



**FY 2018 Results Presentation
16 January 2019**





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Emirates NBD delivered a strong set of results in 2018

Key Metrics		FY 2018	vs 2018 Guidance	2019 Guidance
Profit	Net profit	AED 10 Bn +20%		
	NIM	2.82%	2.75-2.85%	2.75-2.85%
	Cost-to-income	32.3%	33%	33%
Credit Quality	NPL	5.9%	✓	Stable
	Coverage	127.3%	✓	
Capital	CET 1	16.6%		
	Tier 1	19.8%		
	CAR	20.9%		
Liquidity	AD ratio	94.3%	90-100%	90-100%
	LCR ratio	195.3%		
Assets	Loan growth	8%	mid-single digit	mid-single digit

2019 Macro themes		
	Regional	Global
+	<ul style="list-style-type: none"> Diversified UAE economy GCC growth supported by higher expected oil production IMF upgrades GCC economic forecasts for 2019 	<ul style="list-style-type: none"> Continued strong growth in the US economy
-	<ul style="list-style-type: none"> Geo-politics Lower UAE real estate prices 	<ul style="list-style-type: none"> Impact of US-China trade war on markets Potential volatility around Brexit



FY 2018 Financial Results

Highlights

- Net profit of AED 10,042 Mn for FY 2018 improved 20% y-o-y
- Net interest income increased 19% y-o-y on 8% loan growth coupled with an improvement in margins
- Non-interest income declined 3% y-o-y due to lower income from investment securities
- Costs increased 16% y-o-y due to higher staff and IT costs relating to our ongoing investment in digital and technology. Costs were also higher as a result of international branch expansion, VAT, advertising and Expo 2020 sponsorship
- Provisions of AED 1,748 Mn improved 22% y-o-y on a lower cost of risk
- LCR of 195.3% and AD ratio of 94.3% demonstrates the Group's healthy liquidity position
- NIMs improved 35 bps y-o-y to 2.82% in 2018 as rate rises flowed through to loan book which more than offset a rise in the cost of deposits on a change in deposit mix

Key performance indicators

AED Mn	FY 2018	FY 2017	Better / (Worse)
Net interest income	12,888	10,786	19%
Non-interest income	4,514	4,669	(3%)
Total income	17,402	15,455	13%
Operating expenses	(5,620)	(4,844)	(16%)
Pre-impairment operating profit	11,783	10,611	11%
Impairment allowances	(1,748)	(2,229)	22%
Operating profit	10,035	8,382	20%
Share of profits from associates	136	72	89%
Taxation charge	(129)	(109)	(18%)
Net profit	10,042	8,346	20%
Cost: income ratio (%)	32.3%	31.3%	(1.0%)
Net interest margin (%)	2.82%	2.47%	0.35%

AED Bn	31-Dec-18	31-Dec-17	%
Total assets	500.3	470.4	6%
Loans	327.9	304.1	8%
Deposits	347.9	326.5	7%
AD ratio (%)	94.3%	93.1%	(1.2%)
NPL ratio (%)	5.9%	6.2%	0.3%



Q4-2018 Financial Results Highlights

Highlights

- Net profit of AED 2,385 Mn for Q4-18 increased 10% y-o-y and declined 10% q-o-q
- Net interest income increased 20% y-o-y on loan growth coupled with an improvement in margins. Net interest income rose 1% q-o-q as asset growth more than offset a small decline in net interest margin
- Non-interest income declined 8% y-o-y due to lower income from investment securities and remained flat q-o-q
- Costs increased 14% y-o-y and 3% q-o-q due to higher staff and IT costs relating to our digital transformation and technology refresh. Costs were also higher as a result of international branch expansion, VAT, advertising and Expo 2020 sponsorship
- Provisions of AED 640 Mn were 19% higher y-o-y on a higher cost of risk. NPL ratio improved modestly in 2018 to 5.9%
- LCR of 195.3% and AD ratio of 94.3% demonstrates the Group's healthy liquidity position
- NIMs improved 34 bps y-o-y to 2.85% as rate rises flowed through to loan book which more than offset a rise in deposit costs. NIMs declined 2 bps q-o-q on a change in deposit mix

