

H1 2015 Results Presentation

July 15, 2015



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H1-15 Financial Results Highlights

Highlights

- Net profit of AED 3,317 Mn for H1-15 improved 41% y-o-y
- Net interest income rose 9% y-o-y due to growth in Retail assets and a lower cost of funds. NII grew 1% compared to H2-14 as 4% loan growth offset a contraction in margins
- Non-interest income improved 4% y-o-y due to increases in foreign exchange, derivative income and higher asset management fees more than offset lower gains from the sale of properties
- Costs grew 5% y-o-y due to staff costs linked with rising business volumes and partially offset by a control on other costs
- NPL ratio improved to 7.4% and coverage ratio strengthened to 109.8%
- Provisions of AED 1,986 Mn improved 24% y-o-y as cost of risk continues to normalise
- AD ratio of 93.3% within management range demonstrates strong liquidity position
- NIMs declined to 2.83% from Q1-15 due to tighter loan spreads and higher wholesale funding costs

Key Performance Indicators

AED Mn	H1-15	H1-14	Better / (Worse)	H2-14	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%
Operating expenses	(2,236)	(2,137)	(5%)	(2,252)	1%
Pre-impairment operating profit	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 from associates	75	121	(38%)	89	(16%)
Taxation charge	(90)	(63)	(43%)	(66)	(38%)
Net profit	3,317	2,350	41%	2,789	19%
Cost: 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%)

AED Bn	30-Jun-15	30-Jun-14	%	31-Dec-14	%
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%

Q2-15 Financial Results Highlights

Highlights

- Net profit of AED 1,646 Mn for Q2-15 improved 26% y-o-y and declined 1% q-o-q
- Net interest income remained flat as loan growth was offset by a contraction in margins
- Non-interest income declined 12% y-o-y and 11% q-o-q due to lower gains from the sale of properties on reduced volumes and lower income from foreign exchange and derivatives
- Costs increased 6% y-o-y and 7% q-o-q due to staff costs linked with rising business volumes
- NPL ratio improved to 7.4% and coverage ratio strengthened to 109.8%
- Provisions of AED 901 Mn improved 33% y-o-y and 17% q-o-q as cost of risk continues to normalise
- AD ratio of 93.3% within management range demonstrates strong liquidity position
- NIMs declined to 2.76% due to tighter loan spreads and higher wholesale funding costs

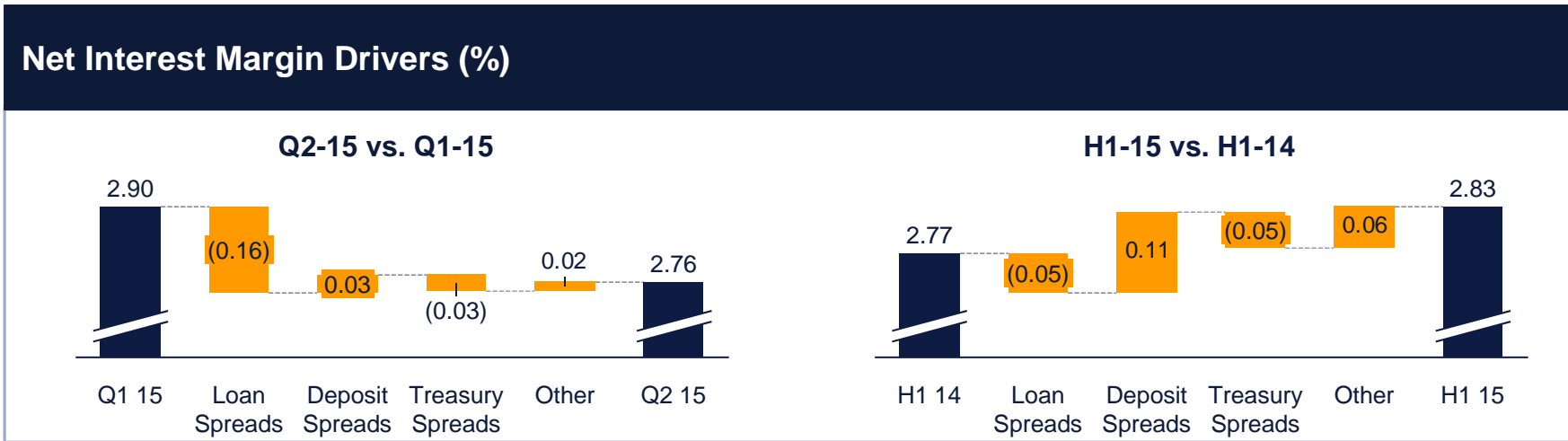
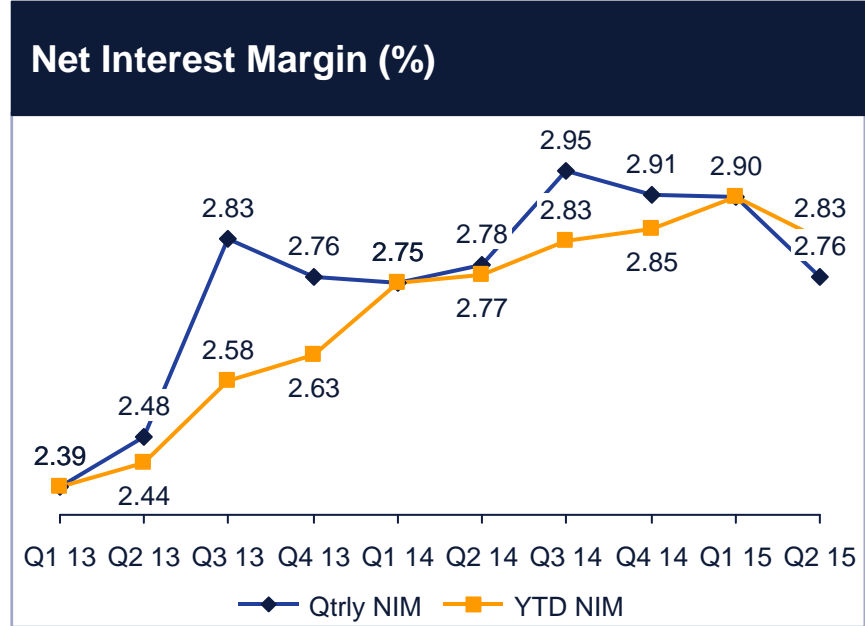
Key Performance Indicators

