



# Results Presentation

Q3 2021

*20 October 2021*

**“CREATE  
OPPORTUNITIES  
TO PROSPER”**

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## Rounding

Rounding differences may appear throughout the presentation.

# Emirates NBD delivers strong performance in Q3 2021 on improving economic conditions

## Key Highlights



**Strong performance recovery** trend with Q3 2021 profit AED 2.5bn, and AED 7.3bn YTD, up 29%



**UAE economic activity picking up** and improving as Expo 2020 begins



**Continued strong underlying business momentum** with record demand for retail financing



**International expansion** continues with additional KSA branches, approval for further branches in India and strong results in Turkey



**Diversified balance sheet** and capital base remain a core strength of the Group

## Key Metrics Q3-21 YTD

**Net Profit**

**AED 7.3bn**

+29% y-o-y

**CET 1**

**16.1%**

**NIM**

**2.51%**

2021 Guidance: 2.45-2.55% ↑

**LCR**

**157.2%**

**Cost to Income**

**33.1%**

2021 Guidance: Within 35%

**Loan Growth**

**-1%**

2021 Guidance: Low-single Digit

**NPL**

**6.2%**

2021 Guidance: mid-6%

**NPL Cover**

**126.7%**

# Financial results highlights Q3 2021 YTD

Income Statement (AED bn)	Q3-21 YTD	Q3-20 YTD	Better / (Worse)
Net interest income	12.6	13.4	(6)%
Non-funded income	4.7	4.8	(3)%
<b>Total income</b>	<b>17.3</b>	<b>18.3</b>	<b>(5)%</b>
Operating expenses	(5.7)	(5.8)	2%
<b>Pre-impairment operating profit</b>	<b>11.6</b>	<b>12.5</b>	<b>(7)%</b>
Impairment allowances	(3.7)	(6.4)	42%
<b>Operating profit</b>	<b>7.9</b>	<b>6.1</b>	<b>29%</b>
Taxation charge and others	(0.6)	(0.5)	(24)%
<b>Net profit</b>	<b>7.3</b>	<b>5.6</b>	<b>29%</b>
Cost: income ratio (%)	33.1%	31.8%	(1.3)%
Net interest margin (%)	2.51%	2.73%	(0.22)%
Balance Sheet (AED bn)	30-Sep-21	31-Dec-20	Inc / (Dec)
Total assets	699.1	698.1	0%
Loans	438.3	443.5	(1)%
Deposits	466.5	464.2	0%
CET-1 (%)	16.1%	15.0%	1.1%
LCR (%)	157.2%	165.0%	(7.8)%
NPL ratio (%)	6.2%	6.2%	0%

## Key Highlights

- Strong Q3-21 results a continuation of recovery with net profit up 29% y-o-y
  - 36% of income from international operations
- Income momentum offsetting impact of low interest rates
  - Improved cost of funding from record CASA balances
  - Improved loan mix with record demand for retail financing
  - Strong transaction volumes offset by lower FX & Derivative income
- Expenses well-controlled with cost to income ratio within guidance
- Cost of risk of 106 bps at low-end of pre-pandemic range
  - Provisions substantially down 42% y-o-y
  - NPL ratio steady at 6.2%
  - Coverage of 126.7%, highest amongst regional peers
- Strong Retail and DenizBank loan growth in local currency terms
  - DenizBank loans up 10% in TRY & ENBD up 1%
  - Retail loans up AED 5bn YTD
  - Offset by AED 4bn of deferral repayments and currency translation
- Group maintains strong Capital and Liquidity
  - CET-1 of 16.1%, strongest amongst regional peers
  - LCR of 157.2% reflects healthy liquidity position



