

## EMIRATES NBD Q1 2026 RESULTS ANALYST & INVESTOR CONFERENCE CALL & WEBCAST

23 April 2026

### CORPORATE PARTICIPANTS

**Shayne Nelson** – Emirates NBD – Group CEO

**Patrick Sullivan** – Emirates NBD – Group CFO

**Karan Goyal** – Emirates NBD – Head of Investor Relations

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#### Operator

Ladies and gentlemen, welcome to Emirates NBD Results Call and Webcast for the First Quarter of 2026. Today's call is being recorded. Please note that this call is open to analysts and investors only. Any media personnel should disconnect now. I'll now pass the call over to our host, Mr. Shayne Nelson, Group CEO of Emirates NBD.

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#### Shayne Nelson

Thank you, Elliot, and welcome to our results call for the first quarter of 2026. I know you all have a busy schedule with a couple of our competitors after this call, so we'll try to keep it brief and allow plenty of time for questions for you.

Before we go through the results, I'd like to take this opportunity to acknowledge how incredibly grateful and proud we are of the UAE's leadership and their tireless efforts in safeguarding the nation during these challenging times. I'd also like to express my heartfelt appreciation to the entire ENBD family for the swift and coordinated efforts across the bank to ensure the safety of our people and the continuity of our operations.

Against the backdrop of heightened geopolitical conflict, Emirates NBD's priorities were clear, first, ensuring uninterrupted services to all of our customers. Over the years, we have invested in building state-of-the-art IT infrastructure, which has enabled us to remain fully operational and serving our customers with no disruption across systems and channels.

Secondly, we focused on proactively engaging with customers who are directly or indirectly impacted by the current situation. In fact, we have launched various tailored support packages and solutions for SMEs, retail and our corporate clients.

Third, maintaining our strong capital and liquidity position. We entered this period from a position of real strength with market-leading capital ratios, strong liquidity and a diversified funding base. To further strengthen our liquidity, at the end of March, we successfully closed a \$2.25 billion long-term syndicate financing from leading global financial institutions. Strong oversubscription, together with best-ever pricing, reflects continued market confidence in Emirates NBD's leading credit profile and the strength of the wider UAE financial sector.

Lastly, we continue to closely monitor our lending portfolio to ensure that we take prudent measures wherever required to maintain our conservative staging approach and market-leading coverage ratios.

The first quarter of 2026 was composed of record January and February performance, coupled with a quite resilient March, which enabled the group to deliver strong Q1 results. We had a record total income in the first quarter of AED 14.4 billion, representing a 21% increase year-on-year, fuelled by record asset growth, resilient margins and record non-funded income growth.

Our profit before tax jumped 28% over the preceding quarter and 6% year-on-year to AED 8.2 billion. The balance sheet continued its incredible expansion, surpassing AED 1.2 trillion, supported by an impressive growth in lending of AED 45 billion in the first quarter, driven by strong demand across most sectors and geographies. Deposits increased AED 44 billion on a growing customer base across all segments. In fact, our customer deposits have continued to grow since the end of February and through April.

Emirates Islamic delivered AED 1 billion profit before tax in the first quarter of 2026, highlighting its position as a leading Islamic bank in the UAE. We also continue to be the dominant retail bank in the UAE with our retail credit card spend market share continuing to grow, reaching above 36%. We remain committed to our strategic priorities with one of the key pillars being increasing the group's market share of international revenues from our identified core markets. On this front, we've made good progress on the RBL transaction, receiving approvals from both central banks in the UAE and India and remain on track for completion in Q2.

Emirates NBD entered this period of heightened geopolitical uncertainty from a position of strength with strong capital, robust liquidity and a well-diversified business model that continues to drive strong financial performance. Our financial strength enables us to continue providing support to our customers across segments. Such continuity is essential for the people and businesses in the UAE and for the country's broader stability and economic functioning.

The bank and the management team have navigated prior periods of regional and global stress with resilience. We remain confident in the UAE's leadership, the underlying strength of the UAE economy, and our ability at Emirates NBD to continue delivering our strong performance for our shareholders and our customers. I'll now hand you over to Patrick to go through the results in more detail. Patrick.

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### **Patrick Sullivan**

Thank you, Shayne, and good afternoon everyone. We've delivered a remarkably strong and resilient set of results in Q1. This demonstrates the strength of our balance sheet and diversified business model, which is further supported by the UAE's economic strength and its leadership's swift actions in navigating the current environment. I'll briefly walk you through the main highlights and hopefully leave more time for questions.

