
Retail Banking & Wealth Management

- Retail loans grew 12% in 2015 due to growth in Auto Loans and Credit Cards whilst revenue grew 1% y-o-y due to a change in internal transfer pricing.
- Fee income grew 12% in 2015, driven by strong growth in foreign exchange remittances and credit cards. Fee income now accounts for 38% of total RBWM revenue.
- Liability mix further improved in 2015 as CASA balances grew by 2%
- The bank has improved its distribution capabilities as part of its channel optimization strategy and had 547 ATMs and 97 branches as at 31-Dec-15
- RBWM offers an award winning 'best-in-class' digital banking solution with innovative services such as DirectRemit, Mobile Cheque Deposit and Smart Touch.

Balance Sheet Trends
AED Bn



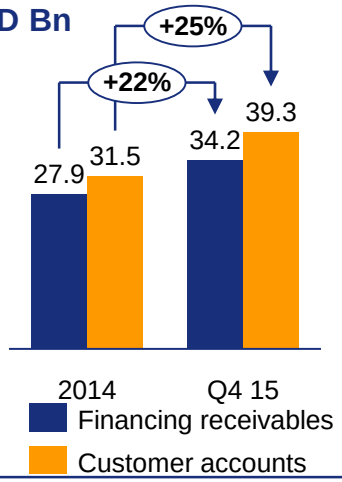
Revenue Trends
AED Mn



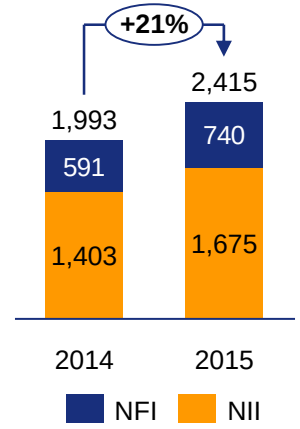
Islamic Banking

- Islamic Banking revenue grew 21% in 2015 on the back of growth in financing receivables and higher fee income from trade finance and insurance products
- Financing receivables grew 22% from end 2014 across a range of products
- Customer accounts increased by 25% from end 2014
- As at 31-Dec-15, EI had 60 branches and an ATM & CDM network of 190

Balance Sheet Trends
AED Bn



Revenue Trends
AED Mn

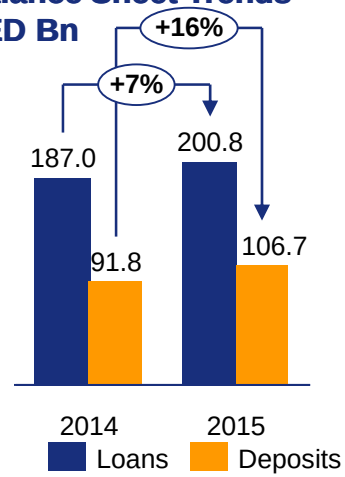


Divisional Performance (cont'd)

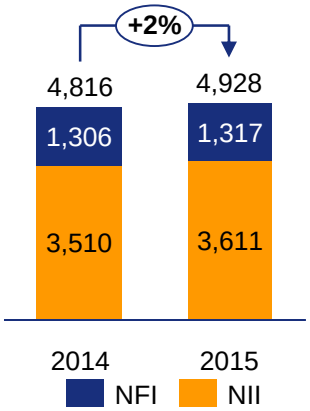
Wholesale Banking

- Wholesale Banking revenues improved 2% in 2015 due to asset growth and higher fee income
- Loans grew 7% from end 2014
- Deposits grew by 16% from end 2014 due to an increased focus on building liquidity throughout the year
- Focus during 2015 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



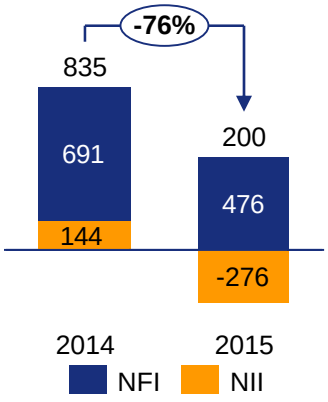
Revenue Trends
AED Mn



Global Markets & Treasury

- Revenue declined 76% in 2015 primarily due to a realignment in internal transfer pricing adjustments
- Sales revenue grew 16% in 2015 on the back of higher volumes in Interest Rate hedging products and FX Sales