## Financial results highlights Q3 2021

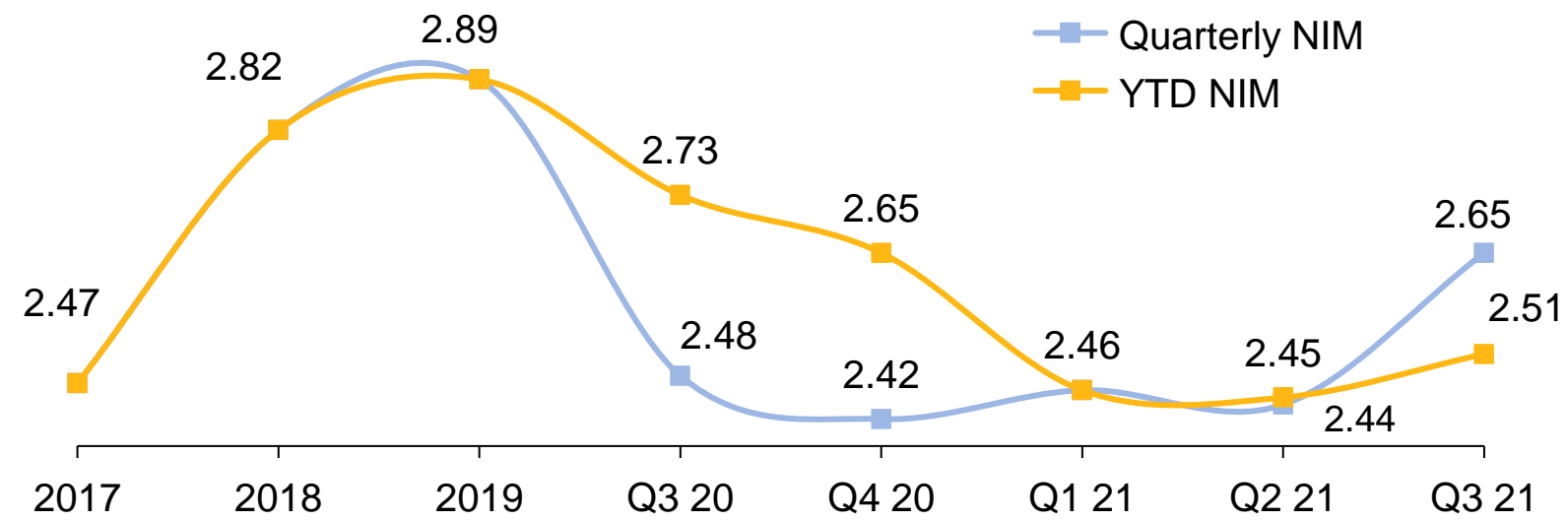
Income Statement (AED bn)	Q3-21	Q3-20	Better / (Worse)	Q2-21	Better / (Worse)
Net interest income	4.4	4.1	7%	4.1	10%
Non-funded income	1.3	1.5	(13)%	1.3	0%
<b>Total income</b>	<b>5.8</b>	<b>5.6</b>	<b>2%</b>	<b>5.4</b>	<b>7%</b>
Operating expenses	(2.0)	(1.8)	(8)%	(1.9)	(3)%
Pre-impairment operating profit	<b>3.8</b>	<b>3.8</b>	<b>(1)%</b>	<b>3.5</b>	<b>9%</b>
Impairment allowances	(1.1)	(2.2)	49%	(0.9)	(30)%
Operating profit	<b>2.7</b>	<b>1.7</b>	<b>60%</b>	<b>2.6</b>	<b>3%</b>
Taxation charge and others	(0.2)	(0.1)	(46)%	(0.2)	(16)%
<b>Net profit</b>	<b>2.5</b>	<b>1.6</b>	<b>61%</b>	<b>2.5</b>	<b>2%</b>
Cost: income ratio (%)	34.0%	32.0%	(2.0)%	35.3%	1.3%
Net interest margin (%)	2.65%	2.48%	0.17%	2.44%	0.21%
Balance Sheet (AED bn)	30-Sep-21	31-Dec-20	Inc / (Dec)	30-Jun-21	Inc / (Dec)
Total assets	699.1	698.1	0%	693.8	1%
Loans	438.3	443.5	(1)%	438.2	0%
Deposits	466.5	464.2	0%	457.9	2%
CET-1 (%)	16.1%	15.0%	1.1%	15.6%	0.5%
LCR (%)	157.2%	165.0%	(7.8)%	158.8%	(1.6)%
NPL ratio (%)	6.2%	6.2%	0%	6.3%	(0.1)%

### Key Highlights

- Net profit up 61% y-o-y with significantly lower impairments and up 2% q-o-q on higher income
- Total income up 7% q-o-q and 2% y-o-y on improved NIMs
  - Record CASA balances lower cost of funding
  - Improved loan mix with record demand for retail financing
  - Improved NIMs from DenizBank
- Expenses well controlled with cost to income ratio within guidance
  - Higher staff costs due to incentives related to strong retail growth
- Cost of risk of 91 bps with provisions substantially down 49% y-o-y
- Retail loan growth continued in Q3 2021
- Group maintains strong Capital and Liquidity