Let me start with the overall Q1 performance on Slide 3. Record total income of AED 14.4 billion, up 21% year-on-year and 13% on the preceding quarter. Within that, net interest income grew 12% year-on-year, driven by strong balance sheet growth and excellent margins. We also saw very strong growth momentum in non-funded income, which surged 42% year-on-year with strong growth across all segments and geographies. Our cost-to-income ratio came in at 29.2%, comfortably below our long-standing guidance of 'below 33%', reflecting continued cost discipline and strong income momentum.

All of this flowed through to operating profit, which was up 24% year-on-year and 16% quarter-on-quarter. Profit before tax is up 6% year-on-year and an impressive 28% on the previous quarter, despite the higher non-cash hyperinflation charge.

In the bottom table, you can see the balance sheet metrics are all in really great shape. With gross lending up 7%, total assets surpassing AED 1.2 trillion. Capital, liquidity and credit quality metrics all remain extremely healthy.

So let's turn to a bit more detail by component, starting with net interest margins on Slide 4. The overall margin at 3.35% in Q1 is tracking nicely towards the full year guidance of 3.1% to 3.3%. Within that, ENBD (ex-Deniz) NIMs resilient at 2.70%, declining 10 basis points quarter-on-quarter as the fed rate cuts in the second half of 2025 flowed through. DenizBank delivered a strong NIM of 7.12% in Q1. In March, funding costs in Türkiye increased following the Central Bank's increase in overnight rates. As a result, we would expect some pressure on margins in Q2 for DenizBank, similar to what we saw in Q2 last year. That said, we continue to expect the full year margin to be around or over 7%.

We remain comfortable with our guidance with potential upside in the ENBD margins from expected fewer fed rate cuts, offsetting a potentially higher for longer rate environment in Türkiye.

Just moving to Slide 5. Strong growth momentum in non-funded income continued this quarter with net fee and commission income up 27% year-on-year and 21% quarter-on-quarter, driven by fees connected to robust asset growth and continued investment across capital markets businesses, including wealth management and investment banking.

The bottom left chart shows good consistent progress in gross fee income with limited impact from the events in March.

The chart at the bottom right shows that total other non-funded income is up 61% year-on-year and saw a nice bump of AED 1 billion in client flow income in Q1 from Q4, mainly from client structured products and FX and derivative income.

As I mentioned in the year-end call, Q4 is typically a quieter time for the business to focus on building pipeline for the new year. And as usual, during periods of volatility, we tend to see an increase in trading activity and related income.

On Slide 6, we see that the gross lending is up 7%, with strong momentum from last year carrying through into the first quarter of 2026.

Retail is up 5%, adding AED 20 billion of new origination with growth coming across our diversified product suite, as we continue to leverage our digital capabilities to enhance origination efficiency and customer journeys. Corporate is up 9% with an impressive AED 44 billion of new lending in the first quarter of 2026. We saw a healthy demand across most sectors in our core markets with growth predominantly coming in the UAE.

This brings me to the loan growth guidance we shared last quarter of 'mid-teens'. While it's still early to fully assess the impact of the current environment, we remain on a pretty healthy path towards that guidance with such a strong start of 7%, which is more than double Q1 last year. In fact, we're seeing lending demand across both retail and corporate remain healthy during March and early April.

On the liability side, total deposits continued on the growth trajectory, increasing by a further AED 44 billion during the quarter. Within that, we saw some CASA migration into time deposits, which added funding duration and supported liquidity resilience, and we see this as a strong vote of confidence in the bank. Nonetheless, ENBD (ex-Deniz) CASA ratio is strong at 60%, maintaining our strong low-cost funding base, which remains a key strength of the Group. And as Shayne mentioned, deposit growth has continued from the end of February and into April.

On Slide 7, we see the NPL ratio improved to 2.3% in the first quarter, well within our guidance of 'c.2.5%'. Overall coverage is extremely strong at 157%, with Stage 3 coverage of 86%. In Q1, we had an AED 0.8 billion net impairment allowance, primarily driven by prudent provisioning across both DenizBank and Emirates NBD, partially offset by recoveries in the beginning of the year.

In light of the current environment, management has taken a conservative approach to update the ECL macroeconomic scenario assessment for the UAE, with downside ratings of 100% for retail and 80% for corporate, adding AED 865 million of additional ECL charge in the first quarter, essentially an overlay.

That's really a first step, and as we enter Q2, we'll be updating the MEVs in the model, which will give us better visibility to reassess our full year cost of risk guidance of '30 to 50' basis points. It will take some time to assess the longer-term impact of current events, i.e. the potential flow into Stage 3 NPLs. So, we will update guidance in Q2, if required.