AED Mn	Q2-15	Q2-14	Better / (Worse)	Q1-15	Better / (Worse)
Net interest income	2,497	2,327	7%	2,485	0%
Non-interest income	1,213	1,382	(12%)	1,360	(11%)
Total income	3,710	3,709	0%	3,845	(4%)
Operating expenses	(1,157)	(1,087)	(6%)	(1,079)	(7%)
Pre-impairment operating profit	2,553	2,622	(3%)	2,766	(8%)
Impairment allowances	(901)	(1,345)	33%	(1,085)	17%
Operating profit	1,652	1,276	29%	1,681	(2%)
Share of profits from associates	39	60	(36%)	36	7%
Taxation charge	(45)	(29)	(56%)	(46)	2%
Net profit	1,646	1,308	26%	1,671	(1%)
Cost: income ratio (%)	31.2%	29.3%	(1.9%)	28.1%	(3.1%)
Net interest margin (%)	2.76%	2.78%	(0.02%)	2.90%	(0.14%)

AED Bn	30-Jun-15	31-Dec-14	%	31-Mar-15	%
Total assets	388.1	363.0	7%	367.5	6%
Loans	256.2	246.0	4%	248.9	3%
Deposits	274.4	258.3	6%	260.4	5%

Net Interest Income

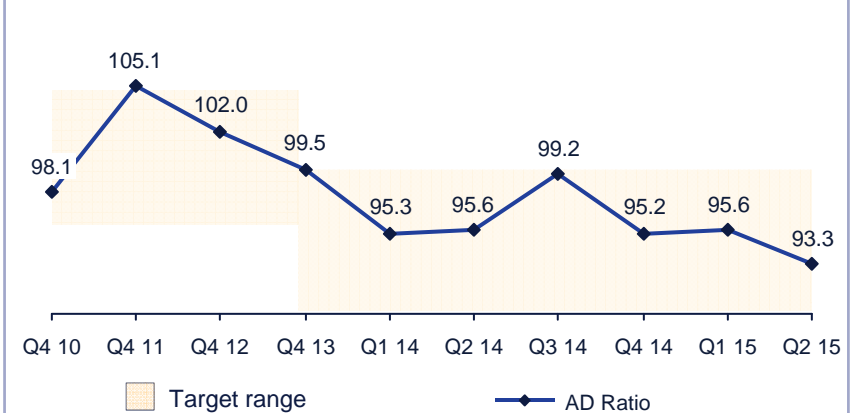
- ### Highlights
- NIMs declined to 2.83% in H1-15 and to 2.76% in Q2-15
 - Loan spreads declined as margins on conventional products experienced downward pressure
 - Positive contribution from deposits as rates held steady against a backdrop of rising interest rates, making deposits relatively more cost efficient
 - Treasury Spreads declined as some high yielding bank placements rolled off and amount of term debt prudently increased
 - Guidance for NIMs in 2015 unchanged at 2.7 - 2.8%