# Net interest income

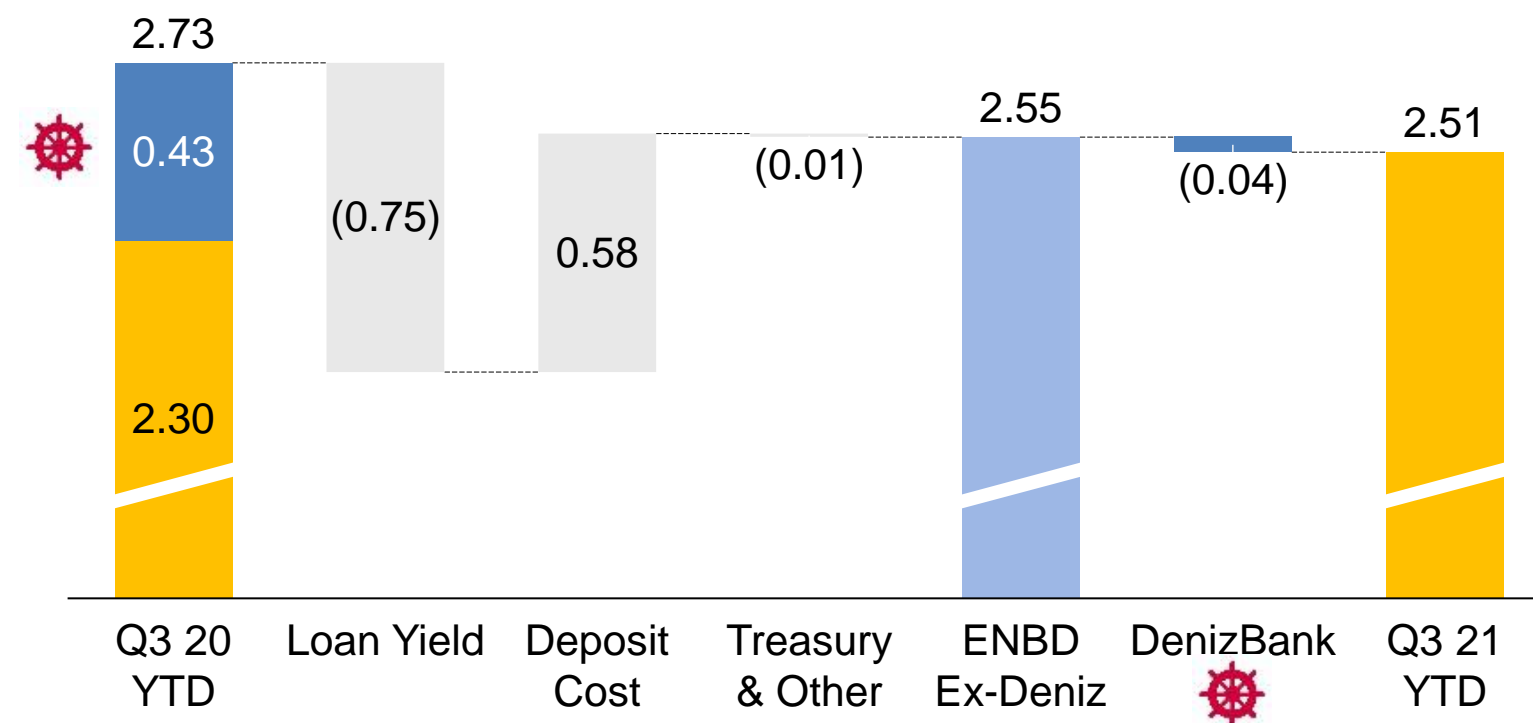
Net Interest Margin (%)