On Slide 8, the cost-to-income ratio is at 29.2% for Q1, comfortably within our long-term guidance of 'less than 33%'.

Our strategic investments in product suite enhancements, digital and GenAI initiatives and the international network, continue to drive strong business growth, with the 'I' in cost to income being our core focus. That said, we continue to demonstrate cost discipline and benefit from our digital investments. The 6% quarter-on-quarter increase in staff costs was mainly driven by inflationary salary adjustments in Türkiye and is fully absorbed within our strong income growth, keeping the cost-to-income ratio well within guidance.

Moving to Slide 9, the group maintains very strong liquidity with an AD ratio of 82% and an LCR of 141%.

ENBD issued \$16.3 billion of term debt and Sukuk in Q1, with healthy fundraising activity continuing into April, further reinforcing the market's appetite for quality credit names like ours. This included at the end of March, as Shayne mentioned, a \$2.25 billion long-term syndicate financing at our best-ever pricing.

We also successfully called, in early April, a \$750 million AT1 note, further highlighting the strength of our liquidity and, for that matter, capital.

Speaking of capital, Slide 10 shows our super strong capital position with a CET1 ratio of 14.2%, which is well above the regulatory minima.

Our strong capital base is a pillar of strength that allows us to continue healthy growth and support customers, despite the current environment.

Slide 11 contains divisional highlights. Just to mention a few of these.

Retail delivered record operating profit of AED 3.8 billion in Q1, and as I mentioned earlier, strong loan growth of 5%, with AED 20 billion of new originations, and an impressive CASA ratio of 75%.

C&IB continued its outstanding performance with profit before tax up 15% year-on-year, continued growth momentum in lending of 9% and strong new originations of AED 44 billion, and a strong deposit growth of 10% year-to-date.

Global Markets and Treasury delivered very strong results, generating over AED 770 million of income, benefiting from volatile market conditions and ongoing strategic investments in enhancing product offerings.

DenizBank delivered AED 1.6 billion profit before tax and non-cash hyperinflation adjustments, in Q1'26, up 4% year-on-year.

We do have a couple of extra slides in the appendix containing more granular detail and a dollar convenience translation. And with that, we can open up the call for questions.

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## QUESTIONS AND ANSWERS

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### Operator

Our first question today comes from Jon Peace with UBS.

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### Jon Peace – UBS

Thank you, and congratulations on the resilience of the results. I just wondered if you could talk a little bit more about trends in March and April. I think you said deposit growth stayed positive, but just wondering what the run rates we're looking at in loan and deposit and also non-interest income growth in March and April versus the rest of the quarter?

And then secondly, how did your overlay split between the UAE and DenizBank? And I think you said you're going to review your targets at the half-year stage. Should we anticipate some more overlay, some more provision build? Or do you think you could still stay inside that 50 basis points target? Thanks.

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### Patrick Sullivan

Thanks, Jon. Thanks for joining the call. Actually, just on that, I'll take that second one first maybe. The overlay is entirely the UAE balance sheet and models there. So, we have simply dropped that down to the worst-case scenario or the downside scenario it's called, pending the update of the macroeconomic variables. It's something we did in Q1 2020, where you don't have all the most recent data because the variables have to be updated. About two thirds of that would relate to the corporate book and one third relates to the retail book.

And when you look at the macroeconomic variables, you just don't know what that's actually going to be. When you look at some variables like GDP, we had originally 5.8% growth for this year and the IMF itself has revised that to just around 3%. But it's not just about the current year, it's also the next 4 or 5 years that go into the model. So, until you actually get that data and see how that's settling, you really can't make a fully reliable assessment of that. But when we did that in Q1 2020, we got that just about right actually. So, it worked very well.

And actually, it also means that when we look at the portfolios and they're looking for more vulnerable parts of the portfolio, it gives us that comfort that we've got some of that coverage already. And obviously, on the NPL side, we'll have to wait and see how that pans out through the latter part of the year based on our experience when we went through the COVID pandemic.

Just on the April, March references to loans, deposits, non-funded income. When it comes to non-funded income, yes, for the first week or two, volumes would have dropped off. But then as things adapted, we did see volumes come back. Actually, that's also going for the loan book as well. So maybe there were a couple of weeks where there would have been a dip and then we started to see the recovery. And then when we look at the first couple of weeks for the April data, we've actually seen really quite a strong recovery with some of those volumes being similar to what we saw in the first couple of months of the year and even in the fourth quarter last year. So, it's a good start. We have to see whether that remains consistent through the rest of the quarter. And that's one of the key reasons we felt we didn't need to update loan guidance, to revise that down given we've already done 7%, we think we've got that momentum to carry us through.