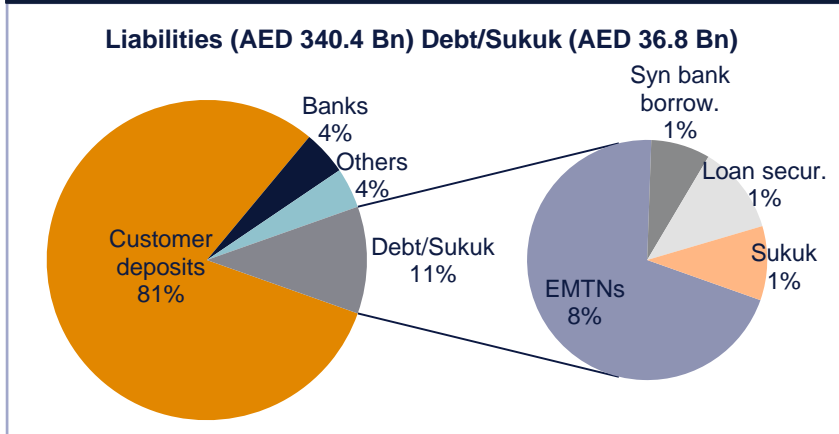
Highlights

- AD ratio of 93.3% within 90-100% management target range
- Liquid assets* of AED 53.4 Bn as at H1-15 (15.7% of total liabilities)
- Debt & Sukuk term funding has grown to 11% of total liabilities
- Maturity Profile extended thanks to AED 8.9 Bn issuance in H1-15 through
 - Public Issuance of AED 4.1 Bn in 3 currencies and
 - Private Placements of AED 4.8 Bn in 8 currencies
- Maturity profile affords Emirates NBD ability to consider public and private debt issues opportunistically

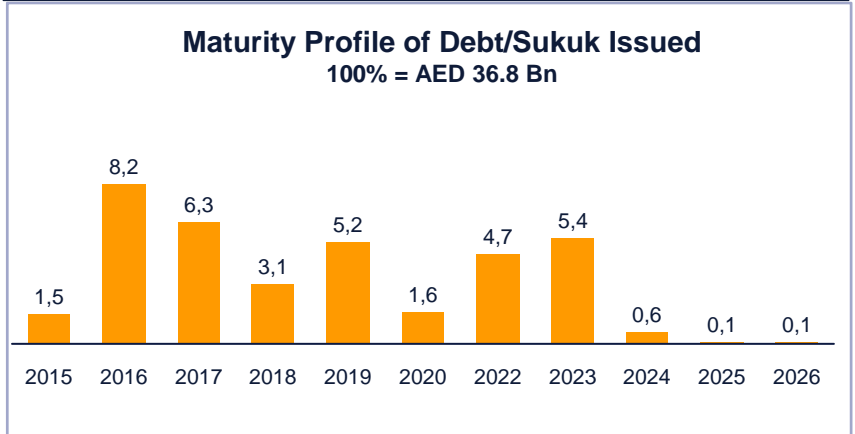
Advances to Deposit (AD) Ratio (%)



Composition of Liabilities/Debt Issued (%)



Maturity Profile of Debt Issued (AED Bn)



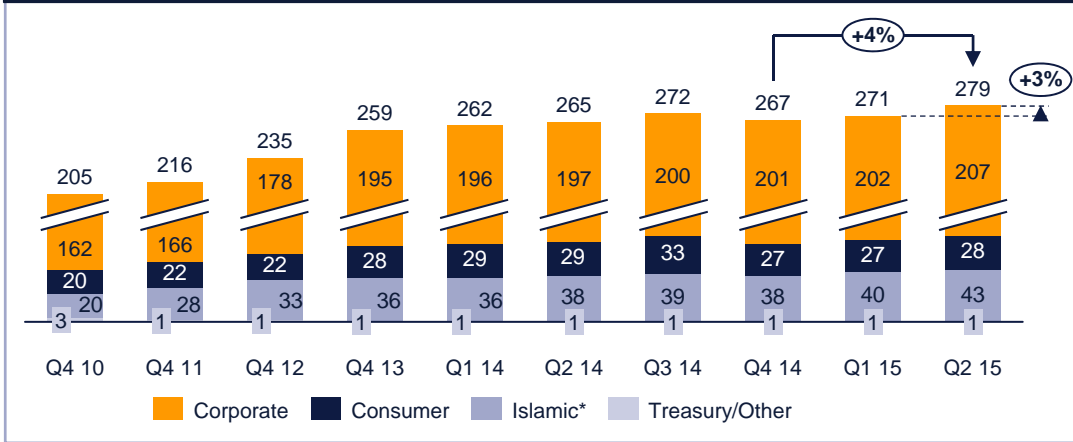
*including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