Key performance indicators

AED Mn	Q4-18	Q4-17	Better / (Worse)	Q3-18	Better / (Worse)
Net interest income	3,352	2,795	20%	3,307	1%
Non-interest income	1,145	1,242	(8%)	1,147	(0%)
Total income	4,497	4,037	11%	4,454	1%
Operating expenses	(1,508)	(1,322)	(14%)	(1,466)	(3%)
Pre-impairment operating profit	2,989	2,715	10%	2,988	0%
Impairment allowances	(640)	(537)	(19%)	(353)	(81%)
Operating profit	2,349	2,178	8%	2,635	(11%)
Share of profits from associates	53	18	(194%)	34	57%
Taxation charge	(17)	(20)	15%	(30)	44%
Net profit	2,385	2,176	10%	2,638	-10%
Cost: income ratio (%)	33.5%	32.7%	(0.8%)	32.9%	(0.6%)
Net interest margin (%)	2.85%	2.51%	0.34%	2.87%	(0.02%)
AED Bn	31-Dec-18	31-Dec-17	%	30-Sep-18	%
Total assets	500.3	470.4	6%	492.6	2%
Loans	327.9	304.1	8%	324.7	1%
Deposits	347.9	326.5	7%	341.2	2%
AD ratio (%)	94.3%	93.1%	(1.2%)	95.2%	0.9%
NPL ratio (%)	5.9%	6.2%	0.3%	5.8%	(0.1%)

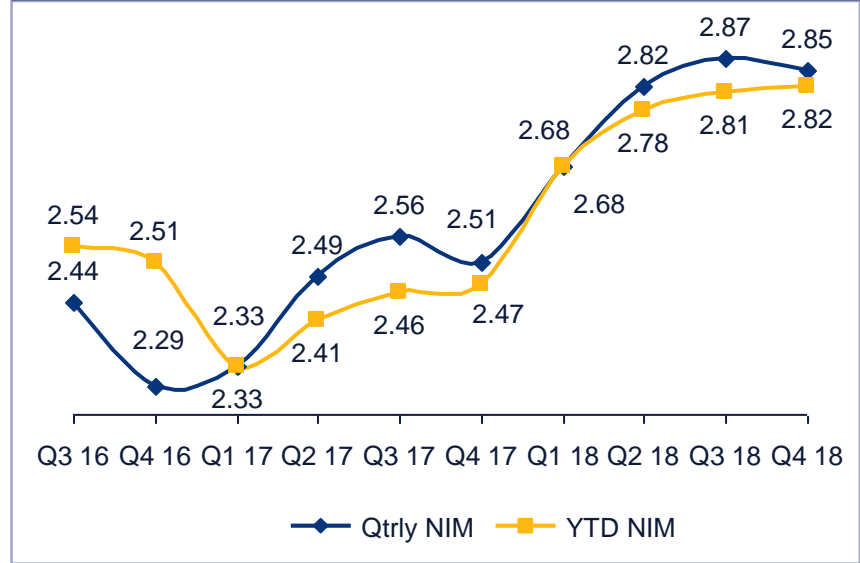


Net interest income

Highlights

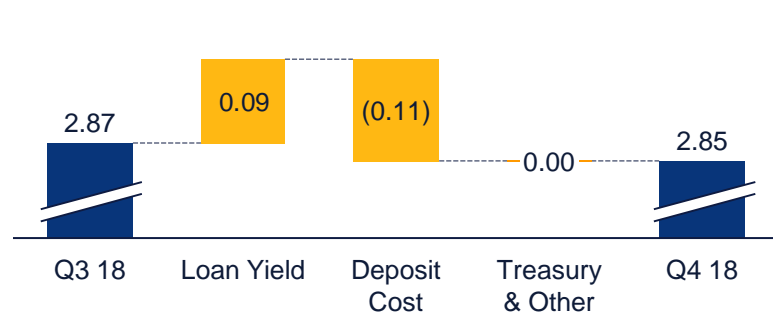
- Q4-18 NIM of 2.85% improved 34 bps y-o-y as rate rises flowed through to the loan book which more than offset a rise in funding costs
- Q4-18 NIM declined 2 bps q-o-q on higher funding costs due to a change in funding mix
- Loan yields improved 46 bps y-o-y and 9 bps q-o-q helped by recent interest rate rises
- Deposit costs increased due to the higher rate environment and a change in CASA - Fixed Deposit mix
- Wholesale Funding costs improved y-o-y as the Bank efficiently deployed excess liquidity
- 2019 NIM guidance of 2.75-2.85% as smaller benefit anticipated from any future interest-rate rises

Net Interest Margin (%)

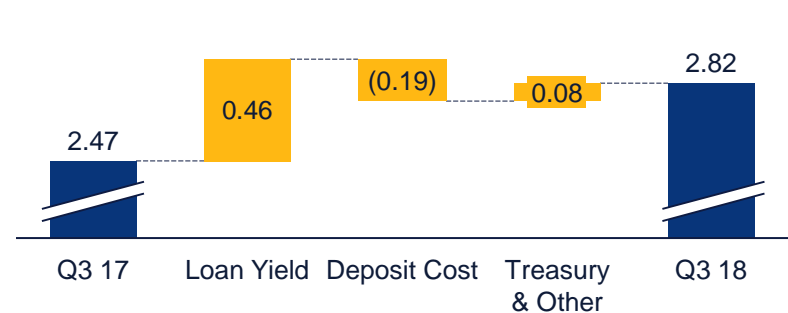


Net Interest Margin Drivers (%)