Revenue Trends
AED Mn



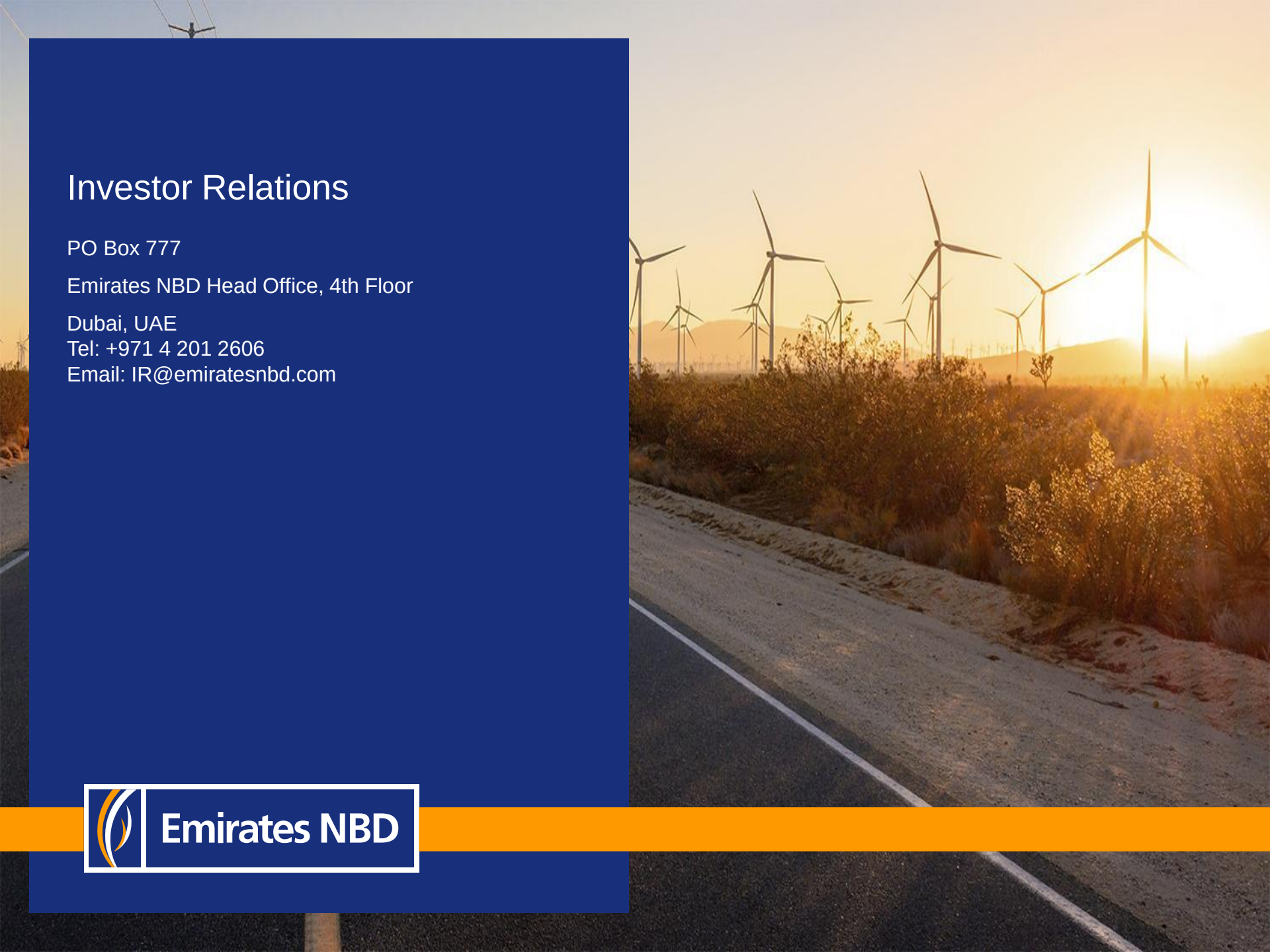
Summary

FY 2015 financial results highlights

		FY 2015	Comments
Profitability	Net profit	AED 7.1 Bn	• Improved 39% y-o-y
	Net interest margin	2.85%	
	Cost-to-income ratio	31.0%	• Within 33% management range
	Provisions	AED 3.4 Bn	• Improved 32% y-o-y as cost of risk continues to normalise and provisioning declined for the 6th consecutive quarter
Credit Quality	NPL ratio	7.1%	• Helped by over AED 2 billion of write-backs and recoveries
	Coverage ratio	111.5%	
Capital & Liquidity	Tier 1 ratio	18.0%	
	AD ratio	94.2%	• Within management range; improved 1% y-o-y despite tighter market liquidity conditions demonstrating strong bank liquidity

2016 macro themes

	Global	Regional
Opportunity	• Emirates NBD's balance sheet is positioned to benefit from rising interest rates • Recovering US economy may promote confidence in global market	• Regional growth opportunities • Infrastructure spending
Risk	• Slowdown in global growth especially big economies such as EU and China may have negative global impact	• Sustained low oil price may impact investors' confidence in the GCC market • Uncertain geopolitics • More cautious fiscal stance



Investor Relations

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