Loan and Deposit Trends

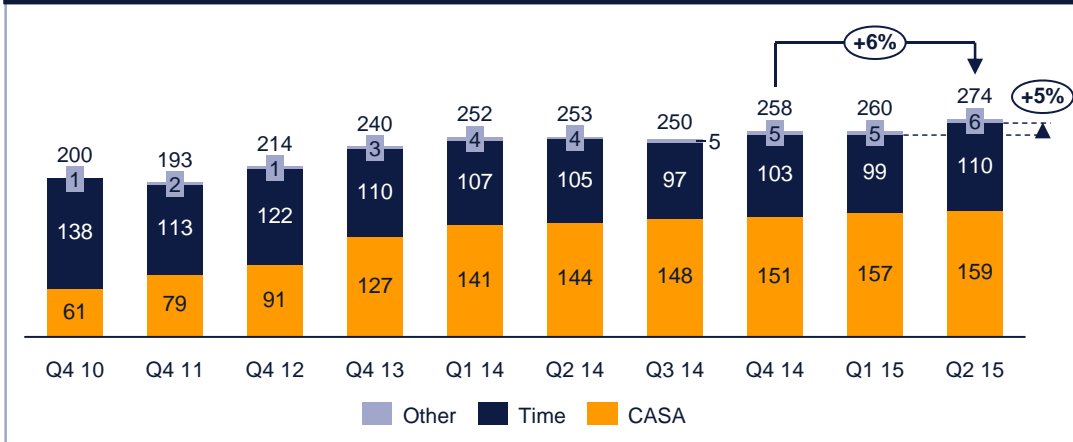
Highlights

- Gross loans grew 4% since end 2014 mainly due to growth in Islamic financing
- Islamic financing grew 13% since end 2014
- Consumer lending grew 3% since end 2014, mainly due to personal loans, auto loans and credit cards
- Deposits increased 5% q-o-q and by 6% from end 2014
- CASA deposits up 1% q-o-q and 10% y-o-y and represent 58% of total deposits, up from 43% at end 2012
- CASA as percentage of total deposits declined slightly from 60% in Q1-15 to 58% in Q2-15 as Time Deposit growth outpaced CASA growth
- Increased demand for Time Deposits observed in Q2-15 as UAE banks started to pay up for deposits to lock in liquidity over year end and in anticipation of rising interest rates

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

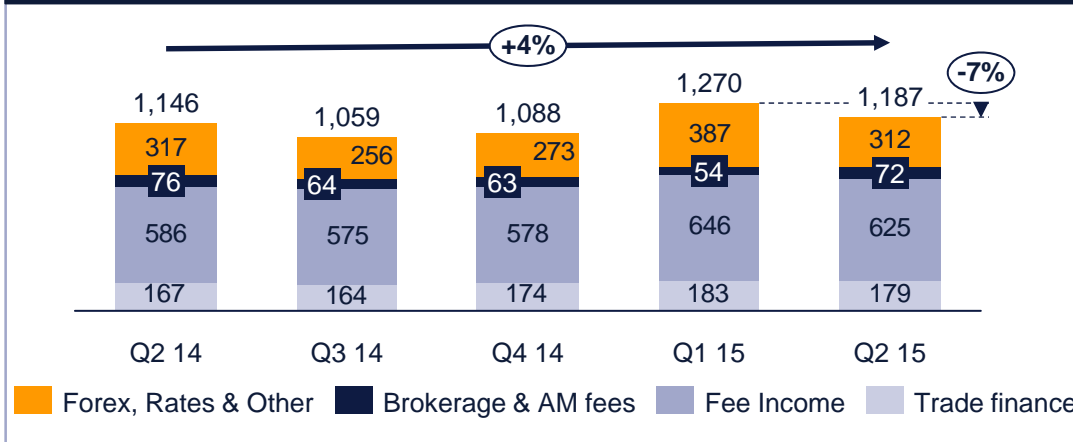
Highlights

- Non-interest income improved 4% y-o-y and 5% from the previous half year
- Higher income driven by increases in foreign exchange and derivative income, growing credit card volumes and higher asset management fees which were partially offset by lower brokerage fees
- Property income declined on lower demand for bulk and individual property sales compared to previous periods
- Income from Investment Securities declined on the back of greater uncertainty in global markets, coupled with a continuing exit from some non-core portfolios

Composition of Non Interest Income (AED Mn)

AED Mn	H1-15	H1-14	Better / (Worse)	H2-14	Better / (Worse)
Core gross fee income	2,457	2,177	13%	2,147	14%
Fees & commission expense	(369)	(361)	(2%)	(309)	(19%)
Core fee income	2,088	1,816	15%	1,838	14%
Property income / (loss)	234	324	(28%)	287	(18%)
Investment securities	251	343	(27%)	337	(26%)
Total Non Interest Income	2,573	2,483	4%	2,462	5%