Q4-18 vs. Q3-18



FY 2018 vs. FY 2017



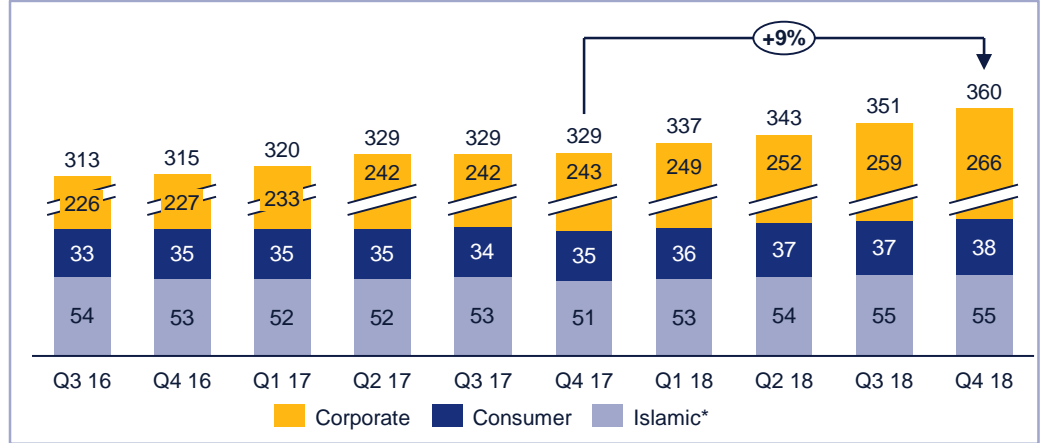


Loan and deposit trends

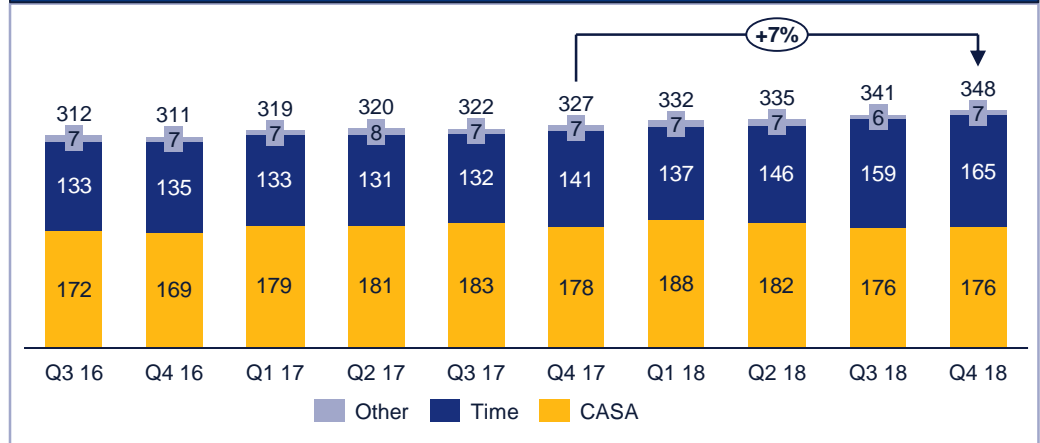
Highlights

- Gross loans grew 9% in 2018 with growth across all operating segments
- Consumer lending grew 11% in 2018 due to growth in personal loans, credit cards and mortgages
- Corporate lending grew 9% in 2018 due to growth in trade, construction, and FI sectors
- Islamic financing grew 8% in 2018 due to growth in manufacturing, trade, services and FI sectors
- Deposits grew 7% in 2018 with small decline in CASA balances and deposit growth driven by Fixed deposits
- CASA deposits represent 51% of total deposits, compared with 55% at the start of the year

Trend in Gross Loans by Type (AED Bn)



Trend in Deposits by Type (AED Bn)