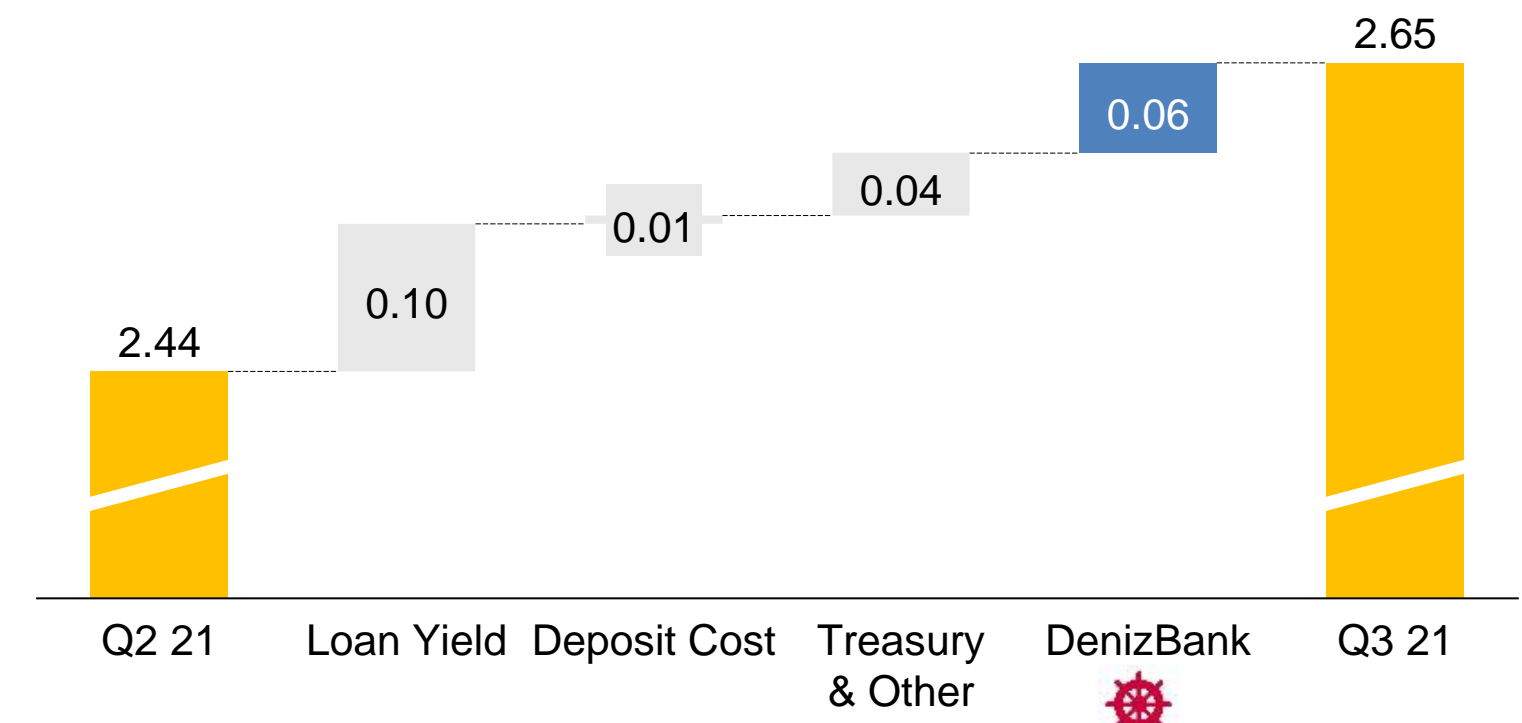
## Key Highlights

- Q3-21 NIM substantially improved
  - Loan yields up on improved loan mix
  - Lower funding cost on CASA growth and efficient deployment of liquidity
  - Higher DenizBank NIMs on lower funding costs
- YTD NIM down 22 bps y-o-y due to interest rate cuts in 2020
  - Improved funding cost offset by reduced loan yields
- NIM guidance revised up to 2.45-2.55%
  - Higher DenizBank NIMs on lower funding costs

NIM Drivers Q3-21 YTD vs Q3-20 YTD (%)

