

# Emirates NBD Investor Presentation

February 2018





## Important Information

### Disclaimer

The material in this presentation is general background information about the activities of Emirates NBD Bank PJSC (Emirates NBD), current at the date of this presentation, and believed by Emirates NBD to be accurate and true. It is information given in summary form and does not purport to be complete. Some of the information that is relied upon by Emirates NBD is obtained from sources believed to be reliable, but Emirates NBD (nor any of its directors, officers, employees, agents, affiliates or subsidiaries) does not guarantee the accuracy or completeness of such information, and disclaims all liability or responsibility for any loss or damage caused by any act taken as a result of the information. The information in this presentation is not intended to be relied upon as advice or a recommendation to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. An investor should seek independent professional advice when deciding if an investment is appropriate.

Due to rounding, numbers and percentages presented throughout this presentation may not add up precisely to the totals provided.

### Forward Looking Statements

Certain matters discussed in this presentation about the future performance of Emirates NBD or members of its group (the Group), including without limitation, future revenues, earnings, strategies, prospects and all other statements that are not purely historical, constitute “forward-looking statements”. Such forward-looking statements are based on current expectations or beliefs, as well as assumptions about future events, made from information currently available. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “goal”, “seek”, “believe”, “will”, “may”, “should”, “would”, “could” or other words of similar meaning. Undue reliance should not be placed on any such statements in making an investment decision, as forward-looking statements, by their nature, are subject to known and unknown risks and uncertainties that could cause actual results, as well as the Group’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements, such as changes in the global, political, economic, business, competitive, market and regulatory forces; future exchange and interest rates; changes in tax rates; and future business combinations or dispositions.

Emirates NBD undertakes no obligation to revise or update any statement, including any forward-looking statement, contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.



# UAE Economic Update

## Highlights

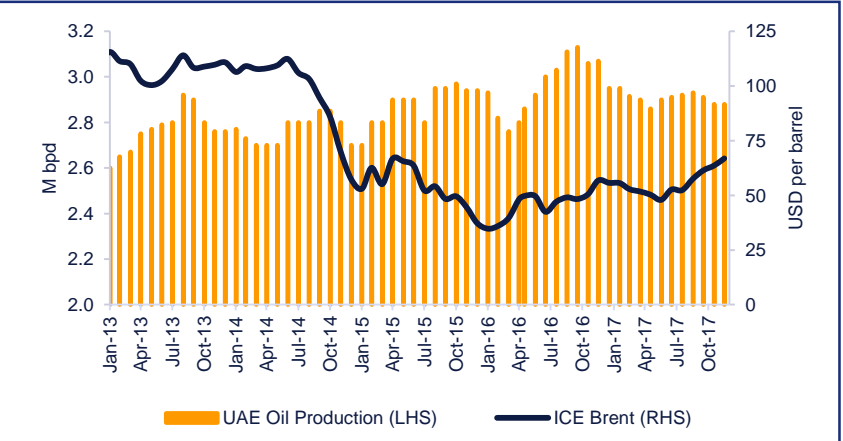
- Oil production declined -1.6% y/y in 2017 to 2.91mn bpd, higher than the OPEC agreed target of 2.87mn. To the extent that we had factored in the lower oil production number in our GDP growth forecast, there is an upside risk to our 2.0% 2017 GDP growth estimate. We expect growth to accelerate to 3.4% in 2018
- The Emirates NBD Purchasing Managers' Index (PMI) for the UAE declined to 56.8 in January from 57.7 in December, signaling solid albeit slightly slower non-oil sector growth at the start of 2018.

## Real GDP growth forecasts

|                       | 2013       | 2014       | 2015       | 2016       | 2017F      | 2018F      |
|-----------------------|------------|------------|------------|------------|------------|------------|
| S. Arabia             | 2.7        | 3.7        | 4.1        | 1.7        | -0.5       | 2.5        |
| UAE                   | 4.7        | 3.3        | 3.8        | 3.0        | 2.0        | 3.4        |
| Qatar                 | 4.0        | 3.5        | 3.3        | 2.0        | 2.5        | 3.0        |
| Kuwait                | 1.1        | 0.5        | 0.6        | 3.5        | -1.2       | 2.1        |
| Oman                  | 4.4        | 2.5        | 4.7        | 5.4        | 1.0        | 2.3        |
| Bahrain               | 5.4        | 4.4        | 2.9        | 3.0        | 3.0        | 3.0        |
| <b>GCC (average)</b>  | <b>3.3</b> | <b>3.2</b> | <b>3.6</b> | <b>2.5</b> | <b>0.6</b> | <b>2.8</b> |
| Egypt                 | 2.1        | 2.9        | 4.4        | 4.3        | 4.3        | 4.9        |
| Jordan                | 2.8        | 3.1        | 2.4        | 2.0        | 2.8        | 3.0        |
| Lebanon               | 3.0        | 1.8        | 1.5        | 2.4        | 3.1        | 3.3        |
| Tunisia               | 2.9        | 2.3        | 0.8        | 1.1        | 2.1        | 3.3        |
| Morocco               | 4.4        | 2.7        | 4.5        | 1.2        | 4.3        | 3.7        |
| <b>MENA (average)</b> | <b>2.8</b> | <b>2.7</b> | <b>3.8</b> | <b>3.1</b> | <b>3.7</b> | <b>4.4</b> |

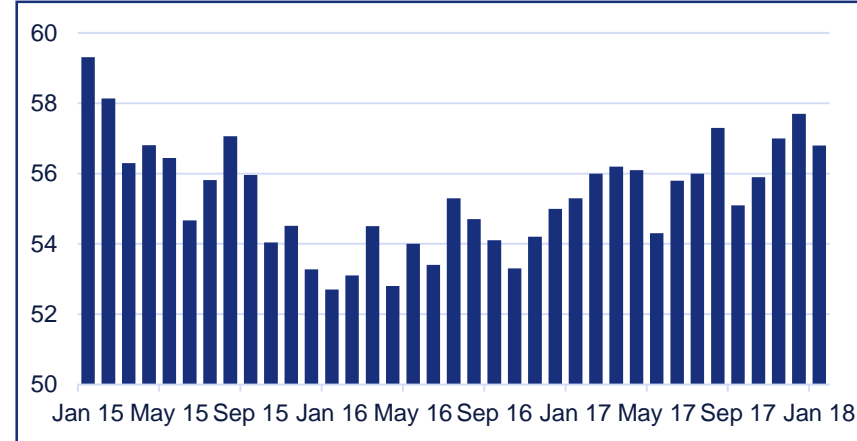
Source: Bloomberg, Emirates NBD Research

## Oil Price and UAE oil production



Source: Bloomberg, Emirates NBD Research

## UAE PMI – Non oil private sector activity



Source: Markit / Emirates NBD

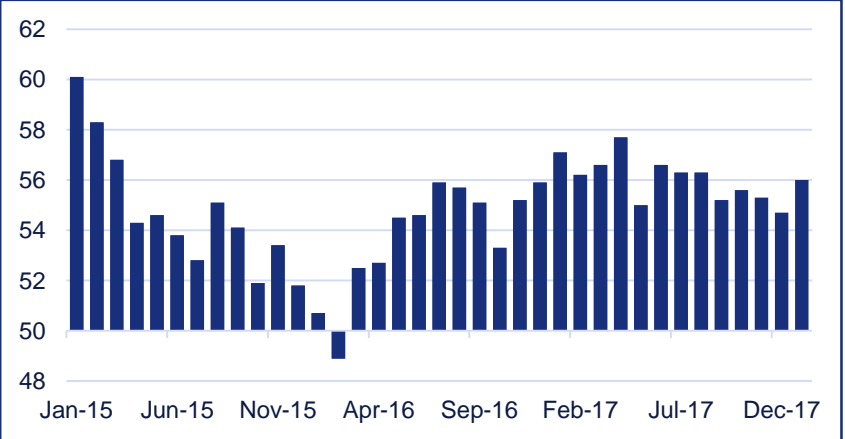


# Dubai Economic Update (1/3)

## Highlights

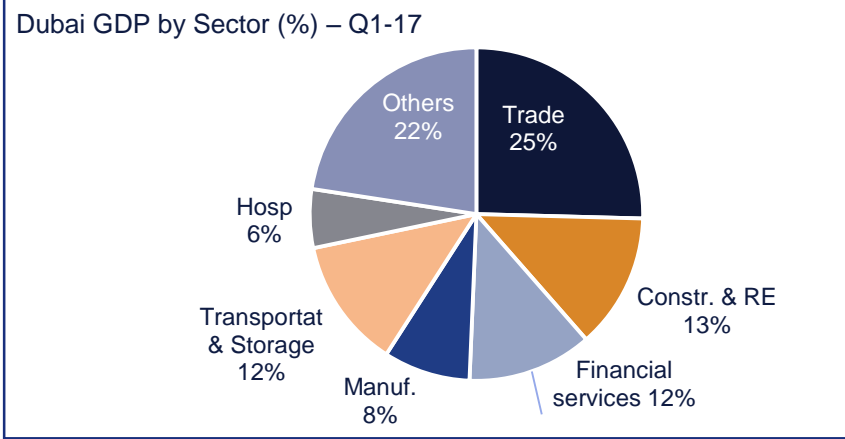
- After easing in December, Emirates NBD Dubai Economy Tracker Index (DETI) rose to 56.0 in January mainly on the back of faster output and employment growth.
- Dubai's economy expanded 3.2% y-o-y in Q1-17. Hospitality (restaurants and hotels) was the fastest growing sector in Dubai at 8.8% followed by Real Estate at 7.2%

