



SUSTAINABILITY

REPORT

2015 - 2016

Business Overview (103-1), (103-2), (103-3), (201-1)



We spread the concept of “Creating Shared Values” (CSV) across all our operations. To us, this means investing heavily in the development and growth of our local economy and ensuring the prosperity of all our stakeholders.

Economic Impact

Our growth journey has a clear vision: To be globally recognised as the most valued financial services provider based in the Middle East. This has been demonstrated by our robust performance over many years and increased recognition through numerous awards and accolades.

Looking forward, we are well positioned to capitalise on key opportunities, in a controlled and sustainable manner, whilst putting our stakeholders at the core of what we do.



Launch of the Dubai Economy Tracker

The Dubai Economy Tracker was launched in May 2015 and it is the first dedicated monthly survey of Dubai's economy. The tracker, compiled by Markit, is based on the methodology behind the Purchasing Managers' Index™ (PMI™) series and provides an accurate and timely signal of the performance of Dubai's non-oil sectors including manufacturing, services, construction and retail. The new survey is launched in conjunction with Emirates NBD Dubai Real Estate Tracker, which surveys real estate agents and households on a bi-monthly basis to gauge trends in Dubai's real estate sector.

Leader in SME Banking

Understanding the economic impact of the SME sector, we continue to consolidate our position as the leader in SME banking – fulfilling over 70,000 customers' needs through careful acquisition, relationship management and our service business model. We continue to focus on providing a complete SME offering with advisory services for asset, trade, treasury, wealth solutions and transactional banking. On the operating model, we have enhanced our relationship platform: adding Remote Relationship Managers who are able to service, advise and engage with our emerging SMEs by telephone. Our prudent approach to SME lending, and the priority given to advising customers on the right level of borrowing, have resulted in our asset quality continuing to be robust, and the overall loss rate fully within our risk appetite. During the period, we have proactively monitored and managed our credit book, consistently limiting exposure to clients showing deteriorating lines of credit.



Financial Performance (102-7), (102-45)

The challenging global and regional environment has featured low oil prices, stock market volatility and rising global interest rates. Despite these negative influences, Emirates NBD managed to close both the years 2015 and 2016 by celebrating success through measured growth and the maintenance of strong credit ratings.

During 2015, for the first time in the Bank's history, total assets crossed the USD 100 billion mark, while total income exceeded AED 15 billion and net profit surpassed AED 7 billion, further reinforcing Emirates NBD's position of leadership in the region.

During 2016, total assets increased by 10% reaching AED 448 billion, total income declined by 3% reaching 14.7 billion (mainly due to lower non-interest income), and net profit grew by 2% to reach a total of AED 7.24 billion.

Commenting on the Group's performance, **His Highness Sheikh Ahmed Bin Saeed Al Maktoum, Chairman, Emirates NBD said:** "2016 marked another successful year for Emirates NBD as we continued to deliver improved profitability and a stronger balance sheet amid a challenging environment. We are proud to have launched a number of digital initiatives to support the 'Smart Dubai' vision of His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai. These include a futuristic banking space as part of Dubai Future Foundation's prestigious Museum of the Future, and a pilot blockchain (distributed database) network for international remittance and trade finance. I am very pleased to announce that Emirates NBD has been granted licenses to open three additional branches in the

Kingdom of Saudi Arabia and our first branch in India. As a leading bank in the region and a front-runner in digital banking innovation, we are well placed to take advantage of growth opportunities within the region. In light of the solid performance by the Bank, we are proposing to maintain the cash dividend at 40 fils per share."

Group Chief Executive Officer, Shayne Nelson said:

"Emirates NBD delivered a solid performance in 2016. Net profit increased by 2% to AED 7.24 billion, underpinned by asset growth, a control on expenses and an improved cost of risk. The Bank's stable and resilient financial profile was recognized by Moody's in June when they upgraded Emirates NBD's long-term rating to A3. The Group's liquidity position remained strong, bolstered by a stable and highly diversified deposit base and our ability to raise over AED 20 billion of term funding. Given the ongoing challenging environment, we will remain focused on controlling expenses and managing risks whilst ensuring that we continue to invest to support future growth. I am confident that Emirates NBD will continue to deliver excellent customer service and superior value to our shareholders."

Further information on our financial performance can be found in the Annual Reports for 2015 and 2016, listed under the "Investor Relations" Section on our website: www.emiratesnbd.com

These figures represent the operations of Emirates NBD Group globally as a whole, and not just the Emirates NBD Bank in the UAE.

Financial Review

AED Million	12 months ended 31-Dec-16	12 months ended 31-Dec-15	Better / (Worse) (%)
Net interest income	10,111	10,241	(1%)
Non-interest income	4,637	4,987	(7%)
Total income	14,748	15,228	(3%)
General & administrative expenses	(4,888)	(4,719)	(4%)
Operating profit before impairment charges	9,860	10,509	(6%)
Impairment allowances	(2,608)	(3,406)	23%
Operating Profit	7,252	7,102	2%
Share of profits of associates	135	166	(19%)
Taxation charge	(148)	(145)	(2%)
Net Profit	7,239	7,124	2%
Cost to income ratio (%)	33.1%	31.0%	(2.1%)
Net interest margin (%)	2.51%	2.85%	(0.34%)
EPS (AED)	1.20	1.18%	2%
Return on Tangible Equity (%)	19.6%	21.5%	(1.8%)

AED Billion	as at 31-Dec-16	as at 31-Dec-15	Better / (Worse) (%)
Total Assets	448.0	406.6	10%
Loans	290.4	270.6	7%
Deposits	310.8	287.2	8%
Impaired Loan Ratio (%)	6.4%	7.1%	0.7%
Impaired Loan Coverage Ratio (%)	120.1%	111.5%	8.6%
Capital Adequacy Ratio (%)	21.2%	20.7%	0.5%
Tier 1 Ratio (%)	18.7	18.0%	0.7%



Total Equity

2015 53,860,918

2016 50,748,527



Total Debt

46,063,872

34,959,842



Credit Ratings & Reports for Emirates NBD

	Long Term / Short Term	Outlook	Most Recent Rating Action	Downloads
Moody's	A3/P-2	Stable	LT ratings upgraded and outlook 'Stable' (16-June-2016)	Credit Opinion (15-Dec-2016) Issuer In-depth: Retail Franchise Drives Resilience Against Prolonged Liquidity Tightening (03-Aug-2016)
Fitch	A+/F1	Stable	Ratings affirmed (25-Feb-2016)	Full Rating Report (18-Jul-2016) Press Release (25-Feb-2016)
Capital Intelligence	A+/A1	Stable	LT FCR and FSR upgraded (12-OCT-2016)	Rating Announcement (12-Oct-2016)

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