* Gross Islamic Financing Net of Deferred Income

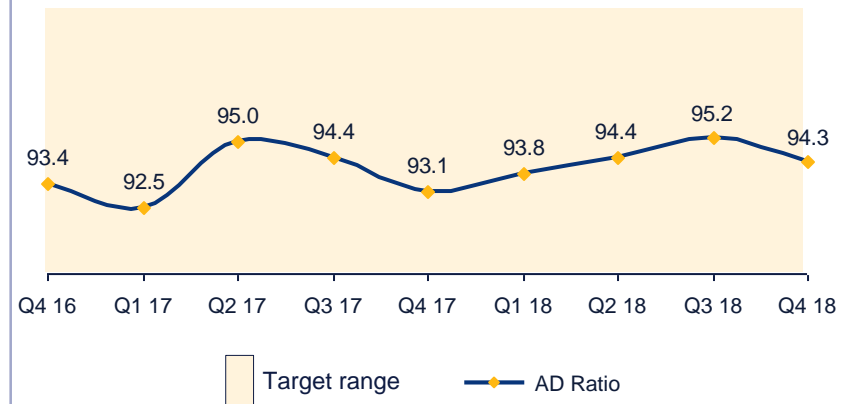


Funding and liquidity

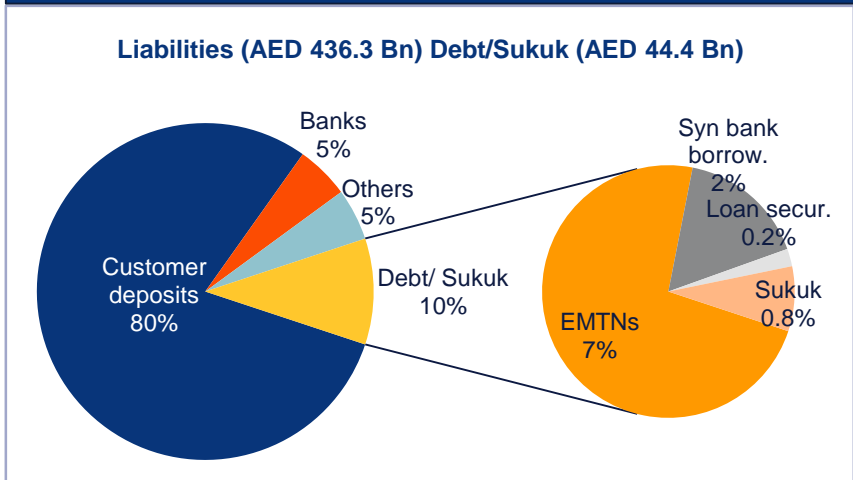
Highlights

- Liquidity Coverage Ratio of 195.3% and AD ratio of 94.3% demonstrates healthy liquidity position
- Liquid assets* of AED 84.6 Bn as at Q4-18 (19.4% of total liabilities)
- In 2018, AED 8.2 Bn of term debt issued in 6 currencies with maturities out to 30 years
- Club deal extended to 2021 and upsized to AED 7.3 Bn at more competitive pricing
- Debt maturity profile comfortably within the Group's ability to raise term funding

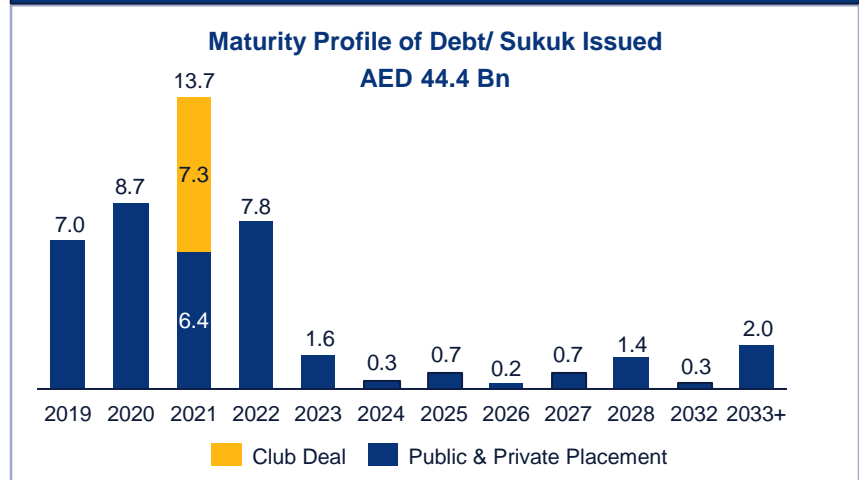
Advances to Deposit (AD) Ratio (%)