## Emirates NBD Dubai Economy Tracker Index



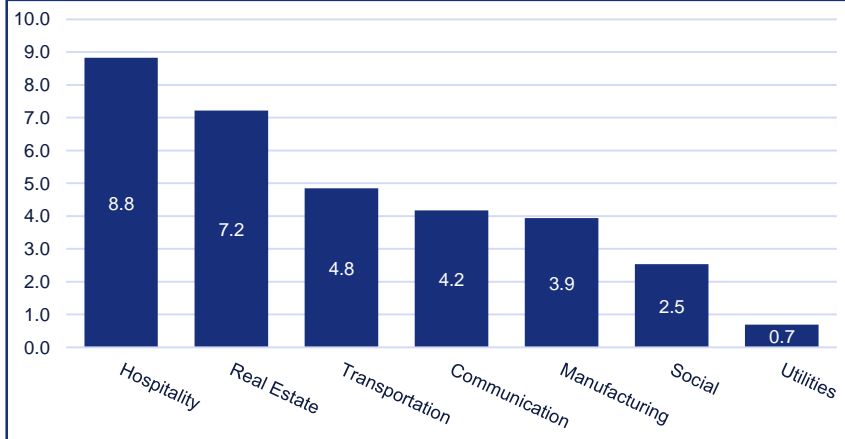
Source : Markit, Emirates NBD Research

## Composition of Dubai GDP



Source: Dubai Statistics Centre

## Dubai: Key sector growth rates in Q1-17



Source: Dubai Statistics Centre

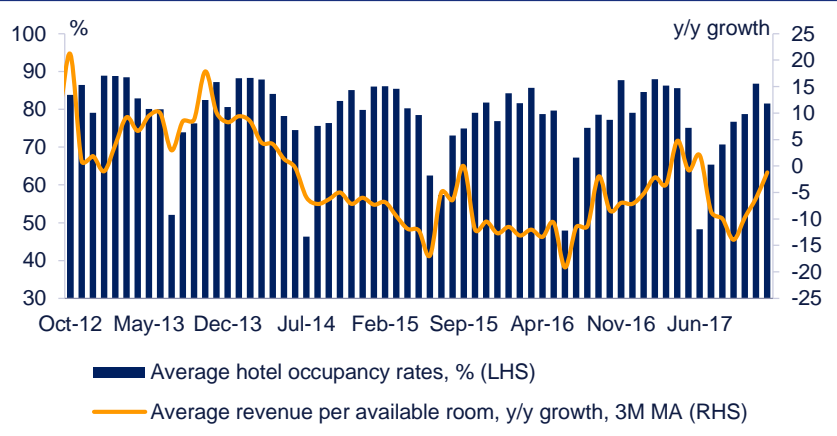


# Dubai Economic Update (2/3)

## Highlights

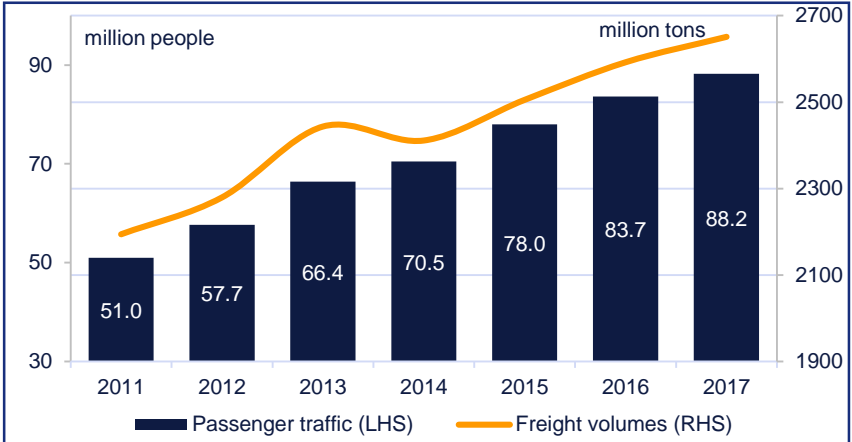
- Passenger traffic at the Dubai International Airport (DXB) rose to 88.2 million in 2017, up by 5.4% y/y. In December alone, 7.9mn passengers passed through DXB, up by 1.9% y/y.
- Passenger traffic is expected exceed 90 million in 2018, according to Dubai Airports.
- Dubai's hotel occupancy averaged 77.3% in Jan-Dec 2017 slightly up from 76.9% the same period a year ago.
- The supply of hotel rooms in Dubai increased by 5.5% y/y in 2017 to 97,546 rooms. The Department of Tourism and Commerce Marketing (DTCM) is targeting 140,000 to 160,000 hotel rooms by the end of the decade

## Hotel occupancy and RevPAR



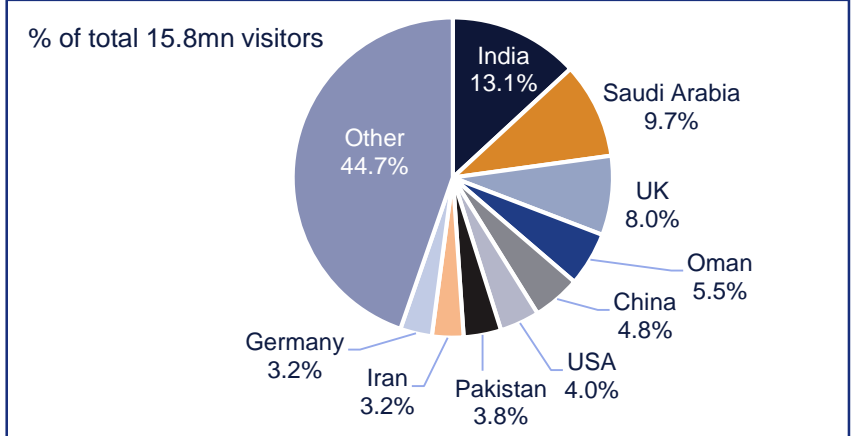
Source: STR Global, Emirates NBD Research

## Dubai Airports passenger traffic



Source: Dubai Airports, Emirates NBD Research

## Top 10 visitors by nationality in 2017



Source: Department of Tourism and Commerce Marketing, Emirates NBD Research

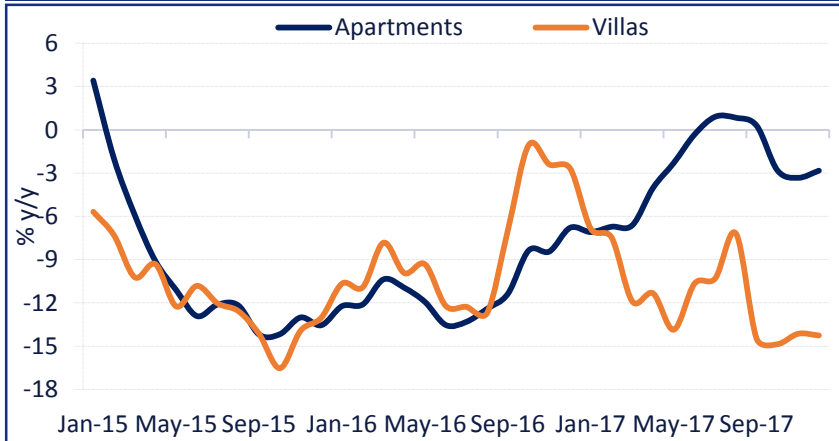


# Dubai Economic Update (3/3)

## Highlights

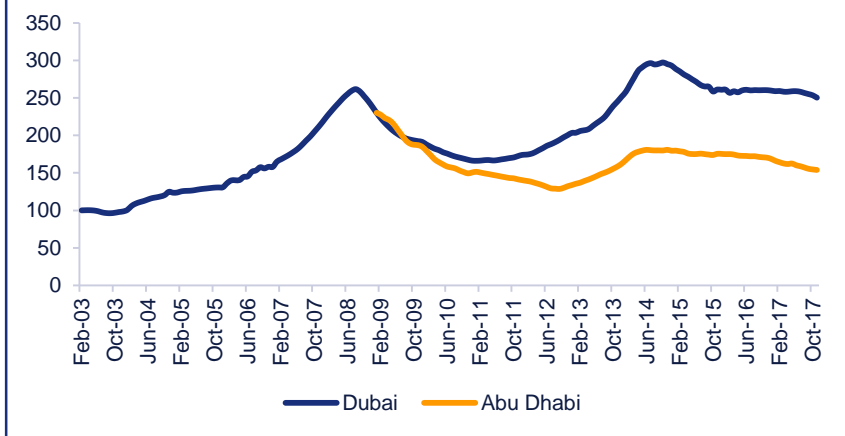
- Softness in residential real estate prices continues with apartment prices faring better than villas
- Apartment prices were down -2.8% y/y in December, compared with -6.8% y/y in December last year. Villa prices fell -14.3% y/y in December
- Higher interest rates, declining rents and increasing supply are likely to remain headwinds in 2018. Dubai residential real estate prices expected to recover modestly in 2019 and rise further in 2020-2021, according to Phidar Advisory.

## Dubai residential property prices



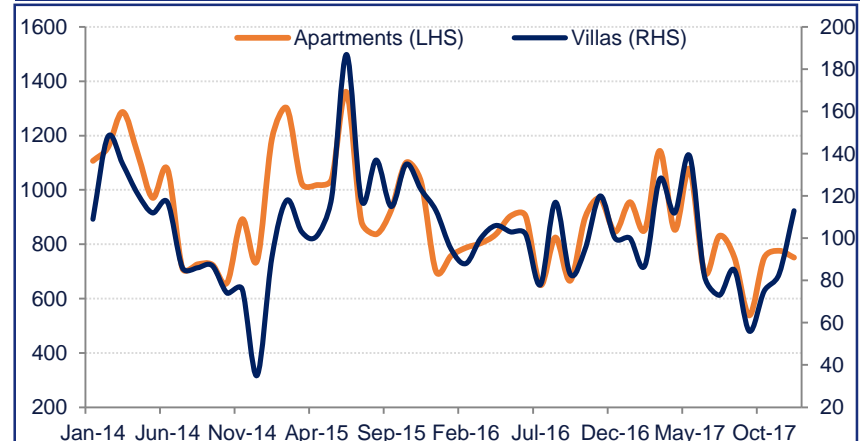
Source: Phidar Advisory, Emirates NBD Research