Trend in Core Gross Fee Income (AED Mn)

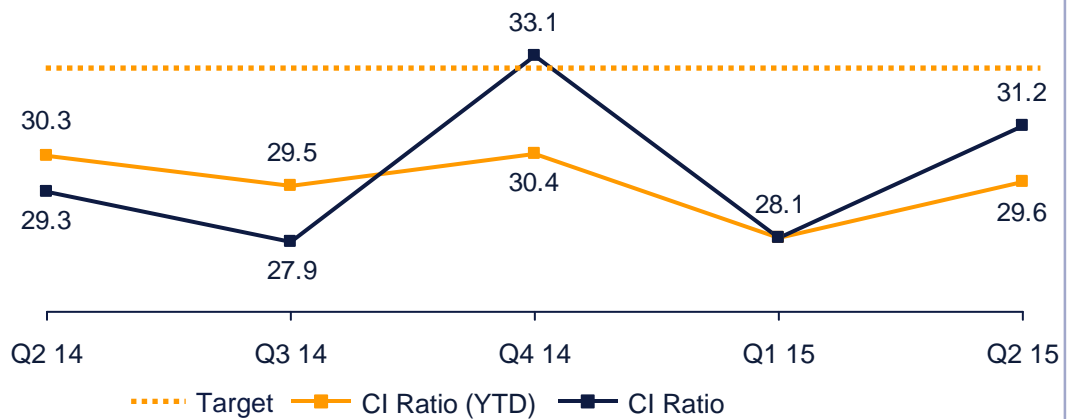


Operating Costs and Efficiency

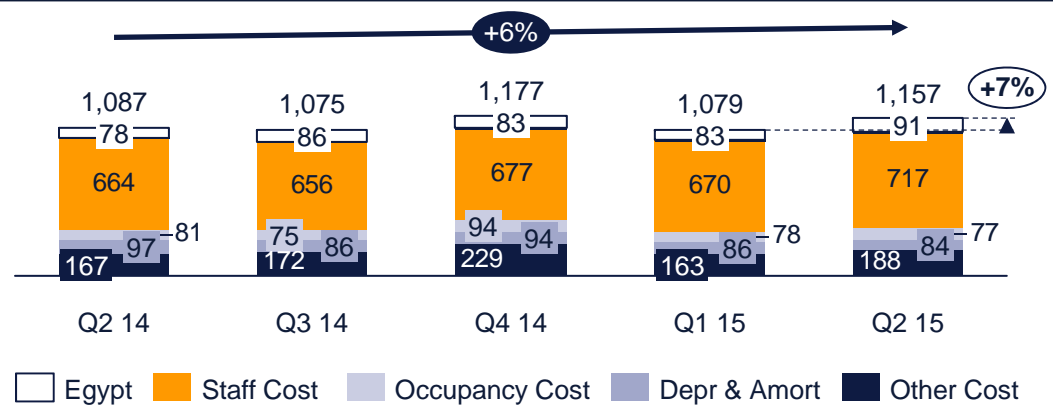
Highlights

- Costs increased by 7% q-o-q and by 6% y-o-y in Q2-15 due to higher staff costs linked with rising business volumes
- Cost to Income Ratio rose by 3.1% q-o-q to 31.2% due to a higher staff costs and less exceptional income compared to the preceding quarter
- Adjusted for one-offs, the year-to-date Cost to Income Ratio would rise from 29.6% to 31.7%
- The longer term management target for cost to income ratio is 33% which provides headroom for future investment

Cost to Income Ratio (%)