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### **Shayne Nelson**

I'll just add that if I look at card volumes, the spend is good, new applications are good. Personal loans are strong. The one area that is a little bit down is car loans, which you would expect given that getting stock in is not that easy. But I did go and see one of our big car clients the other day, and they'll be now bringing their stock via Jeddah. So, all the supply chain niggles that they are having, they are finding ways around it when it comes to getting that supply in.

In the corporate space, I've been seeing a lot of corporate clients over the last month. We're not seeing any great demand for 'I need a block for cash flow'. The only ones I've seen that I've got a new venture I'd like to invest in and trying to take an opportunity. So, I'm not seeing, from the clients that I've seen, a lot of cash flow pressure. Any decent company that went into this war had very big buffers already built because the economy has been performing so well for quite a few years that their profitability and their cash build-up has been quite phenomenal.

So, I mean I've been seeing property developers. I've been seeing cars and the airlines. Even in the airlines, what I'd say is that what surprised me was that whilst they obviously have lost passenger numbers when it comes to flying, they're making up for a lot of that loss of passenger numbers with freight. And so, the cash flow impact for them is nowhere near what I thought it would be. It's actually far better. So, I think overall, the demand is there, and I think you saw today there was an announcement about a \$10 billion new rail announced, new Gold Line. And I would expect to see additional infrastructure projects announced by both Dubai and the UAE as a whole, and Abu Dhabi in particular as well.

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**Operator**

Our next question goes to Rahul Bajaj of Citi.

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**Rahul Bajaj – Citi**

Hi. Thank you for taking my question. Very strong set of results indeed, congratulations for that. Three quick questions from my side. The first one is on margins. So, if I understand correctly, there were some loan deferrals announced by Emirates NBD for specific customers over the last few weeks. Just wanted to understand to what extent the NIM that you have reported makes any impact from those deferrals? And are there more deferrals, more such deferrals expected in 2Q? So that's my first question.

My second question is on the hospitality sector. Could you give us an idea of the size of your hospitality sector exposure, both direct and indirect? And also, maybe retail customers that Emirates NBD has, which are linked to hospitality sector? If you could provide like a ballpark sort of view of how you think the hospitality sector is doing and what kind of exposure you have, that would be useful.

And my third and final question, fee and commission expense. We see a sharp drop in 1Q on a sequential basis in fee and commission expense, not the drop in fee and commission income, but the expense only. What is happening there? If you could please help me understand. Thank you.

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**Patrick Sullivan**

Sure, Rahul. Thanks for joining. Just on that NIM one first. Look, the announcements we are making are around the availability of support and deferrals for customers if they need it. It doesn't mean they have taken it. In fact, we're seeing relatively little uptake of the need for that.

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**Shayne Nelson**

Very small. Surprisingly small.

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**Patrick Sullivan**

Yes, at this point in time. This is something that we observed during the pandemic as well, that deferrals and having that availability and supporting your customers avoids a lot of impairments further down the road. So, it was highly effective. And when it comes to the NIMs, because no one's actually availed themselves of it to any material extent, there is no NPL, sort of no NIMs or interest

income impact for that. And I think we found when we went through the pandemic, even then on the deferrals interest was still payable, it wasn't a rent-free interest-free period, they're still payable. So, it didn't really make that much of an impact.

Just on hospitality and splitting, we have split out the assets in the notes to the account in more detail. We've got a sort of an aggregated version in the deck, but there's more detail in note 6. You can see hotels and restaurants is about AED 13 billion in total. That's about 2% of the book. What we haven't split out for you is retail customers that work in those industries, and that's not something that we're going to do for you. But what we do when we go through the credit review is obviously look at any industry that's more affected, if it is hospitality, for example, and we look very carefully at how we can support our customers, and then also what that means for any modelled or actual impairment allowances we make on that.

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**Shayne Nelson**

I'll just add on that one. If I look at our hotel sector exposure in particular, the majority of our exposure is to GREs in that sector. And all of them came into this war extremely healthy with cash balances. So, some of them are using obviously this period of low occupancy to refurbish a lot of the hotels, which makes a lot of sense because when they're full, it's pretty hard to refurbish them. So that is certainly occurring.