## Residential property prices



Source: Bank of International Settlements

## Dubai transaction volumes



Source: Phidar Advisory, Emirates NBD Research

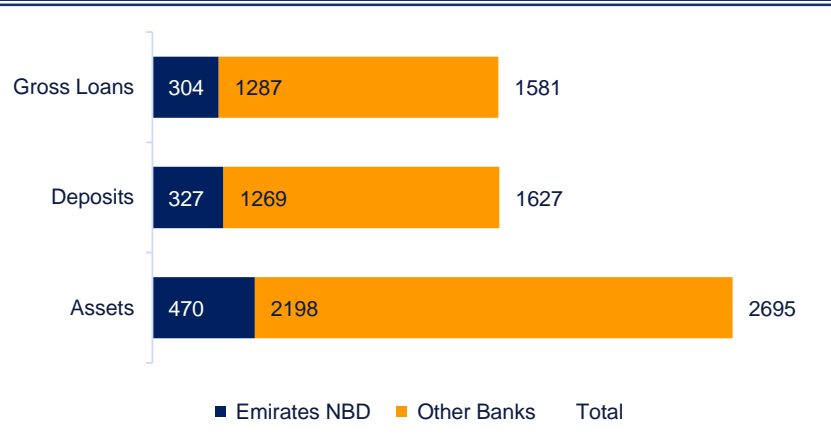


# UAE Banking Market Update

## Highlights

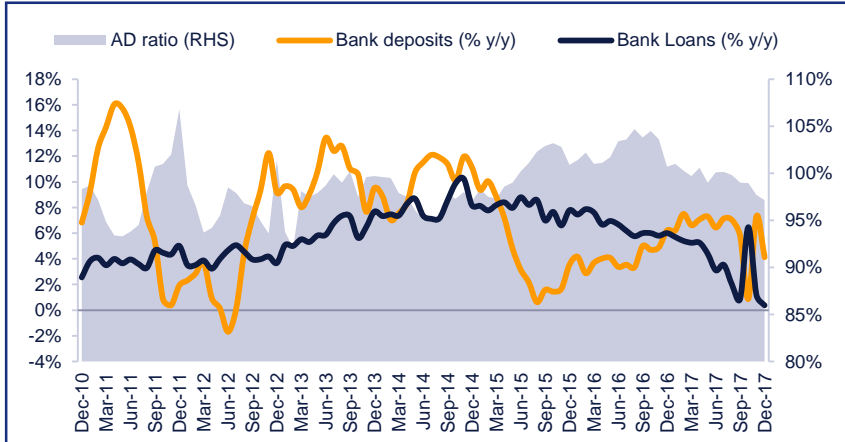
- Bank loans increased by AED 6.7 bn and 0.4% y/y to AED 1580.7 bn in December.
- Bank deposits increased by AED 64.4 bn and 4.1% y/y to AED 1627.3 bn in December
- Although the 3m EIBOR rate has increased in recent months, this has been mostly due to higher USD rates, with the spread over 3m LIBOR narrowing

## UAE banking market (AED Bn)



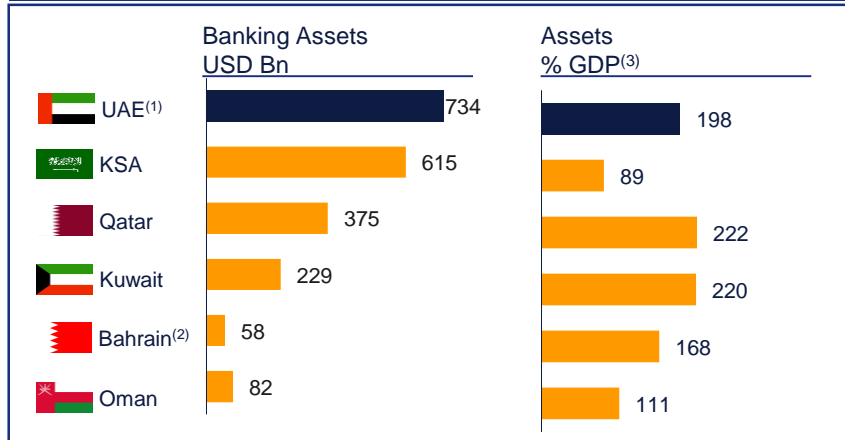
Source: UAE Central Bank Statistics and ENBD as at December 2017

## Bank deposit and loan growth



Source: UAE Central Bank; loan growth gross of provisions

## GCC banking market



1) Includes Foreign Banks; 2) Excludes Foreign Banks; 3) GDP data is for FY 2017 forecasted. UAE, KSA, Qatar, Kuwait and Oman as at December 2017; Bahrain as at November 2017. Source: UAE Central Bank; National Central Banks and Emirates NBD forecasts.



# Emirates NBD at a glance

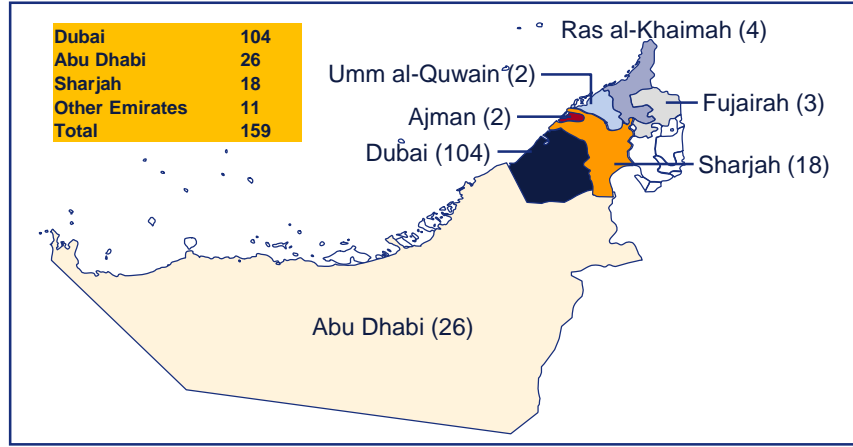
## A leading bank in the region

- **Market share** in the UAE (as at 31 December 2017)
  - Assets 17.5%; Loans 19.2%; Deposits 20.1%
- **Leading retail banking franchise** in the UAE with the largest distribution network, complemented by a best-in-class mobile and online banking platform
- **Fully fledged financial services offerings** across retail banking, private banking, wholesale banking, global markets & trading, investment banking, brokerage, asset management, merchant acquiring and cards processing
- **55.8%** indirectly owned by the Government of Dubai through its investment arm (Investment Corporation of Dubai)

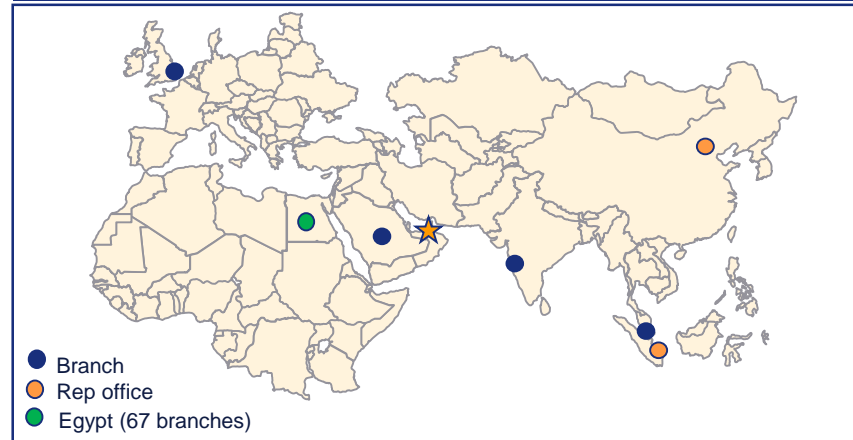
## Credit ratings

|  | Long Term / Short Term | Outlook | Most Recent Rating Action                            |
|--|------------------------|---------|--|
|  | A+ / F1                | Stable  | Ratings affirmed (12-Feb-2018)                       |
|  | A3 / P-2               | Stable  | LT ratings upgraded and outlook 'Stable' (16-Jun-16) |
|  | A+ / A1                | Stable  | Ratings affirmed (11-Oct-2017)                       |

## Largest branch network in the UAE



## International presence







# Key strengths

## Size

One of the largest financial institutions by asset size in the GCC (top 3); 2<sup>nd</sup> largest in the UAE

## Flagship

Flagship bank for the Government of Dubai and the UAE, playing a strategic role in developing the economy

## Balance Sheet

Well-capitalized with a strong balance sheet that is positioned to grow and deliver outstanding value to its stakeholders

## Ownership

56% owned by the Government of Dubai (via Investment Corporation of Dubai)

## Geographic Presence

Sizeable footprint in the UAE (with the largest branch network); international presence in Asia, Europe and MENA.

## Profitable

Consistently profitable, despite low commodity price environment and other regional headwinds

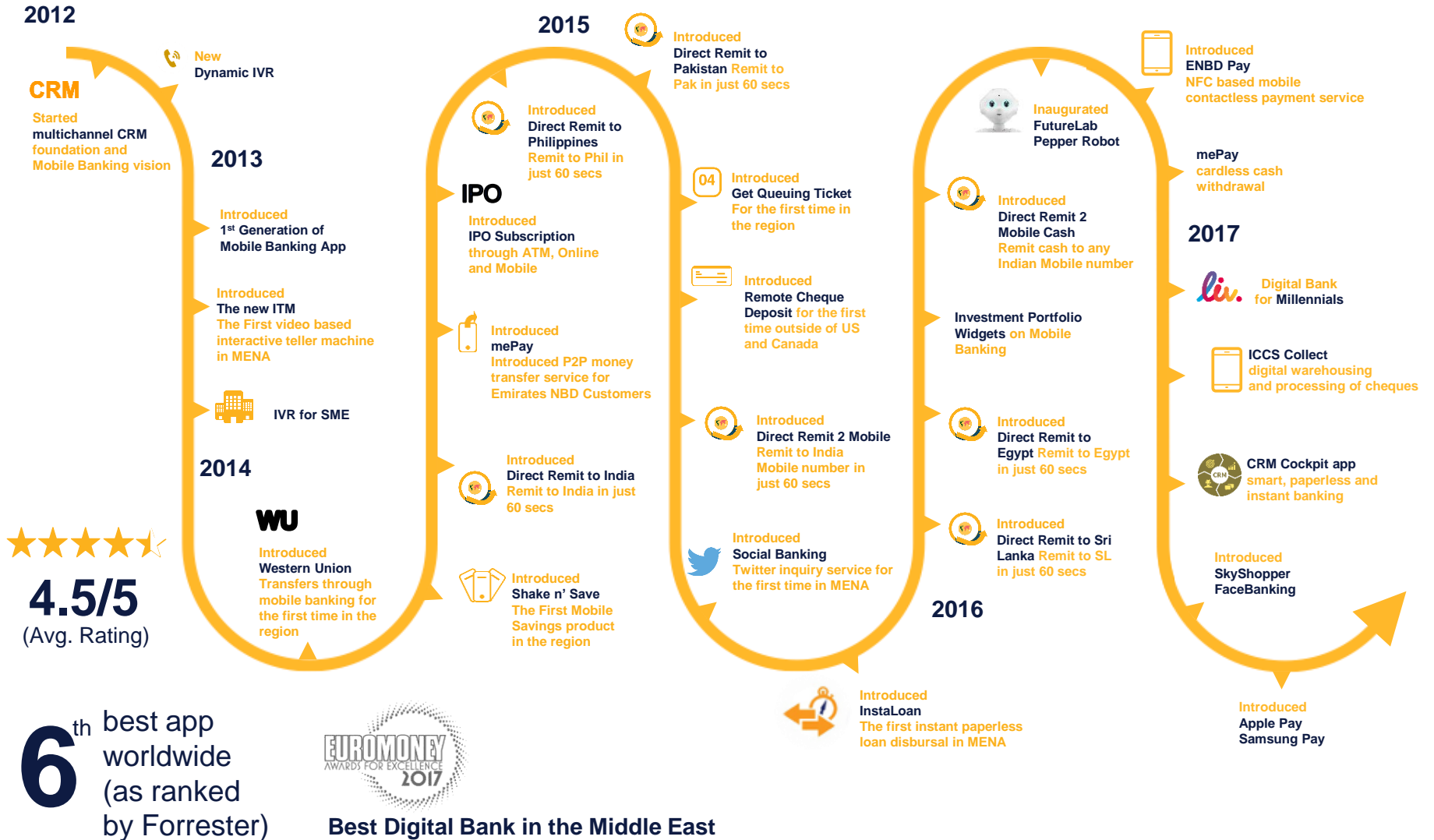
## Diversified Offering

Fully fledged, diversified financial services offering and regional leader in digital banking