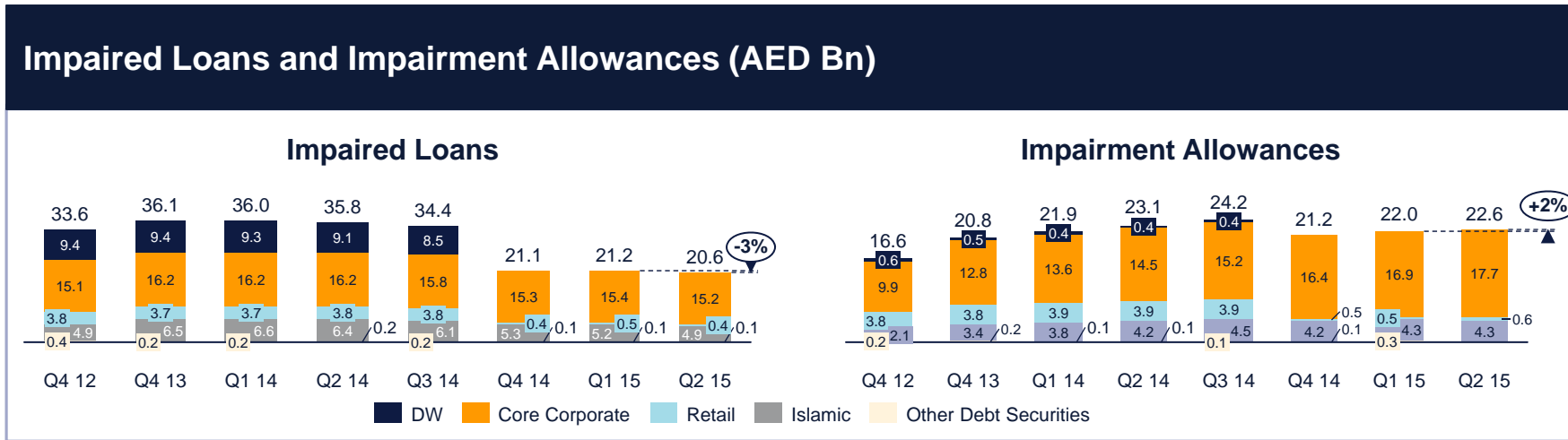
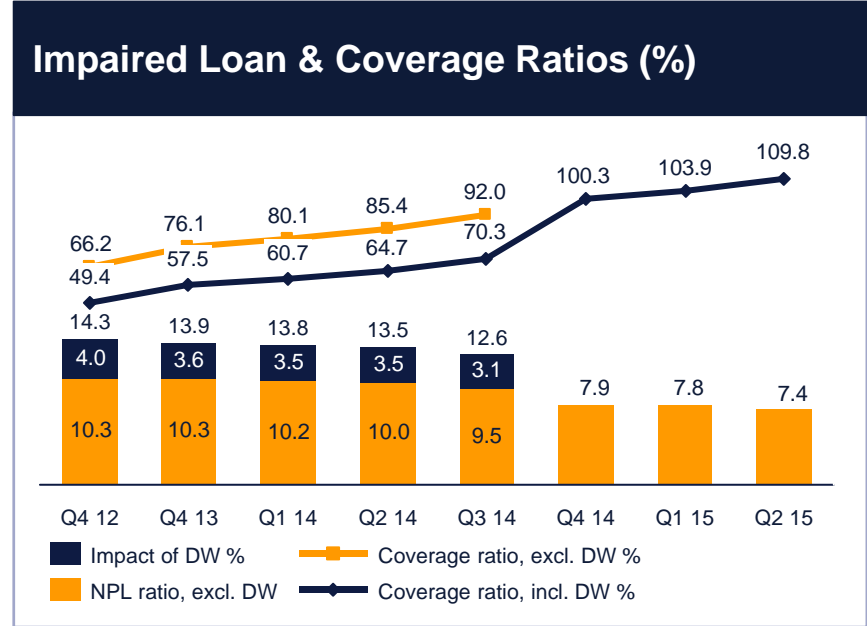


Cost Composition (AED Mn)



Highlights

- NPL ratio improved to 7.4%
- Impaired loans improved to AED 20.6 Bn helped by over AED 800 Mn of writebacks and recoveries
- Cost of risk continued to fall in Q2-15 with net impairment charge of AED 2.0 Bn in H1-15, over AED 600 Mn lower than in H1-14
- Coverage ratio increased to 109.8%
- Total portfolio impairment allowances amount to AED 5.3 Bn or 2.64% of credit RWAs

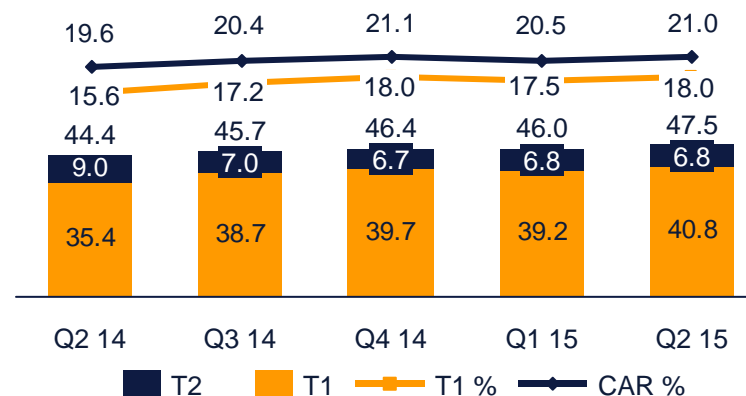


Capital Adequacy

Highlights

- CAR increased by 0.5% to 21.0% and Tier 1 ratio increased by 0.5% to 18.0% in Q2-15
- Increase in Tier 1 capital from retained earnings more than offset modest increase in risk weighted assets

Capitalisation



Capital Movements (AED Bn)