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

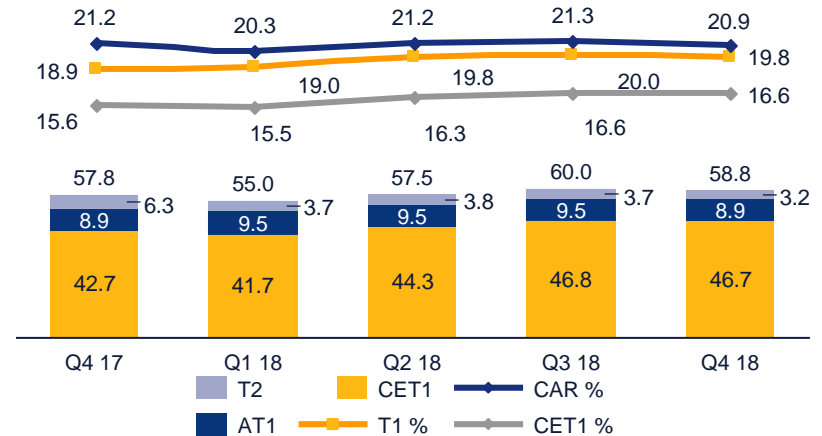


Capital adequacy

Highlights

- During 2018 the mix of capital improved as retained earnings were used to retire some less efficient Tier 2 capital
- Board of Directors to recommend a 2018 dividend of 40 fils per share.
- CET1 increased by 1.0% to 16.6% and Tier 1 ratio increased by 0.9% to 19.8% during 2018 as retained earnings more than offset the impact of IFRS9, dividends and a 3% increase in RWAs
- CAR declined marginally in 2018 from 21.2% to 20.9% on the repayment of Tier 2 securities and growth in RWAs

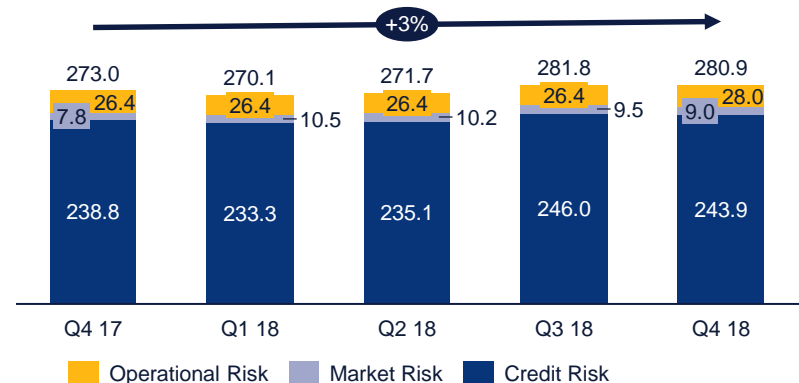
Capitalisation



Capital Movements table

AED Bn	CET1	Tier 1	Tier 2	Total
Capital as at 31-Dec-2017	42.6	51.5	6.3	57.8
Net profits generated	10.0	10.0	-	10.0
Impact of IFRS 9	(2.2)	(2.2)	-	(2.2)
Repayment of Tier 2	-	-	(3.6)	(3.6)
Interest on T1 securities	(0.6)	(0.6)	-	(0.6)
2018 Proposed Dividend	(2.2)	(2.2)	-	(2.2)
Amortisation of T1	-	(0.5)	-	(0.5)
Other	(0.9)	(0.4)	0.3	(0.1)
Capital as at 31-Dec-2018	46.7	55.6	3.0	58.6

Risk Weighted Assets



* Q4-18 capital ratios adjusted for 2018 dividend



Non-interest income

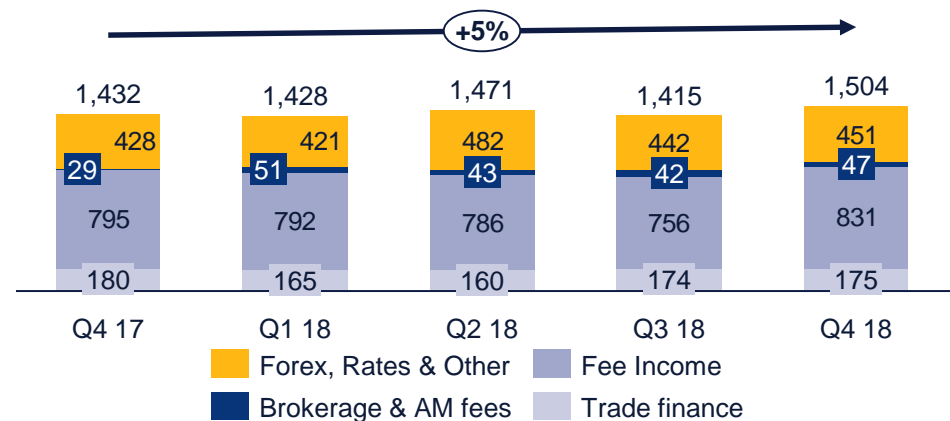
Highlights

- Core fee income was 4% higher y-o-y due to higher foreign exchange and derivative income
- Total non-interest income declined 3% y-o-y as lower income from investment securities more than offset the rise in core fee income
- Income from property improved 45% y-o-y due to a smaller impairment on illiquid inventory
- Investment securities & other income was 106% lower y-o-y due to lower dividend income and impairment provision on a private equity holding

Composition of Non Interest Income (AED Mn)