# Emirates NBD is the regional leader in digital innovation



# Emirates NBD is one of the largest banks in the GCC

x% 2017 vs. 2016

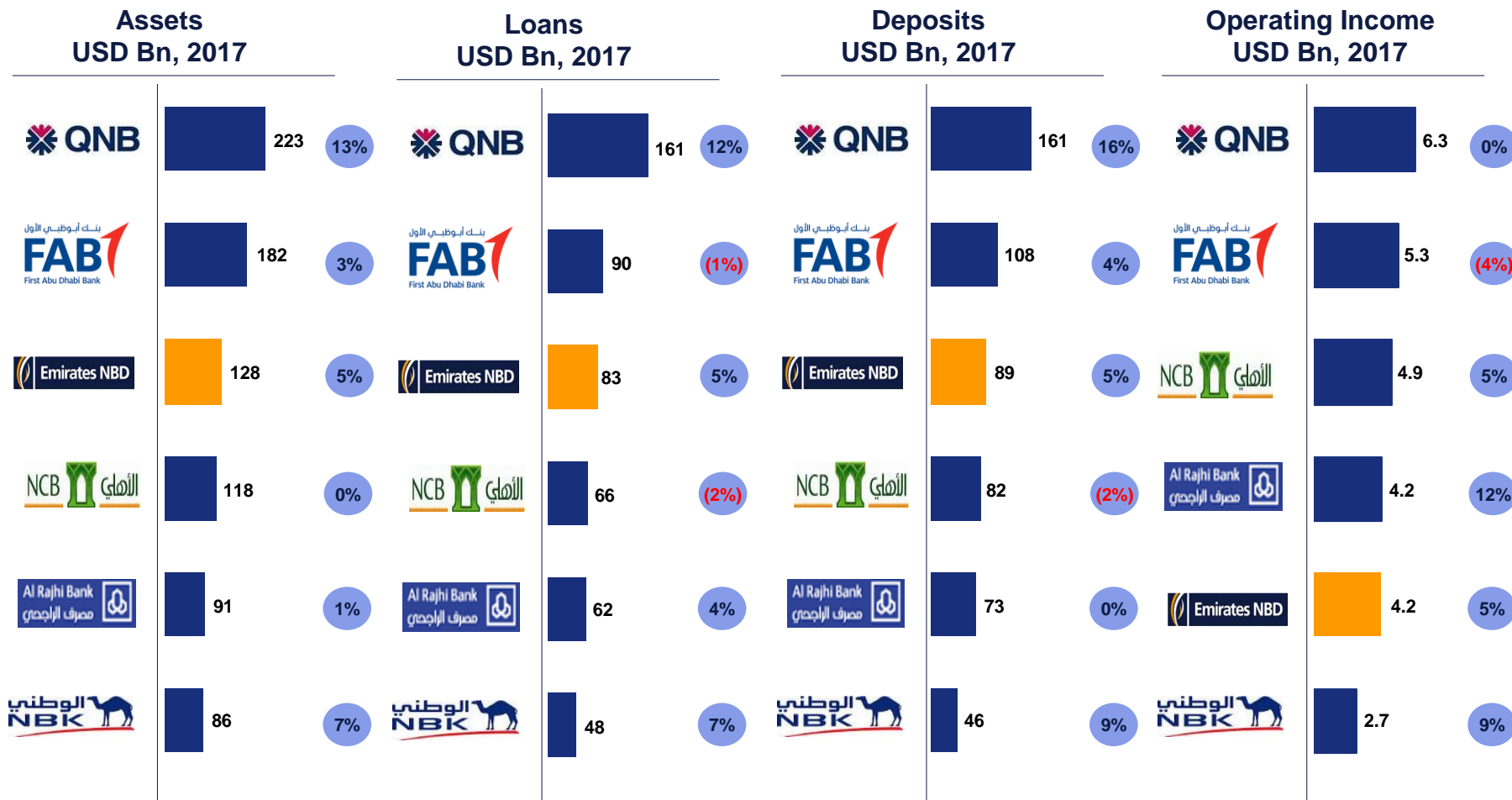
Operating Environment

Emirates NBD Profile

Financial & Operating Performance

Strategy

Appendix





# Profit and Balance Sheet Growth in Recent Years

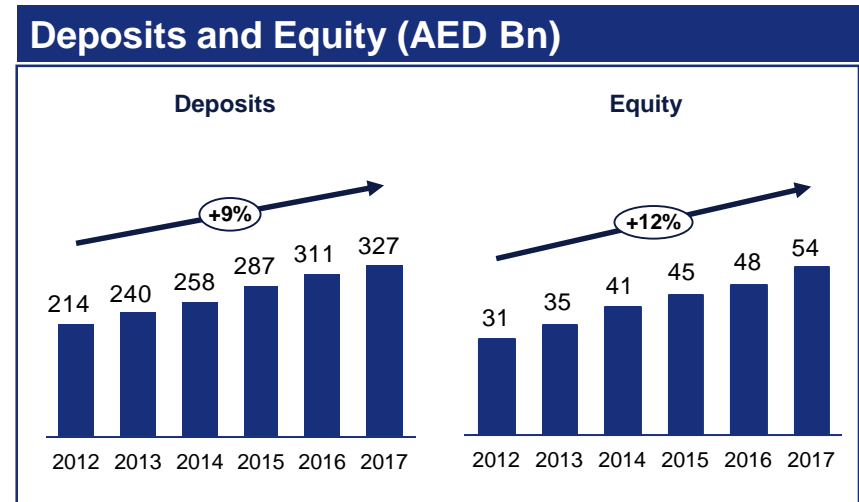
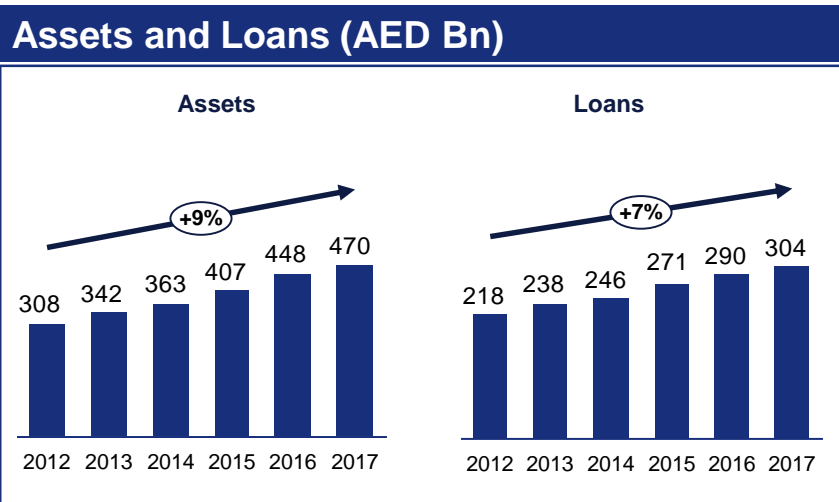
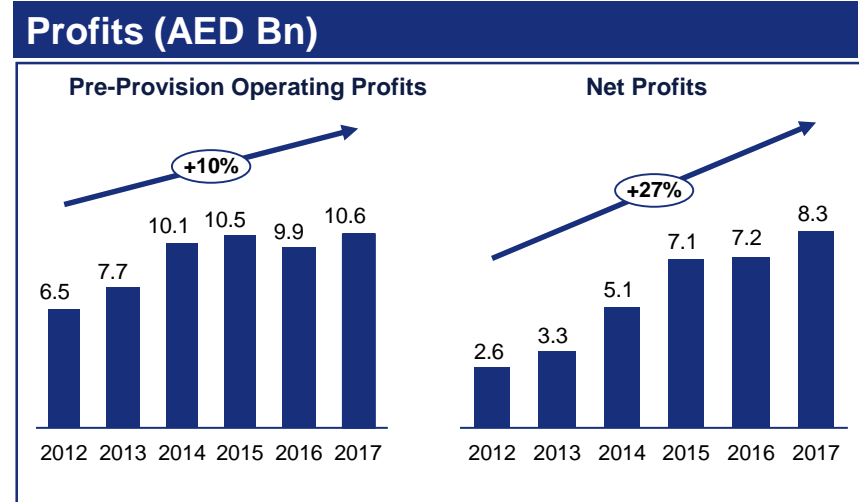
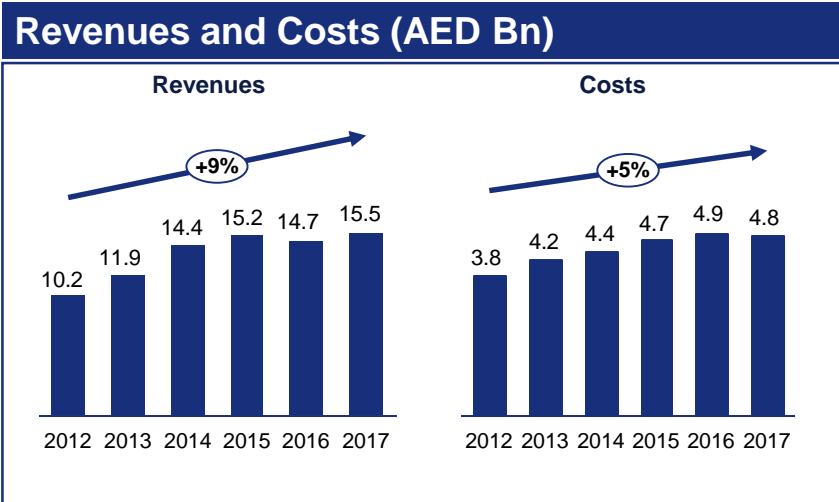
Operating Environment