Q4-14 to Q2-15 (AED Bn)	Tier 1	Tier 2	Total
Capital as at 31-Dec-2014	39.7	6.7	46.4
Net profits generated	3.3	-	3.3
FY 2014 dividend paid	(1.9)	-	(1.9)
Tier 1 Issuance/Repayment	-	-	-
Tier 2 Issuance/Repayment	-	-	-
Amortisation of Tier 2	-	-	-
Interest on T1 securities	(0.3)	-	(0.3)
Goodwill	(0.1)	-	(0.1)
Other	0.0	0.1	0.1
Capital as at 30-Jun-2015	40.8	6.8	47.5

Risk Weighted Assets – Basel II (AED Bn)

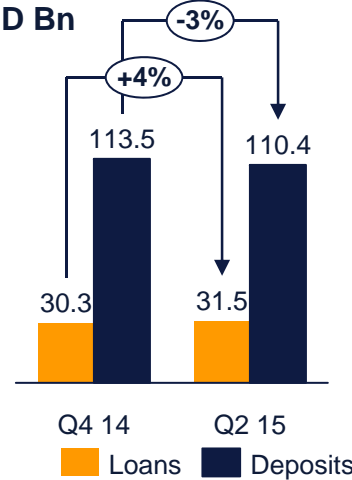


Divisional Performance

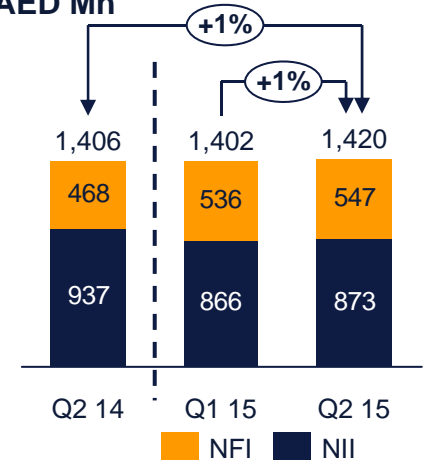
Retail Banking & Wealth Management

- Retail business has grown but revenue stable due to a change in internal transfer pricing
- Loans grew 4% from end 2014 thanks to growth in Auto Loans, Cards and Mortgages
- Deposits declined 3% from end 2014 whereas CASA balances grew by 5%
- The bank has improved its distribution as part of its channel optimization strategy and had 534 ATMs and 98 branches as at 30-June-2015
- RBWM offers an award winning 'best-in-class' online and mobile banking solutions and continue to launch innovative services such as DirectRemit and Mobile Cheque Deposit

Balance Sheet Trends
AED Bn



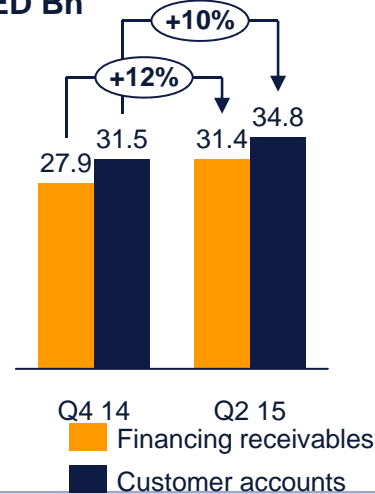
Revenue Trends
AED Mn



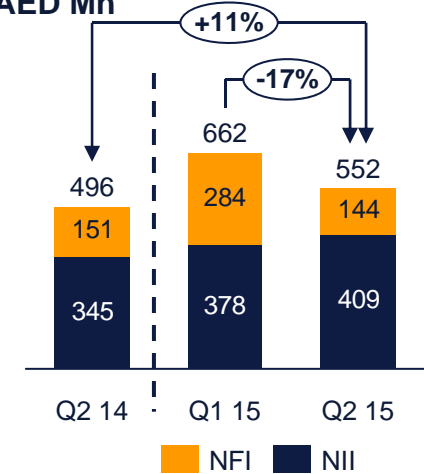
Islamic Banking

- Islamic Banking revenue grew 11% y-o-y. Revenue was lower by 17% in Q2 as Q1 had a legacy property disposal
- Financing receivables grew 12% from end 2014
- Customer accounts also increased by 10% from end 2014
- Net Interest Income continued to grow on the back of higher Financing Receivables
- At Q2-15, EI had 58 branches and an ATM & CDM network of 170

Balance Sheet Trends
AED Bn



Revenue Trends
AED Mn

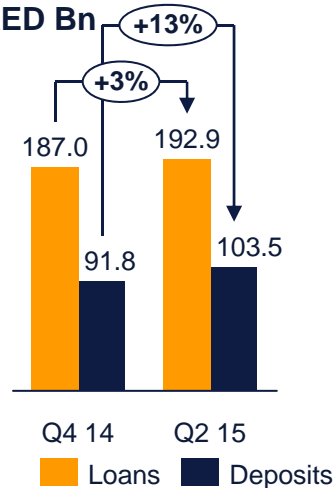


Divisional Performance (cont'd)