AED Mn	FY 2018	FY 2017	Better / (Worse)
Core gross fee income	5,818	5,475	6%
Fees & commission expenses	(1,165)	(981)	(19%)
Core fee income	4,652	4,494	4%
Property income / (loss)	(116)	(210)	45%
Investment securities & other income	(22)	386	(106%)
Total Non Interest Income	4,515	4,669	(3%)

Trend in Core Gross Fee Income (AED Mn)



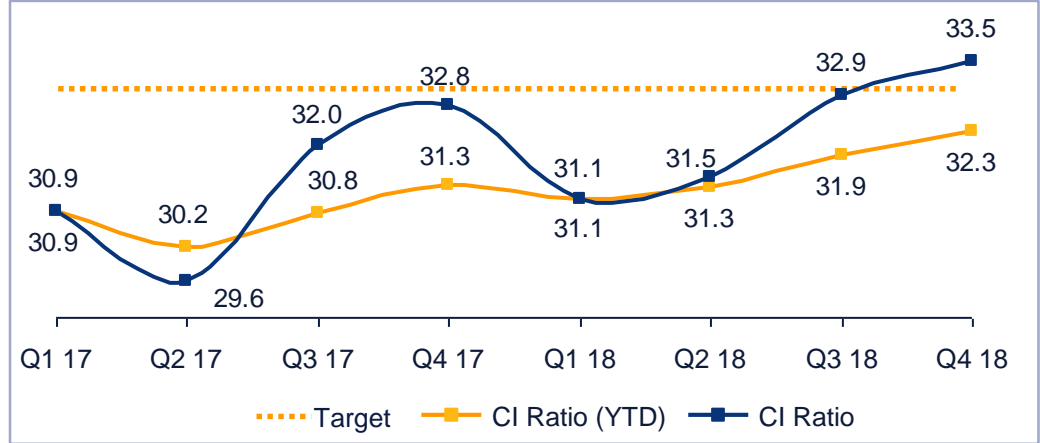


Operating costs and efficiency

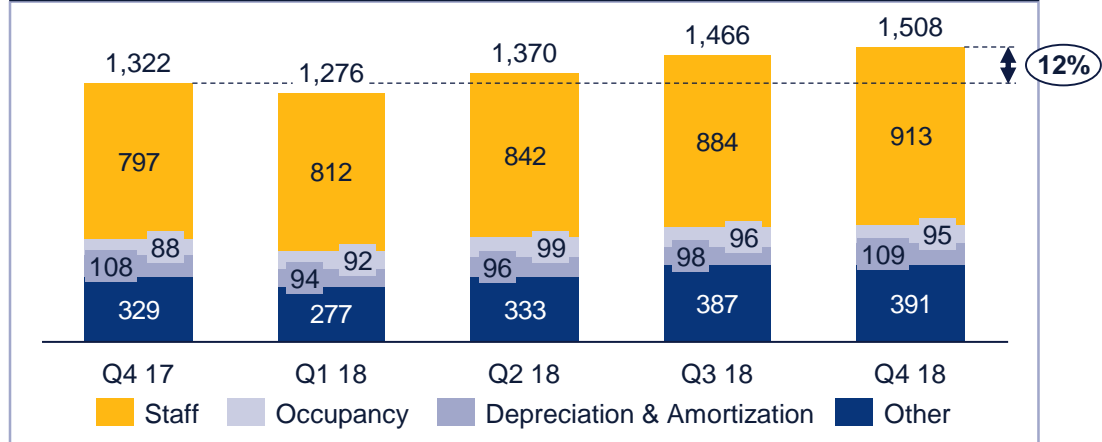
Highlights

- FY 2018 costs increased 16% y-o-y due to higher staff and IT costs relating to our ongoing investment in digital and technology.
- Other Costs were also higher as a result of international branch expansion, VAT, advertising and Expo 2020 sponsorship
- In 2019 costs will continue to be managed within the 33% cost-to-income ratio guidance

Cost to Income Ratio (%)



Cost Composition (AED Mn)