Emirates NBD Profile

Financial & Operating Performance

Strategy

Appendix



Equity is Tangible Shareholder's Equity excluding Goodwill and Intangibles. All P&L numbers are YTD, all Balance Sheet numbers are at end of period  
 Source: Financial Statements



# Emirates NBD delivered a strong set of results in 2017

| FY 2017 Key Metrics |                | FY 2017             | v. 2017 Guidance | 2018 Guidance    |
|---------------------|----------------|---------------------|------------------|------------------|
| Profit              | Net profit     | AED 8.35 Bn<br>+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 |

| 2018 Macro themes |   |   |   |
|-------------------|---|---|---|
|                   | Regional  | Global  |   |
| +                 | <ul style="list-style-type: none"> <li>Resilience of UAE economy underpinned by non-oil activity growth</li> <li>Higher growth in GCC economies</li> <li>Improving liquidity</li> </ul> | <ul style="list-style-type: none"> <li>Emirates NBD's balance sheet positioned to benefit from rising interest rates</li> <li>Improved banking system liquidity to support private sector growth</li> </ul> |   |
|                   | -   | <ul style="list-style-type: none"> <li>Geo-politics within GCC</li> <li>Strong dollar impact on Dubai tourism</li> <li>Introduction of VAT</li> </ul>   | <ul style="list-style-type: none"> <li>Potential Euro area volatility from implementation of Brexit and key government elections</li> </ul> |

\* Based on Basel III capital regulations



## 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%               |
| <b>Total income</b>                    | <b>15,455</b> | <b>14,748</b> | <b>5%</b>        |
| Operating expenses                     | (4,844)       | (4,888)       | 1%               |
| <b>Pre-impairment operating profit</b> | <b>10,611</b> | <b>9,860</b>  | <b>8%</b>        |
| Impairment allowances                  | (2,229)       | (2,608)       | 15%              |
| <b>Operating profit</b>                | <b>8,382</b>  | <b>7,252</b>  | <b>16%</b>       |
| Share of profits from associates       | 72            | 135           | (47%)            |
| Taxation charge                        | (109)         | (148)         | 27%              |
| <b>Net profit</b>                      | <b>8,346</b>  | <b>7,239</b>  | <b>15%</b>       |
| 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%               |
| <b>Total income</b>                    | <b>4,037</b> | <b>3,463</b> | <b>17%</b>       | <b>3,965</b> | <b>2%</b>        |
| Operating expenses                     | (1,322)      | (1,194)      | (11%)            | (1,270)      | (4%)             |
| <b>Pre-impairment operating profit</b> | <b>2,715</b> | <b>2,269</b> | <b>20%</b>       | <b>2,696</b> | <b>1%</b>        |
| Impairment allowances                  | (537)        | (424)        | (27%)            | (431)        | (24%)            |
| <b>Operating profit</b>                | <b>2,178</b> | <b>1,845</b> | <b>18%</b>       | <b>2,264</b> | <b>(4%)</b>      |
| Share of profits from associates       | 18           | 49           | (64%)            | 42           | (57%)            |
| Taxation charge                        | (20)         | (37)         | 46%              | (30)         | 34%              |
| <b>Net profit</b>                      | <b>2,176</b> | <b>1,857</b> | <b>17%</b>       | <b>2,276</b> | <b>(4%)</b>      |
| 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%) |

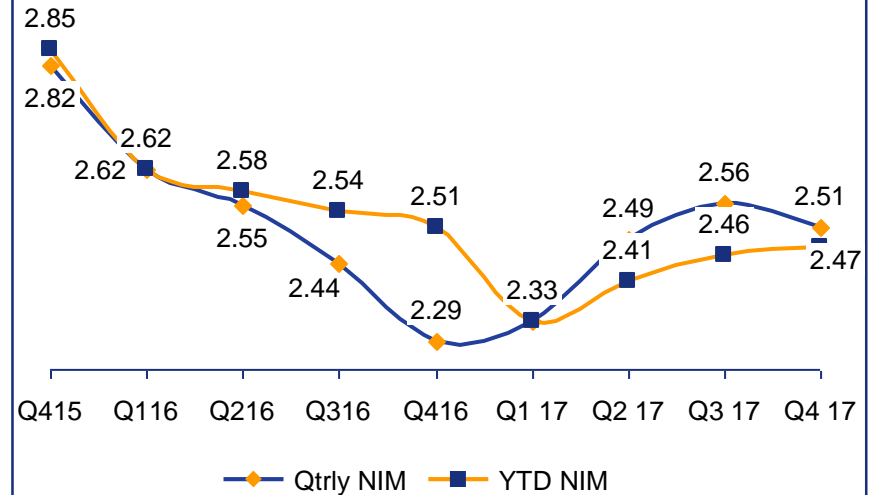


# Net Interest Income

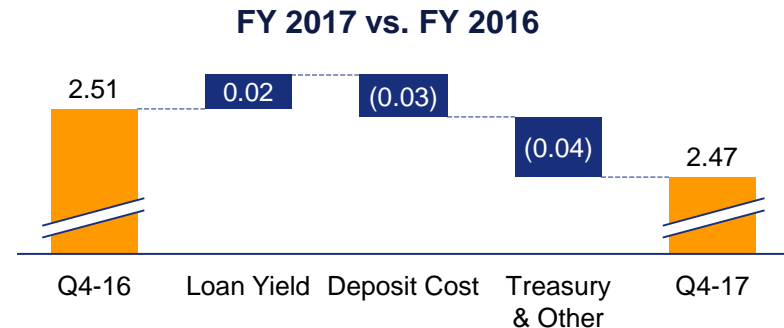
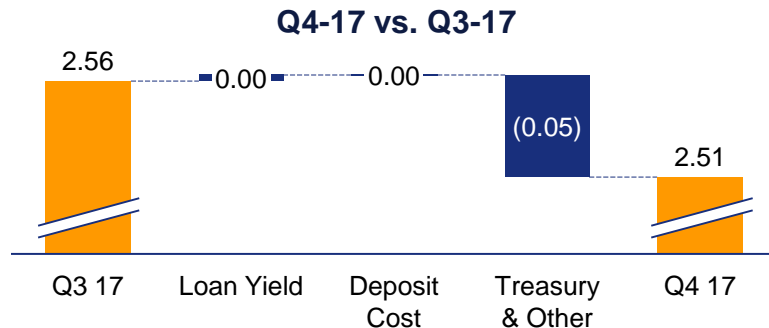
## Highlights

- 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 (%)







## Non-Interest Income

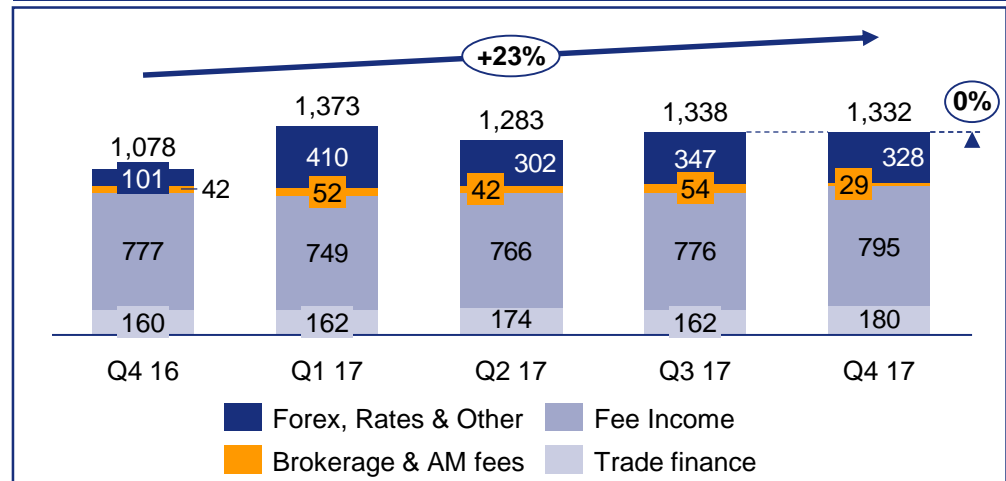
### Highlights

- 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%)            |
| <b>Core fee income</b>               | <b>4,344</b> | <b>4,003</b> | <b>9%</b>        |
| Property income / (loss)             | (60)         | 210          | (129%)           |
| Investment securities & other income | 386          | 424          | (9%)             |
| <b>Total Non Interest Income</b>     | <b>4,669</b> | <b>4,637</b> | <b>1%</b>        |

### Trend in Core Gross Fee Income (AED Mn)



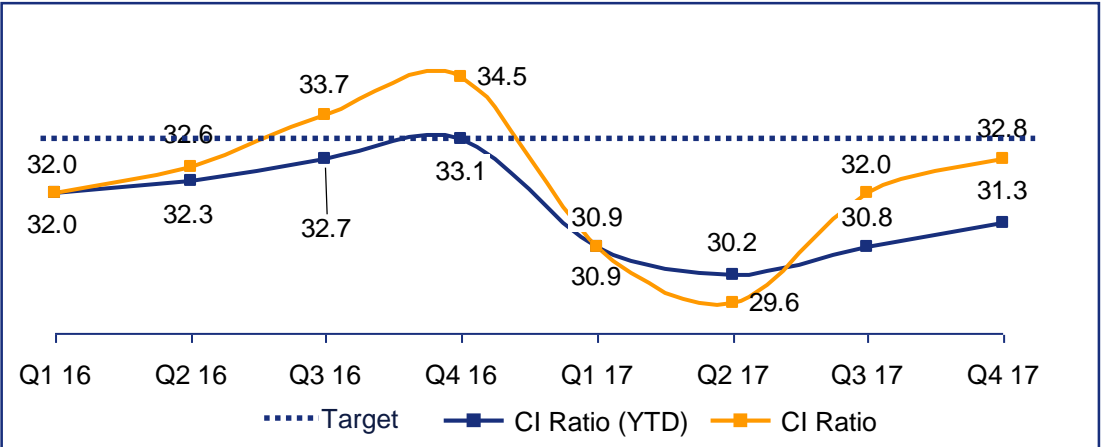


# Operating Costs and Efficiency

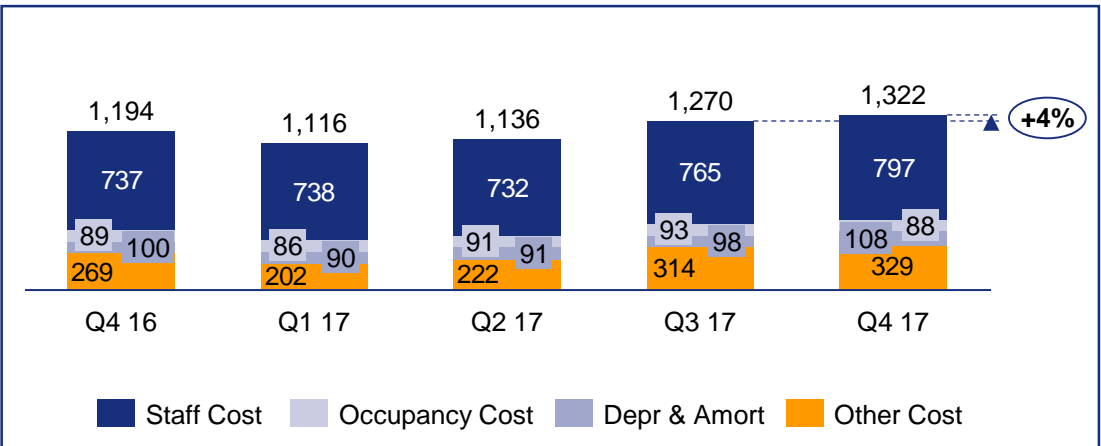
## Highlights

- 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 and 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)