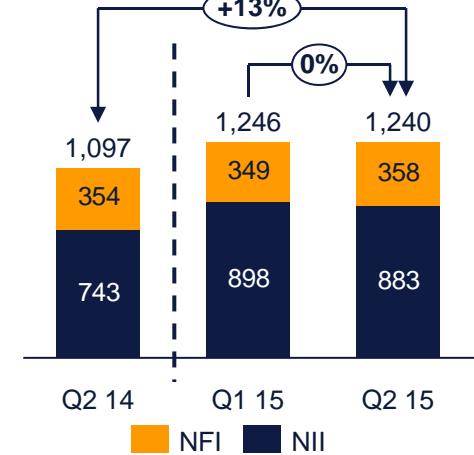
Wholesale Banking

- Wholesale Banking revenues grew 13% y-o-y and remained flat q-o-q
- Loans grew 3% from end 2014
- Deposits also grew by 13% from end 2014
- Focus during 2015 is 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



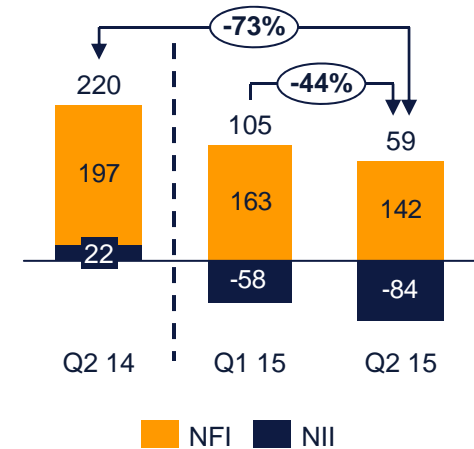
Revenue Trends
AED Mn



Global Markets & Treasury

- Revenue at AED 59 Mn declined 73% y-o-y primarily due to a realignment in internal transfer pricing adjustments
- Revenue declined 44% q-o-q on lower trading income due to recent volatility in global markets and higher investment gains in Q1-15
- Sales revenue grew on higher volumes in Interest Rate hedging products and FX Sales
- 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 rise

Revenue Trends
AED Mn



Economic Outlook

- UAE's GDP growth forecast for 2015 retained at 4.3%
- Purchasing Managers' Index eased to the lowest level in nearly 2 years to 54.7 in June, but is still well above the neutral 50 level
- Emirates NBD Dubai Economy Tracker signals robust growth in the non-oil private sector year-to-date, albeit a slower pace of growth due to:
 - weaker investor and consumer confidence due to lower oil prices
 - the impact of a strong dollar on retail spending, real estate activity and tourism
- Medium term outlook for Dubai's residential real estate sector is balanced, with growth prospects in the 'affordable housing' sector. Residential real estate prices continued to decline across most sectors on an annual basis, with mid-range villa prices down 9.8% y-o-y in May while apartment prices have been more resilient
- Emirates NBD remains cautiously optimistic for the remainder of 2015 but is conscious of the headwinds that recent global trends, a strong dollar and low oil price can present

Summary

Profitability	<ul style="list-style-type: none">• Net profit of AED 3.3 Bn for H1-15 improved 41% y-o-y due to positive jaws as income growth exceeded that of expenses, coupled with lower provisions
Income	<ul style="list-style-type: none">• Total income rose 7% y-o-y to AED 7.6 Bn helped by an improving asset mix, higher fee income and an efficient funding base
CI Ratio	<ul style="list-style-type: none">• Cost to Income ratio improved by 0.7% y-o-y to 29.6% in H1-15
Provisions	<ul style="list-style-type: none">• Impairment allowances improved by 24% y-o-y to AED 2.0 Bn in H1-15 as cost of risk continues to normalise, strengthening the coverage ratio to 109.8%
Credit Quality	<ul style="list-style-type: none">• NPL ratio improved to 7.4% helped by over AED 800 million of writebacks and recoveries
Net Interest Margin	<ul style="list-style-type: none">• NIMs declined to 2.83% due to tighter loan spreads and higher wholesale funding costs
Capital and Liquidity	<ul style="list-style-type: none">• Tier 1 ratio improved 0.5% to 18.0% due to retained profit• AD ratio improved further to 93.3%. Successful efforts to extend maturity profile of term liabilities
Outlook	<ul style="list-style-type: none">• Some signs of a slowdown in the economy due to lower oil prices and a strong dollar, but this is from a relatively high base• The Bank's strong balance sheet is able to take advantage of any regional growth opportunities

Investor Relations

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