But do we have a couple of stand-alone hotels that client is dependent on the cash flow of those hotels? Yes, but it's a tiny percentage of that book. So, am I worried about them? No, I'm not. Their loan-to-value ratios are low in any case. So, it will be a matter of restructuring their payments until the sector comes back to better occupancy than it currently is. So, have we looked at it upside down, back to front? Absolutely. But am I worried about that sector given where our exposure is? No, I'm not.

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**Patrick Sullivan**

And Rahul, you had a third question on fee and commissions and expenses. Why is the expense gone down 16% when the income itself is relatively flat from the prior quarter? Actually, it's a function of indexing in Türkiye and DenizBank that accumulates through the hyperinflation adjustment that essentially increases that cost as it accumulates through the year. So, the fourth quarter is hyperinflated more than the first quarter. It obviously gets adjusted out back through that hyperinflation adjustment of AED 1.1 billion in the current year for the current quarter.

So, if we unpick that and looked at the underlying, the cost is broadly flat. But then if you say, well, the same could go for the income, that's true. It just means the fee and commission income has actually net-net really grown more than 2% if I took out the grossing up indexing effect of Q4 last year. Sorry about that, it's inflation accounting again. So, what might be a little bit more helpful for you then is to look in the appendix where we do split out ENBD and Deniz, so you can sort of see a more like-for-like approach.

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### **Operator**

Our next question goes to Shabbir Malik of Morgan Stanley.

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### **Shabbir Malik – Morgan Stanley**

Hi. Thank you very much. A couple of questions from my side. Can you please talk about the customer profile? So, you've talked about deposit and we've seen good deposit growth this quarter. Can you touch on the customer profile? Is it corporate, GREs, retail, high net worth? What's the composition? If you can shed some light on that.

Secondly, I just want to see how you thinking has changed or evolved over the last few months in terms of cross-border lending, so lending into Saudi Arabia, other markets outside of the UAE.

Do you expect that to still be an important growth area this year? Or you'll be more focused on the infrastructure opportunity that you talked about within the UAE? And finally, I guess, maybe in terms of your mortgage book, can you give us a sense of the loan-to-value ratios? How frequently are these loan-to-value ratios evaluated? So yes, I think those are the 3 main questions, please. Thank you.

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### **Patrick Sullivan**

Hi, Shabbir. Welcome. Just on the customer profile, I think you were referring to loans and deposit growth or just the deposit growth?

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### **Shabbir Malik – Morgan Stanley**

Focus on deposits, but if, yes, both would be helpful, actually.

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**Patrick Sullivan**

Deposits, okay. So, look the growth, I'd say corporate has been particularly strong in Q1, and you can actually see that we provide what those deltas are. So, retail year-on-year is up 12%, whereas the corporate deposits are up 32%. A good part of that is the escrow accounts, where we accumulate the deposits that people have put down for apartments, and we hold those in escrow until they are released, which, actually, by the way, is one of the really good strong mitigants. That is something that is different this time compared with the pandemic when there was a far smaller escrow balance with us.

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**Shayne Nelson**

And remember, escrow is extremely sticky, right. Unless they meet their construction timetable, they can't draw on those escrow balances. And with some delays in supply for construction, we expect that, in fact, those escrows to be more sticky than what they were historically.

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**Patrick Sullivan**

And Shayne also mentioned earlier that a lot of the corporate customers through the last couple of years have been building up some quite nice cash buffers, and I think that's helped as well, not just on the credit side, but also we've become a beneficiary on the cash handling and deposit side of that. And then sort of through the latter part of March and into April, we did see very strong deposit growth coming in from the corporate side. Yes, the retail side, the growth rate has been slower than it was in the first couple of months, but I don't think that would come as a surprise. The good news is net-net, retail is up for the quarter. And even into April, the balances around or even better than were going into the sort of 28th of February or so.

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**Shayne Nelson**

I mean our deposits in April are surprisingly strong. If we cut all our ratios now, you'd be surprised how much stronger they've actually got in the month. We continue to attract a substantial amount of deposits, both retail and in corporate.

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**Patrick Sullivan**

Yes. And Shayne, since you mentioned that, the LCR ratio that was 141% has gone back up to where it was before the conflict started with that funding that's come back in now.

And there was a second one, the cross-border, well, was it international or lending across or cross-border?

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**Shabbir Malik – Morgan Stanley**

Yes. So, in terms of international lending, is your appetite still the same as it was previously? Has it changed, and you focus more on the domestic opportunity as we talked about infrastructure projects?