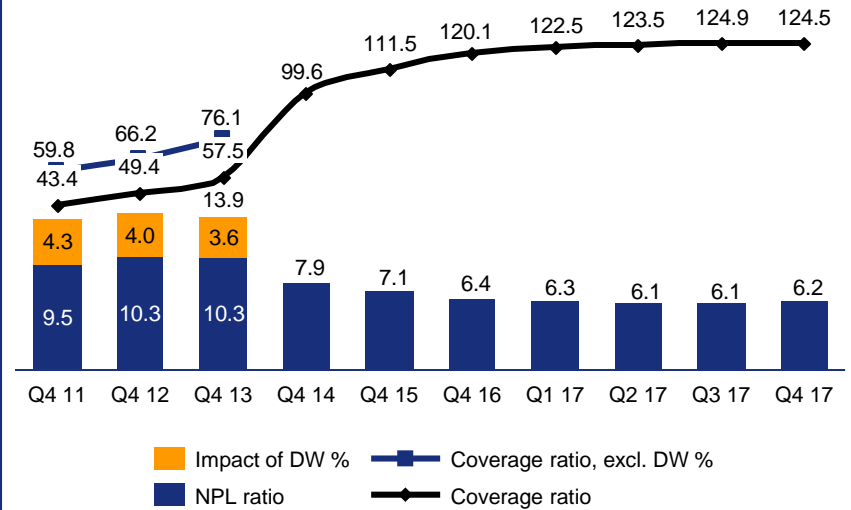


# Credit Quality

## Highlights

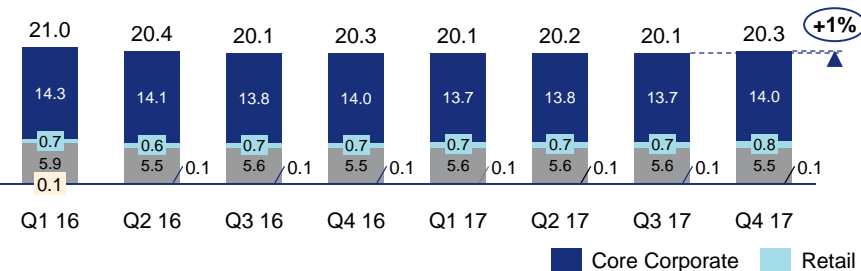
- NPL ratio improved to 6.2% during 2017
- Impaired loans were steady at AED 20.3 Bn during 2017 helped by AED 1,777 Mn of write backs & recoveries
- FY 2017 cost of risk at 68 bps continued to moderate as net impairment charge of AED 2,229 Mn improved 15% y-o-y
- Coverage ratio strong at 124.5%
- Total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

## Impaired Loan & Coverage Ratios (%)

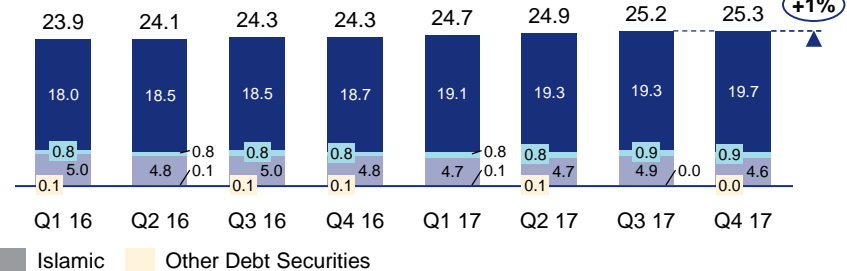


## Impaired Loans and Impairment Allowances (AED Bn)

### Impaired Loans



### Impairment Allowances





# Capital Adequacy

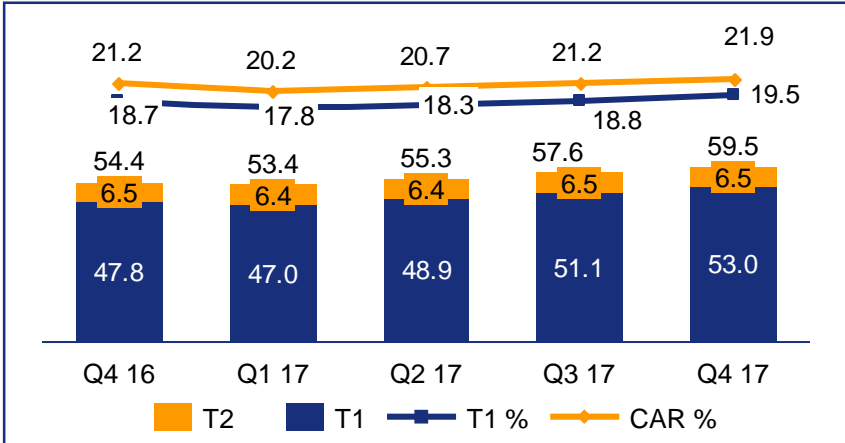
## Highlights

- 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 earning 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

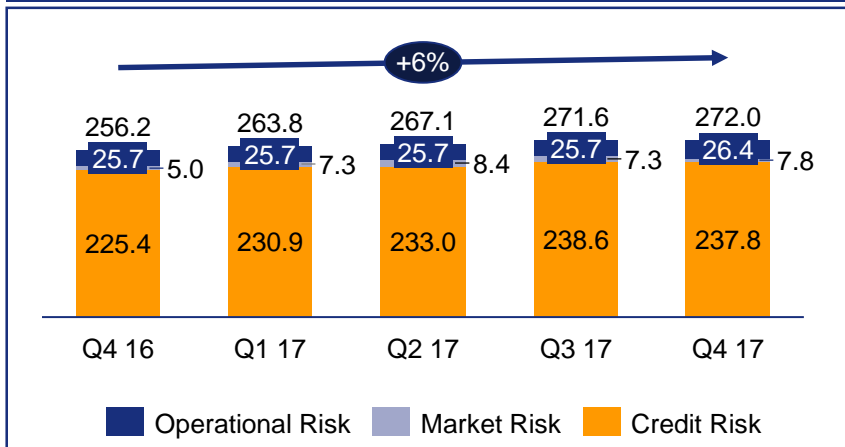
## Capital Movements – Basel II

| AED Bn                           | Tier 1      | Tier 2     | Total       |
|----------------------------------|-------------|------------|-------------|
| <b>Capital as at 31-Dec-2016</b> | <b>47.8</b> | <b>6.5</b> | <b>54.4</b> |
| 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)       |
| <b>Capital as at 31-Dec-2017</b> | <b>53.0</b> | <b>6.5</b> | <b>59.5</b> |

## Capitalisation – Basel II



## Risk Weighted Assets – Basel II (AED Bn)



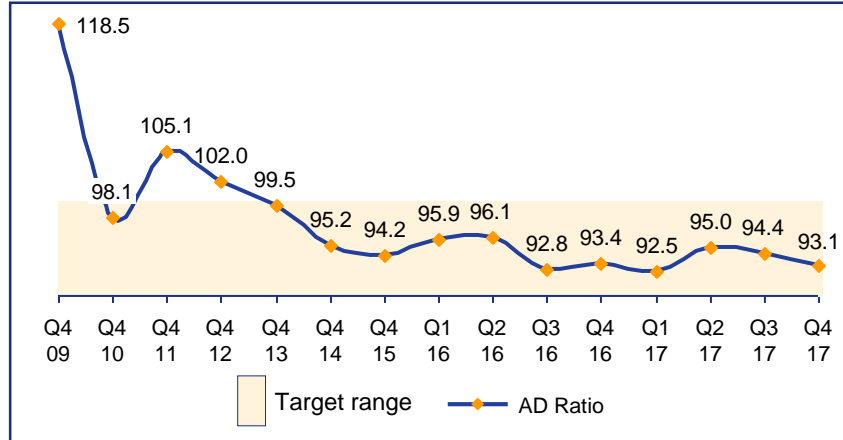


# Funding and Liquidity

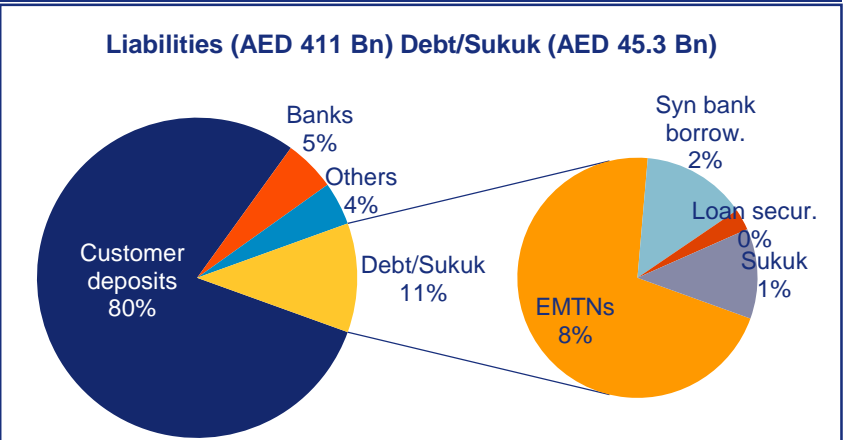
## Highlights

- 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

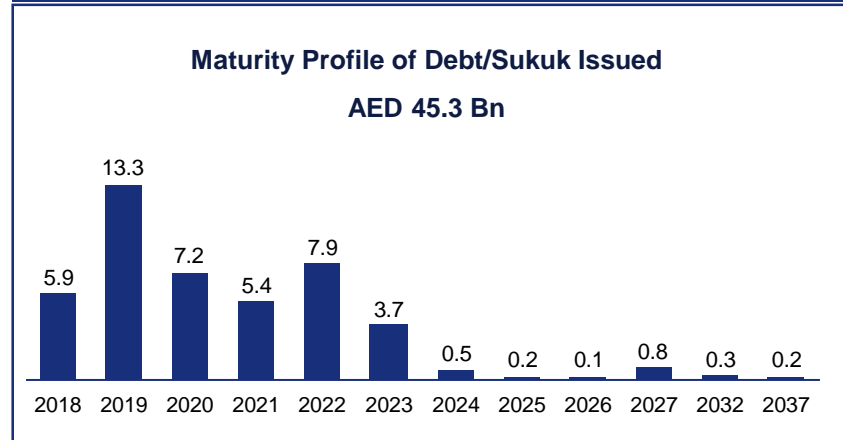
## Advances to Deposit (AD) Ratio (%)