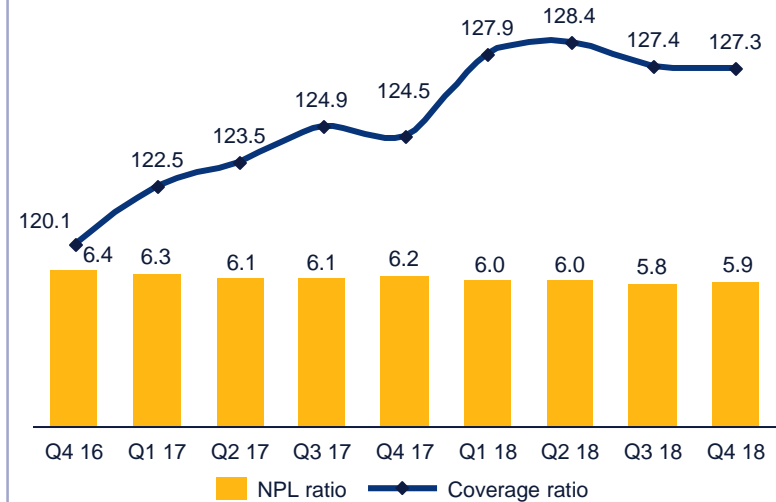


Credit quality

Highlights

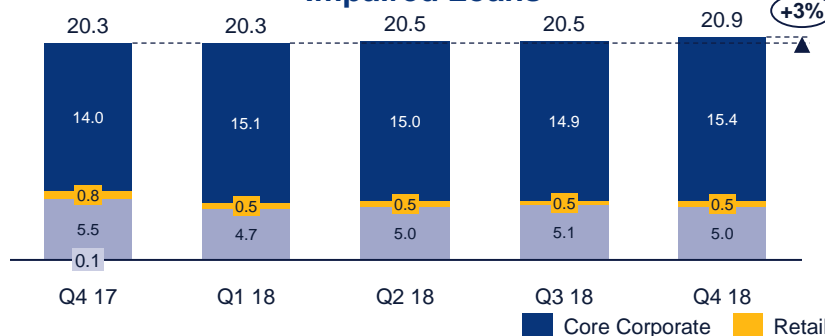
- NPL ratio improved to 5.9% in 2018
- 2018 cost of risk at 63 bps as net impairment charge of AED 1,748 Mn improved 22% y-o-y
- AED 1,631 Mn of write backs & recoveries in 2018
- Coverage ratio remained strong at 127.3%
- Stage 1 & 2 ECL allowances amount to AED 7.4 Bn or 3.1% of credit RWA

Impaired Loan & Coverage Ratios (%)

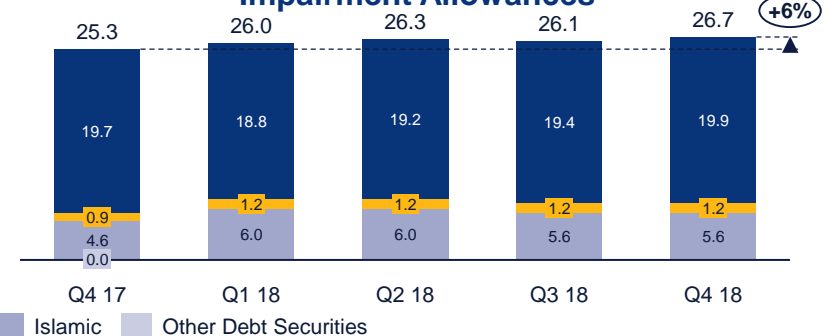


Impaired Loans and Impairment Allowances (AED Bn)

Impaired Loans



Impairment Allowances



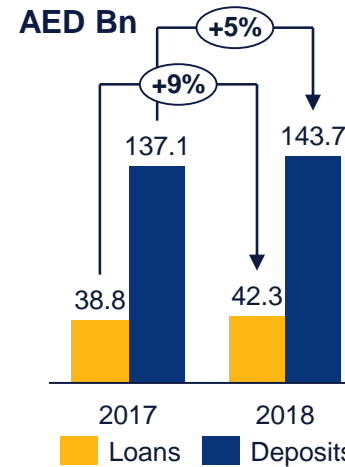


Divisional performance

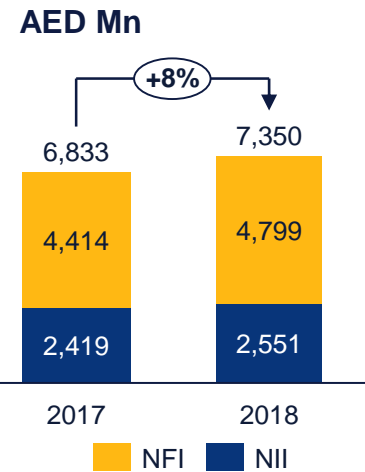
Retail Banking & Wealth Management

- Revenues increased 8% y-o-y in 2018 as fee income grew by 5% over the previous year led by Cards and FX
- Customer advances rose by AED 3.4 billion (9%) during the year assisted by product enhancements and flexible interest rate pricing
- Personal loan sales advanced 25% and new primary card sourcing was up 36% over the previous year with about half of new cards belonging to the premium card segment
- The branch network was enhanced with the opening of the first teller-less branch and two new digitally enhanced branches in Dubai