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**Shayne Nelson**

I think the answer to that is no. Every one of our operations, as you're aware, is self-funded, and we continue to grow, whether it be Türkiye, or Egypt or Saudi Arabia, hopefully shortly India. So, from our perspective, no change to strategy of growing offshore. Our strategy has always been to increase the contribution from offshore versus onshore as it could be counter-cyclical. So, we continue to push on that growth on international.

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**Patrick Sullivan**

And your third question there, Shabbir, was around the mortgage book and the loan to value. On the retail side, we see the loan-to-value of the book around 60% to 61%. I think last year, it was around 65%. So, it has improved further. Valuations are done through the year. So, it's not just a once-a-year type thing, as assets come on and also observing market prices, et cetera. So we do track that very, very carefully, but that's a 40% valuation buffer on the mortgage book.

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**Shayne Nelson**

And Shabbir, I think that I've been through many cycles, including the Asian financial crisis, et cetera, the global financial crisis. The majority of our mortgage book in retail is owner occupied. The effect on that book, even in terms of crisis, if you go back and look at history, you expect very, very low default rates in owner occupied. People need to live somewhere. And certainly, from a population perspective, you live here, so you know the actual population has not dropped much. Certainly, tourists have come down, but the actual core population has increased remarkably over the last few years, right? We've gone from about 2 million to 4 million people. So, the stock of people for those owner occupied has increased substantially. And I don't expect to see owner occupied increasing in their defaults. And our book, as Patrick said, is quite conservative on the LTVs in any case.

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## Operator

Our next question comes from Naresh Bilandani from Jefferies.

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### Naresh Bilandani – Jefferies

Thank you very much. It's Naresh Bilandani from Jefferies. Three questions, please. First, could you please share what trends that you saw in your corporate loan book that you, I mean, you recorded a very strong growth. I'm just trying to understand if you've seen any insights or trends emerge in a pre-war versus the post-war scenario. I'm just trying to understand the type of growth. Was this growth more working capital driven? Was it precautionary drawdown of facilities, or was this any other type if you can please share? So that's the first question.

My second question is on asset quality. We've seen an 18% growth in the first quarter on Stage 2 loans. Would you please be able to share what is the segment concentration of this Stage 2 book? Also, would you be targeting a provisions to loans ratio that can help us form a medium-term view on the core cost of risk? I mean the current level is 3.5% compared to 4.9% 12 months ago, still a healthy level, but I'm just trying to understand what's the level you're going to sustain. So segments of the book that drove the 18% quarter-on-quarter growth in Stage 2 loans and your medium-term provisions to loans ratio?

And my third and final question is on the trend that you've seen in the FX and derivatives line. Would you please be able to provide some insight into the product and the client level that is driving this trend in this quarter? I'm just keen to understand if there are any factors specific to the volatility that we've seen in Q1 that is driving this extraordinary strength and the extent to which this could be sustainable in the second and third quarter going forward? Thank you so much.

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### Patrick Sullivan

So just on the corporate trend side, in the notes, you can see we've had strong growth across pretty much every sector. And post conflict, it seems to be the same. Shayne referred to what he's seeing out in the market. And also, while the tourism industry is a bit quieter, a lot of hotels and parts of the industry are taking the opportunity to do some of the refurbishments and refresh. So, we're seeing strong demand to be able to assist with that as well. So, it's not one particular sector that we're seeing the demand post conflict coming through from. The corporate book has quite a strong pipeline, but it's not really just in one industry or sector.

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### **Shayne Nelson**

I mean I can't think of one deal that I've done since the start of the war that is, "I need cash because I've got a problem." I have been out to see a lot of clients and to be fair, we were expecting some clients to need cash to buffer them through. But at this stage, I have not seen any request for it. But if we do get those requests, obviously, part of our job is to be here to support our clients through difficult times that we absolutely will support. But I have to say at this stage, I'm just not seeing it. I'm not seeing the request coming through to bolster working capital, whatever, just not seeing it at the moment. Now, it may flow as we go further through the cycle, but at the moment, I'm just not seeing it.

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### **Patrick Sullivan**

Just on your question on Stage 2, I think you're looking in the notes to the accounts, and you can see around AED 9 billion, just from memory, migrating from Stage 1 to Stage 2. That is all pre-conflict. It is part of our BAU. It's not because there's been a surge from a weakening of credit quality since the 28th of February. You know us, when it comes to running both stricter models and assessments of credit, we don't hold back. And it's also a combination of ENBD and DenizBank, about two thirds of that is UAE and one third is Deniz.