## 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

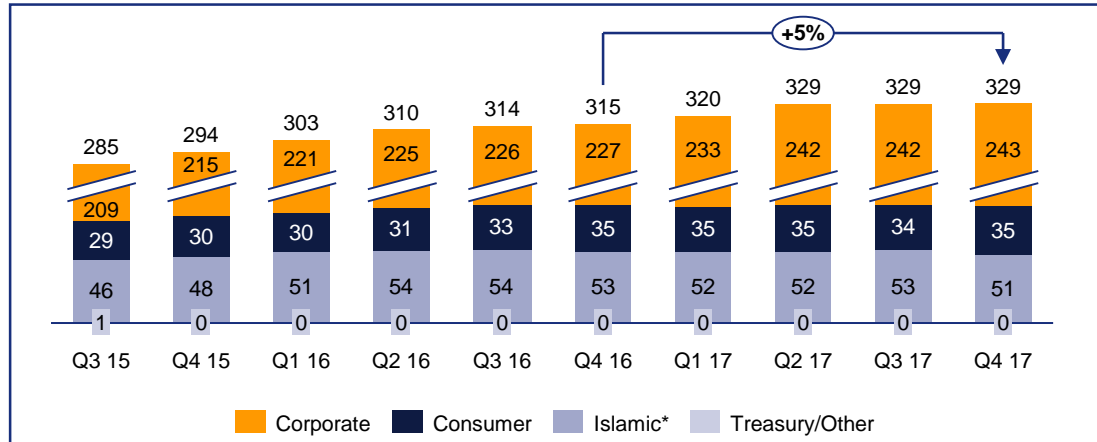


# Loan and Deposit Trends

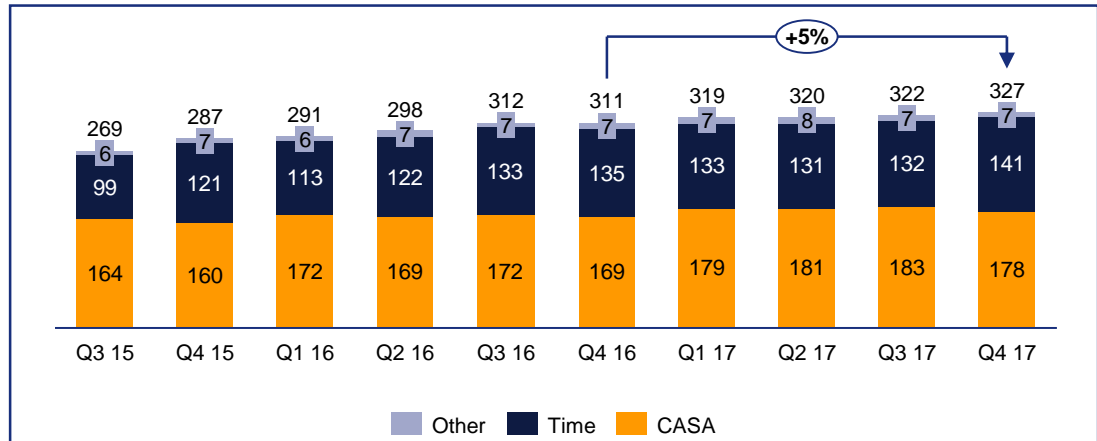
## Highlights

- 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)



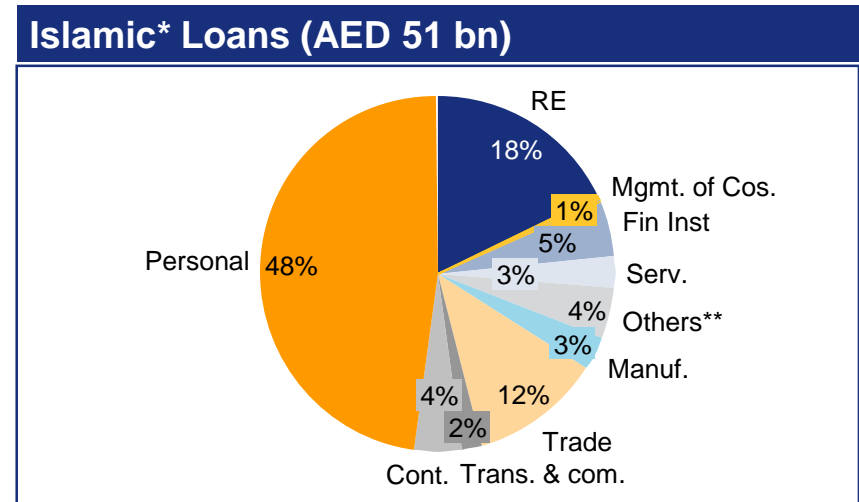
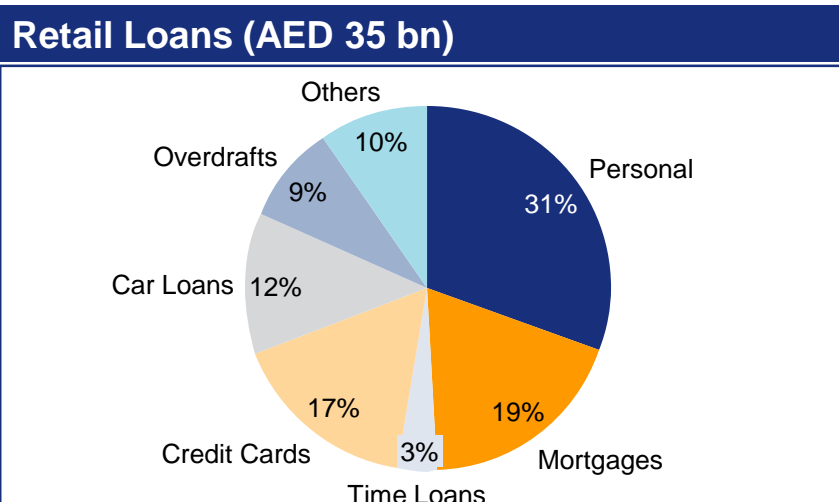
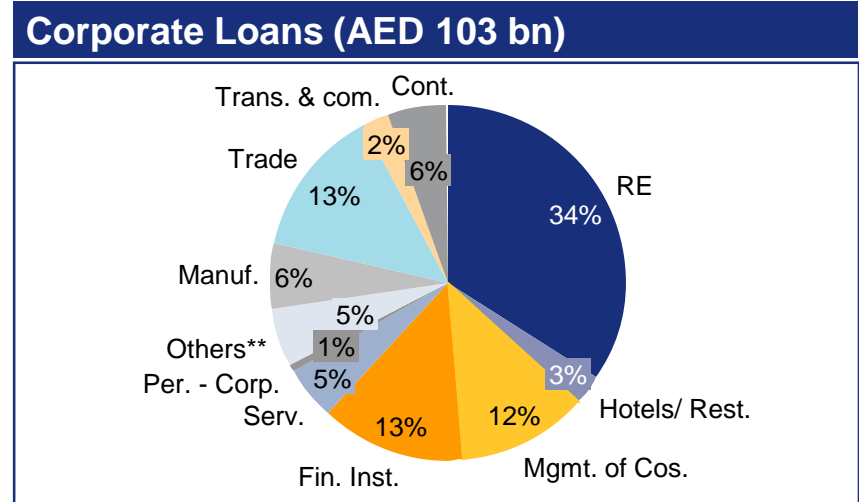
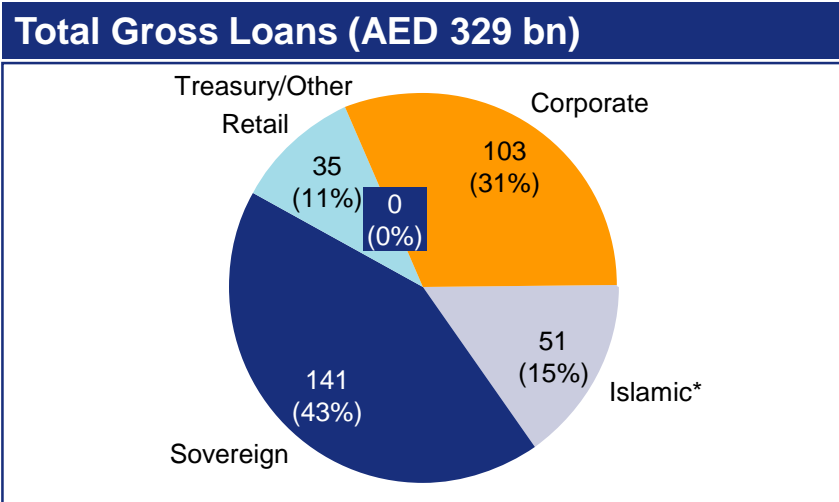
## Trend in Deposits by Type (AED Bn)



\* Gross Islamic Financing Net of Deferred Income



# Loan Composition



\* Islamic loans net of deferred income; \*\*Others include Agriculture & allied activities and Mining & quarrying