Balance Sheet Trends



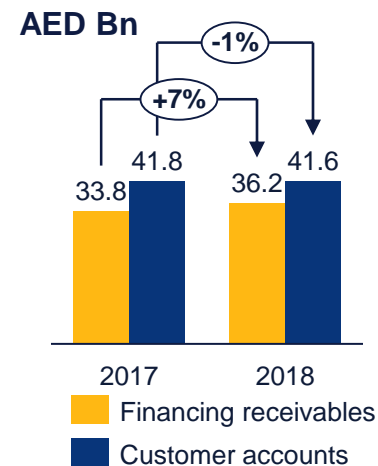
Revenue Trends



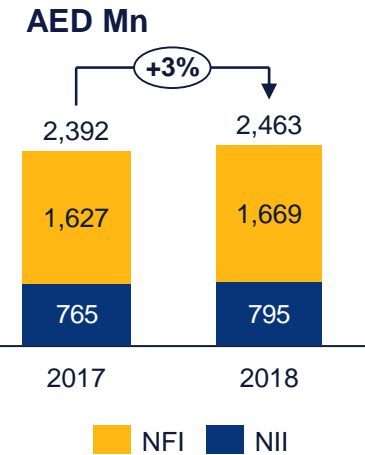
Emirates Islamic

- EI recorded highest ever annual net profit of AED 924 million, up 32% compared to last year
- Revenue increased 3% y-o-y driven by higher lending activity and higher core fee income
- EI's total assets stand at AED 58 billion at the end of 2018. Financing and Investing Receivables increased by 7% to AED 36 billion during the year
- CASA represents 66% of EI's customer deposits compared with 68% at the start of the year

Balance Sheet Trends



Revenue Trends



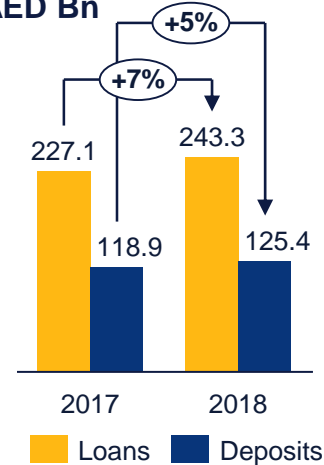


Divisional performance (cont'd)

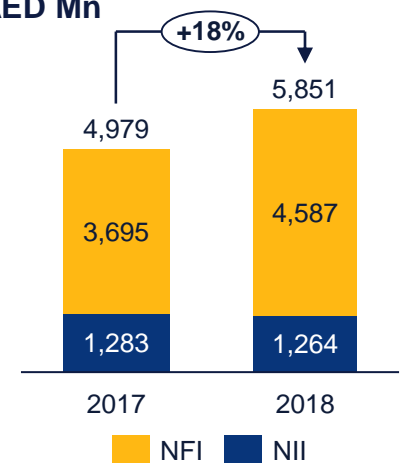
Wholesale Banking

- Wholesale Banking revenues increased 18% y-o-y
- Loans grew 7% in 2018 due to growth in trade, construction and FI sectors. Deposits increased by 5%
- Net interest income of AED 4,587 million in 2018 was 24% higher compared to 2017; driven by growth in lending activity and an improvement in margins
- Fee income of AED 1,264 million for 2018 declined by 2% compared to the previous year although the Bank was able to grow its share of non-funded income from Trade and Treasury products

Balance Sheet Trends
AED Bn



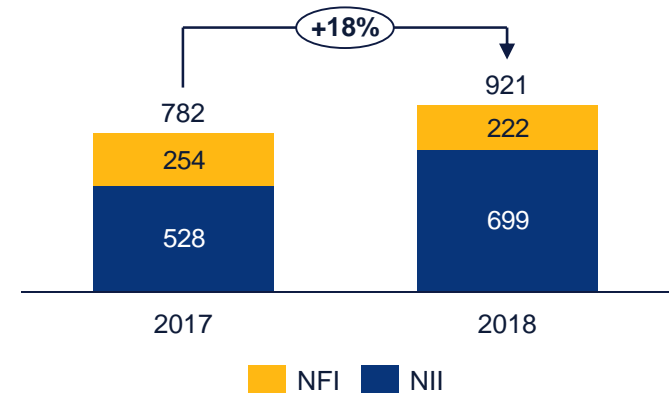
Revenue Trends
AED Mn



Global Markets & Treasury

- GM&T revenues increased 18% y-o-y
- Revenue growth helped by Balance Sheet positioning to take advantage of rate rises
- Trading desk delivered an excellent performance despite challenging global market conditions, driven by Rates and FX and proactive risk management
- Sales had a strong year in 2018 on higher volumes in Foreign Exchange due to enhanced product capability
- Raised AED 8.2 Bn of term funding through a mix of public issues and private placements with maturities out to 30 years. Club deal extended to 2021 and upsized to AED 7.3 Bn at more competitive pricing

Revenue Trends
AED Mn





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