So, what Deniz has seen is continued pressure in retail credit cards and agriculture. And the agriculture sector and those flows have been coming in. And that's why they also had something more of a heightened cost of risk in the first quarter as well. But when you actually look at that AED 9 billion in proportion to the book, the book is much bigger than it was this time last year. So, it equates to about 1.5% of Stage 1 book, whereas last year, I think it was about AED 4 billion or AED 6 billion that migrated. It worked out at about 1.2%. So, the actual magnitude is not that much difference in that sense.

On your third one, the trends in FX derivative in NFI, and I think you're looking specifically at Page 5 of the deck where we show the quarterly trend where we did have that nice AED 1 billion step-up. What I want to say about that is that's across a number of products that we have been developing. They started to come online probably with some scale Q1 last year. We've been building a team in our global markets team around structured products, repos to maturity, building up our derivative capability, because we have seen the client demand for that. And also there's nothing particularly lumpy in there. It is across a wide range of customers and a wide range of product capability that we have been building. As to your question as to whether it's sustainable at that level, I think I referred to earlier Q4 being a little bit quieter, because you saw when it was AED 1.5 billion, down

from AED 1.9 billion in Q3 last year. That is where the book is building for the next year. So a little bit of it is that pent-up demand that comes through in the first quarter. I've seen that happen in quite a number of other countries actually. It's also depending on when the client demand comes through. Q1 is typically the strongest quarter, so I would expect some moderation...

[Call Interruption]

Naresh, hi. We're back. Where did I get up to...

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### **Naresh Bilandani – Jefferies**

You were just talking about the, sustainability, you were just pointing out to the sustainability of your revenues from the markets business and the fact that you've built up capabilities in this business, which would offer some momentum going into the future quarters.

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### **Patrick Sullivan**

Yes. So look, I think if you look at some of the past trends we have seen, the capabilities being building, that's not going to be high as AED 2.5 billion in the next quarter. I would see some moderation of that, but we don't give you specific guidance on to exactly how much that is. But we also have to see whether recent events have any impact on demand as well. But what you often find in this environment, it can actually increase demand. So, it's pretty seasonal for the first quarter, and we'll update that in Q2. Otherwise, you can see a pretty good growth trend in previous quarters other than that fourth one.

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### **Operator**

Our next question comes from Olga Veselova of Bank of America

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### **Olga Veselova – Bank of America**

Thank you for hosting this call and for comprehensive Q&A. I have several remaining questions. One is a bigger picture. What do you think may change in Emirates NBD post-conflict versus before the conflict? Maybe rising LDR, maybe more careful selection of borrowers in construction or real estate, maybe less loan repayments by Dubai. Any thoughts on what will be different in future versus history? That will be very helpful.

My question number two is on provisioning in Türkiye. We had very high cost of risk for the past 2 quarters. And I think this cost of risk was well ahead of the competitors. Do you feel this cost of risk

will move down in the next several quarters? And what would be your guess? I know it's difficult to say, but best guess now for the full year in Türkiye? And question number three is on the Central Bank measures, which allow banks not to reclassify problem borrowers. Would you be open to use these measures or you would rather rely on internal models given that measures have limited timing? Thank you.

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### **Patrick Sullivan**

Thanks, Olga. Maybe I can just take those ones backwards, start with that, the Central Bank guidance and the categorization for any relief measures, I think you're referring to there. Look, what they're trying to get at is that when it comes to forbearance in the accounting, if you have a Stage 1 customer that needs a deferral, it's basically saying just because they've asked for a deferral doesn't mean they automatically trigger the downgrade to Stage 2. If, however, a customer was having difficulty before the conflict started and it hits a trigger, yes, you should downgrade that. And that's something we just haven't seen much of anyway from our customers. If there was a downgrade or someone needs a deferral that was already having difficulty before the conflict, yes, then that would probably be part of the downgrade. So, what it's trying to get at is don't automatically downgrade someone just because they ask for a deferral, because what we actually know is that deferrals are hugely helpful for the customers to get through a difficult time when it comes to cash flow. And as we saw during the pandemic, most of our customers came out the other end and prospered afterwards and it saved us a lot on the impairment line. So, it's just don't unnecessarily downgrade on a technicality. But also, don't hold back the grading where there actually is a genuine credit and recoverable issue. So that's really what that is trying to do. And we'll have to see whether there is any volume of deferrals as we go through the second quarter, much like we were back in 2020.