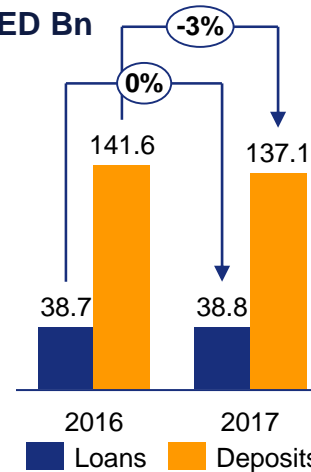


# Divisional Performance

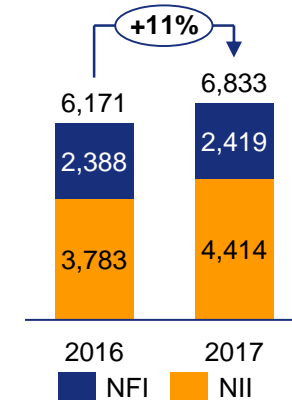
## Retail Banking & Wealth Management

- 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



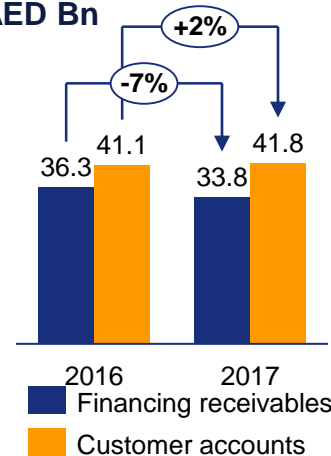
### Revenue Trends AED Mn



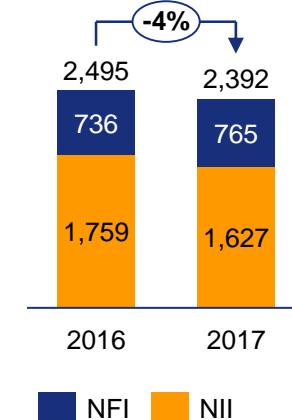
## Emirates Islamic

- 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





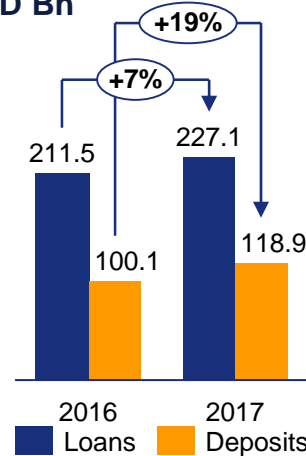


# Divisional Performance (cont'd)

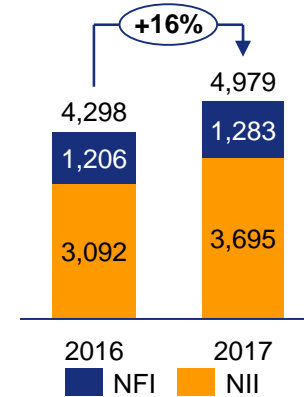
## Wholesale Banking

- 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



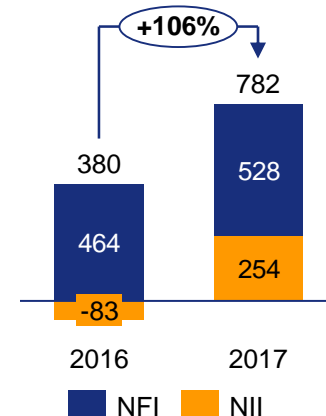
### Revenue Trends AED Mn



## 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





Emirates NBD's core strategy is focused on the following building blocks

**Key Objective**

**Deliver an excellent customer experience (with digital being the focus)**

**Strategic Levers**

**Drive core business**

**Run an efficient organization**

**Drive geographic expansion**

**Enablers**

**Build a high performing organization**



Operating Environment

Emirates NBD Profile

Financial & Operating Performance

Strategy

Appendix

# Highlights of strategic achievements in 2017

## 2017 Strategic Priorities

## Key Achievements

**1**  
**Deliver an excellent customer experience**

- Reinforce ENBD's position as a digital innovator in the region via
  - Best-in-class online, mobile banking services
  - New digital channels, products, capabilities
  - Digital platforms for seamless service to Corporates

- Won several awards including Most Innovative Financial Services Organization of the Year globally, at BAI Global Innovation Awards 2017
- Launched Liv., the first digital bank for millennials centred on lifestyle
- 60% of Corporate cheques deposited online using ICCS collect product
- Other key innovations – EVA, SkyShopper, FaceBanking

**2**  
**Drive core business**

- Gain market share across Retail products
- Rebalance Islamic franchise for profitable growth
- Diversify wholesale banking loans portfolio
- Grow fee income via improved Transaction Banking, Treasury and online offerings

- RBWM CASA balances up 6%; over AED 2 bn disbursements in home loans
- Introduced Samsung Pay and Apple Pay, expanding digital offering suite
- Emirates Islamic recorded 565% YOY growth in Net Profits
- Engaged more Corporates on fee drivers with growth in payments volumes (11% YOY) and higher non-funded income (8% YOY)

**3**  
**Run an efficient organization**

- Transform the IT platform to increase agility and enable digital banking
- Streamline and automate key processes for end-to-end digitization
- Optimize risk return matrix and lower cost of risk
- Alignment of KPIs and optimization of governance structures for better collaboration

- Committed an AED 1 bn investment towards digital transformation (invested over next 3 years)
- Achieved service milestones - increased self-service (12% drop in branch transactions), introduction of paperless personal loan applications through tablets (two-thirds of sourcing)
- Commenced development of state-of-the-art Wholesale Banking CRM

**4**  
**Drive geographic expansion**

- Sustain growth and deepen footprint in Egypt
- Catalyze growth in other offshore locations
- Continue to evaluate potential organic and inorganic opportunities in selected markets

- Commenced branch operations in India in November, 2017
- Expedited work on opening of three new branches in KSA (Q1, 2018)
- International assets grew by 3% YOY
- Received approval to open a Representative Office in Turkey to focus on FI and Corporates

**5**  
**Build a high performing organization**

- Continue to drive nationalization efforts and develop local leadership talent
- Focus on performance management and employee engagement (People management capabilities, reward systems, impactful action)

- Many key strategic roles in the Group were filled by senior Nationals
- New performance model in line with Group's digital and agile agenda was successfully piloted.
- Emirates NBD engagement level in 2017 was 62%, which is higher than GCC Commercial Banks (52%) and Global Commercial Banks (61%).



# Strategic priorities for 2018

Operating Environment

Emirates NBD Profile

Financial & Operating Performance

Strategy

Appendix

## Pillars of our strategy

## Key focus areas

1

**Deliver an excellent customer experience (with digital being the focus)**

- Continue to deliver superior customer experience and lead digital innovation in the region via
  - Prudent investments in to new digital opportunities while continuing to develop existing ones (e.g. Liv)
  - Continued efforts to upgrade digital banking services for Corporates

2

**Drive core business**

- Strengthen core business streams by increasing cross-sell and market share (Retail Banking), diversifying the loan portfolio (Wholesale Banking), and sustaining profitable growth (Islamic franchise)
- Increase fee and commission income via improved Transaction Banking, Treasury and online offerings

3

**Run an efficient organization**

- Continue efforts to transform organization-wide IT platform to increase agility and accelerate digital innovation
- Streamline and automate key processes for end-to-end digitization
- Continue improving organization-wide efficiency drivers –low cost of risk, optimal capital allocation and better cross-functional collaboration
- Meet all new regulatory requirements (VAT, IFRS 9, BASEL III etc.)

4

**Drive geographic expansion**

- Sustain our growth path in Egypt, and develop other offshore locations (focus on newly opened India branch, accelerate KSA growth with three new branches)
- Catalyze growth in current international markets by focusing on cross border trade and other opportunities
- Continue to evaluate potential organic and inorganic opportunities in selected markets

5

**Build a high performing organization**

- Develop and execute Nationalization strategy in line with new point system mandated by UAE Central Bank.
- Launch and roll out the new performance philosophy, aligned with the Group’s digital and agile strategy, which is aimed at facilitating a high performance and collaborative culture.
- Invest in leadership development to equip staff to engage and inspire their teams.



Operating Environment

## 2017 Selected Awards

Emirates NBD Profile

Financial & Operating Performance

Strategy

Appendix



'Banking Company of the Year' and 'Bank of the Year – UAE 2016'



'Top banking brand in the UAE'



'Best Local Investment Bank' and 'Best equity house in the Middle East'



'Best Private Wealth Bank in the UAE', 'Best Retail Bank in UAE' and 'Auto Loan Product of the Year in Asia Pacific'



'Outstanding Global Private Bank – Middle East'



'Bank of the Year – UAE 2017'



'Most Innovative Financial Services Organization of the Year'



'Islamic Personal Finance Provider of the Year' – Emirates Islamic



'Best Retail Customer Service' and 'Best Online Banking Services'



'Best Digital Bank in the Middle East', Best Bank in the UAE'



'UAE Domestic Cash Management Bank of the year'



Gulf Customer Experience Awards

'best Customer Experience Team'



# Large Deals Concluded in 2017

Eastern and South African Trade and Development Bank  
 USD 236,000,000 AND EUR 59,100,000



Dual Tranche Dual Currency Syndicated Term Facilities  
 December 2017  
 Mandated Lead Arranger and Bookrunner, Documentation Agent and Structuring Bank



Gems Menasa (Cayman) Limited  
 Usd 1,250,000,000



Dual Currency Dual Tranche Conventional and Islamic Facilities  
 December 2017  
 Initial Mandated Lead Arranger, Bookrunner And Underwriter



Emirates Reit  
 USD 400m



5 yr Sukuk  
 December 2017  
 Joint Lead Manager & Bookrunner



Mercuria Energy Trading PTE. LTD. and Mercuria Asia Group Holdings PTE. LTD.  
 USD 131,000,000 AND EUR USD 740,000,000



MERCURIA  
 Syndicated Revolving Credit Facility  
 November 2017  
 Bookrunning Mandated Lead Arranger



Emirates NBD  
 USD 750m



5 year Bond  
 November 2017  
 Joint Lead Manager & Bookrunner



Arab Petroleum Investments Corporation  
 USD 500m



5 year Sukuk  
 October 2017  
 Joint Lead Manager & Joint Bookrunner



Investment Corporation of Dubai  
 USD 200m Tap on existing USD 300m Bond



10 year Bond  
 October 2017  
 Joint Lead Manager & Joint Bookrunner



Türkiye İş Bankası A.Ş  
 USD 500m Tap on existing USD 750m Bond



7 year Bond  
 October 2017  
 Joint Lead Manager & Joint Bookrunner



Etihad Airways Pjsc  
 USD 300,000,000



Murabaha Financing Facility  
 August 2017  
 Murabaha Arranger



Meraas  
 USD 400m + USD 200m Tap



Joint Lead Manager & Joint Bookrunner  
 May & August 2017  
 5 yr Sukuk





# Investor Relations

PO Box 777

Emirates NBD Head Office, 4th Floor

Dubai, UAE

Tel: +971 4 201 2606

Email: [IR@emiratesnbd.com](mailto:IR@emiratesnbd.com)