I mean, look, Türkiye cost of risk has been increasing. And we actually disclosed the cost of risk in the appendix there, so you can see what that is. So, they were 321 basis points in Q1. That was down from 326 or pretty flat to Q4. And that really is, as we have been saying before, the retail sector, credit cards and agriculture, and mostly as a function of the high interest rates. And also, when it translates back into our group numbers, there's less FX depreciation offsetting that. So that gives us some sort of magnitude. You may recall back in 2020, for the first year both of pandemic and post-acquisition, the cost of risk in Türkiye was getting close to, and in some quarters over 400 basis points. So, this magnitude is not quite at that level. And as interest rates come down, we would be looking for some sort of moderation of that cost of risk and factor that into any update and

guidance if required in the second quarter. And then on your first question, big picture, what might have changed post conflict, Shayne, any thoughts on that?

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### **Shayne Nelson**

Well, I think there's a pretty good chance of infrastructure spend. You're already seeing Dubai announce the Gold Line. It's about \$10 billion. It's far for me to predict what the government of UAE is going to do. It's not my decision. But strategically, they've been very well prepared historically, and you probably would expect them to be more prepared in the future, with more vessel travel on the Fujairah side versus the Gulf side. So, I think there will be opportunities, right?

There is some infrastructure repair that is necessary for some companies. So, we see some opportunities there. Do I see that the financial position of the UAE or Dubai will change considerably? I mean Dubai went into this conflict in an unbelievably strong position. And I would doubt that debt to GDP in Dubai itself is even 20%. And that's pretty apparent, we've gone down from the government lending from its peak of around AED 160 billion down to AED 34 billion, at the moment. So that's come off massively in the last few years.

That means that Dubai as an Emirate has got lots of fiscal buffers now that it didn't have before because it's been aggressively paying down debt for quite a few years now. So, I think the fiscal position for Dubai is very strong, at the moment, and it has lots of capacity to borrow if required as we go forward. Our exposure to the Dubai government now is quite small against our balance sheet. It's tiny. So, from our perspective, we'd like some more opportunities for the whole of the country, whether it be Fujairah versus Dubai versus Abu Dhabi.

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### **Karan Goyal**

Thank you very much. So, we'll quickly do some written questions. One question keeps on coming, Patrick and Shayne, is on the hyperinflation charge. It's gone up in Q1. Has our outlook for inflation changed in Türkiye? And when do we foresee the charge coming off?

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### **Shayne Nelson**

Unfortunately, the uptick in hyperinflation is reflective of the strength and performance in Lira. So that's sort of good and bad. I think I'm sure you've all been reading Bloomberg when the finance minister spoke. And I think we saw interest rates yesterday remain on hold, albeit that the bank

borrowing rate has basically gone from 37% to 40% because of the way that the buckets you use, and that happened in the meeting before.

I think given where oil prices are and how much Türkiye imports energy, I think the track that we were hoping for, I think, will be delayed a bit. It could mean that hyperinflation accounting doesn't come off until early 2028 rather than what we're hoping for in the second half of 2027. That's a possibility. But really, I suppose it very much depends on how high will energy prices remain at their current peak, because that feeds through a significant amount of inflation into Türkiye. So, I think it really depends. We'd love to see it off early, obviously, given the reduction.

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### **Patrick Sullivan**

And we should remind everyone, it's a non-cash accounting adjustment. It's debit P&L credit capital, so it's not in capital. And also, we've got some more detail on Page 15 that will show. Look, in Q1, you often get a spike in inflation because that's when they raise the minimum wage. So, there was 10% inflation in Q1. It was 10% or 11% Q1 last year. So, year-on-year, it's flattish. It's just up from Q4, where Q4 inflation was just under 4%.

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### **Karan Goyal**

Thank you, Shayne and Patrick. With that, Shayne over to you for closing remarks.

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### **Shayne Nelson**

Thank you. I'd like to thank you all for participating in today's call. Despite the current geopolitical and market challenges, we continued our growth momentum, supported by our strong capital, robust liquidity and well-diversified businesses that continue to deliver very strong performance. Looking ahead, we are highly confident in the UAE's leadership, the enduring strength of the economy and the ability at Emirates NBD to navigate uncertainty, capture growth opportunities to continue delivering value for our customers and shareholders. With that, I'd like to hand you back to Elliot to provide you details in case you have any follow-up questions and to close the call. Thank you, Elliot.

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### **Operator**

Thank you. For any further questions, please contact our Investor Relations department. These contact details can be found on the Emirates NBD website and on the results press release. A replay

of this call and webcast will also be available on the Emirates NBD website next week. Ladies and gentlemen, that concludes today's conference call. Thank you for your participation.

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**END**