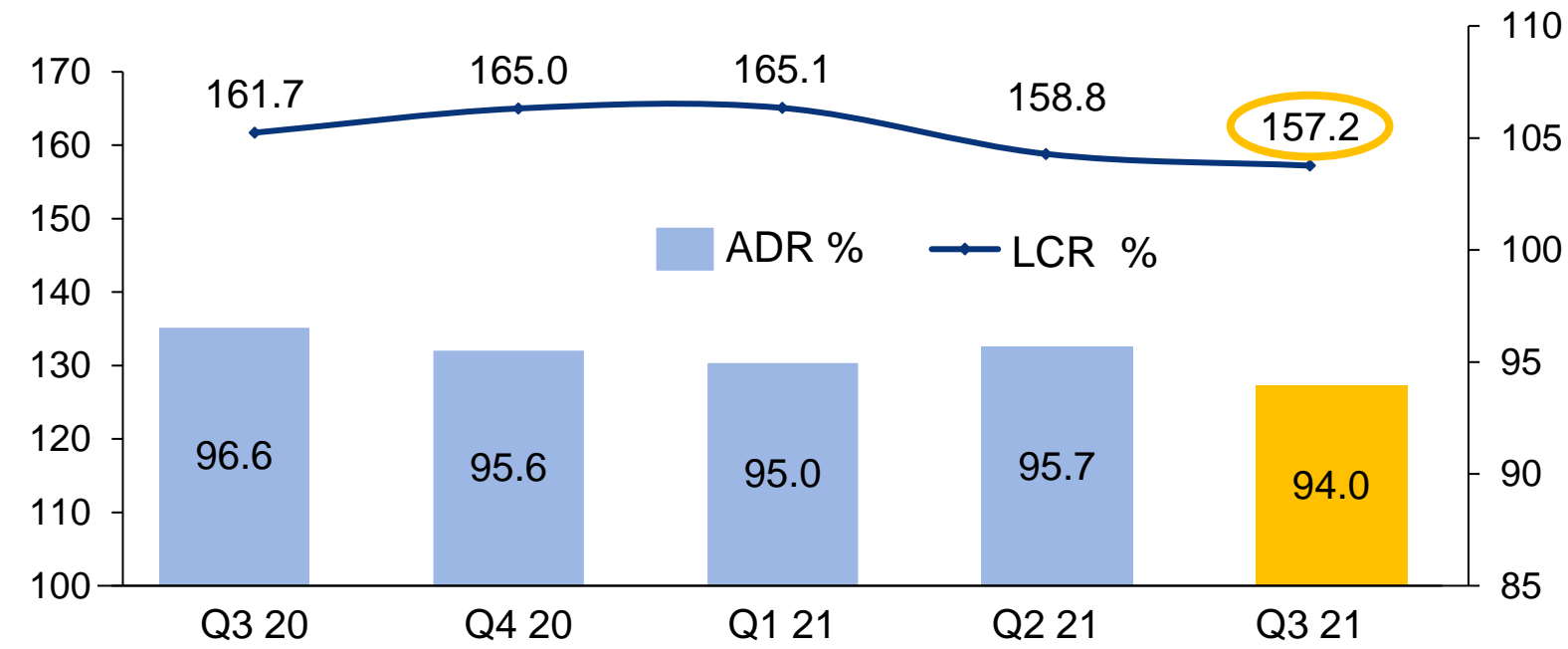


NIM Drivers Q3-21 vs Q2-21 (%)



# Funding and liquidity

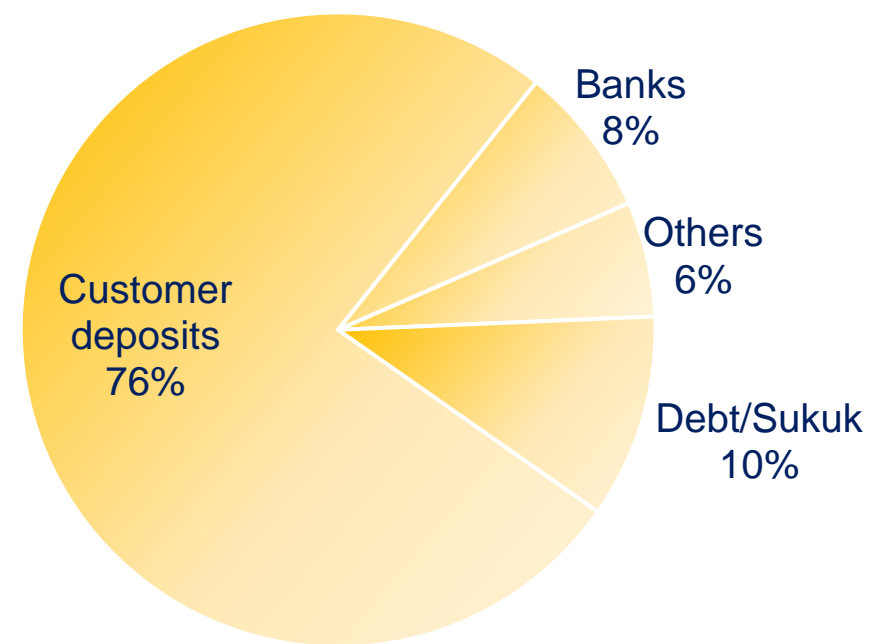
Advances to Deposit and Liquidity Coverage Ratio (%)



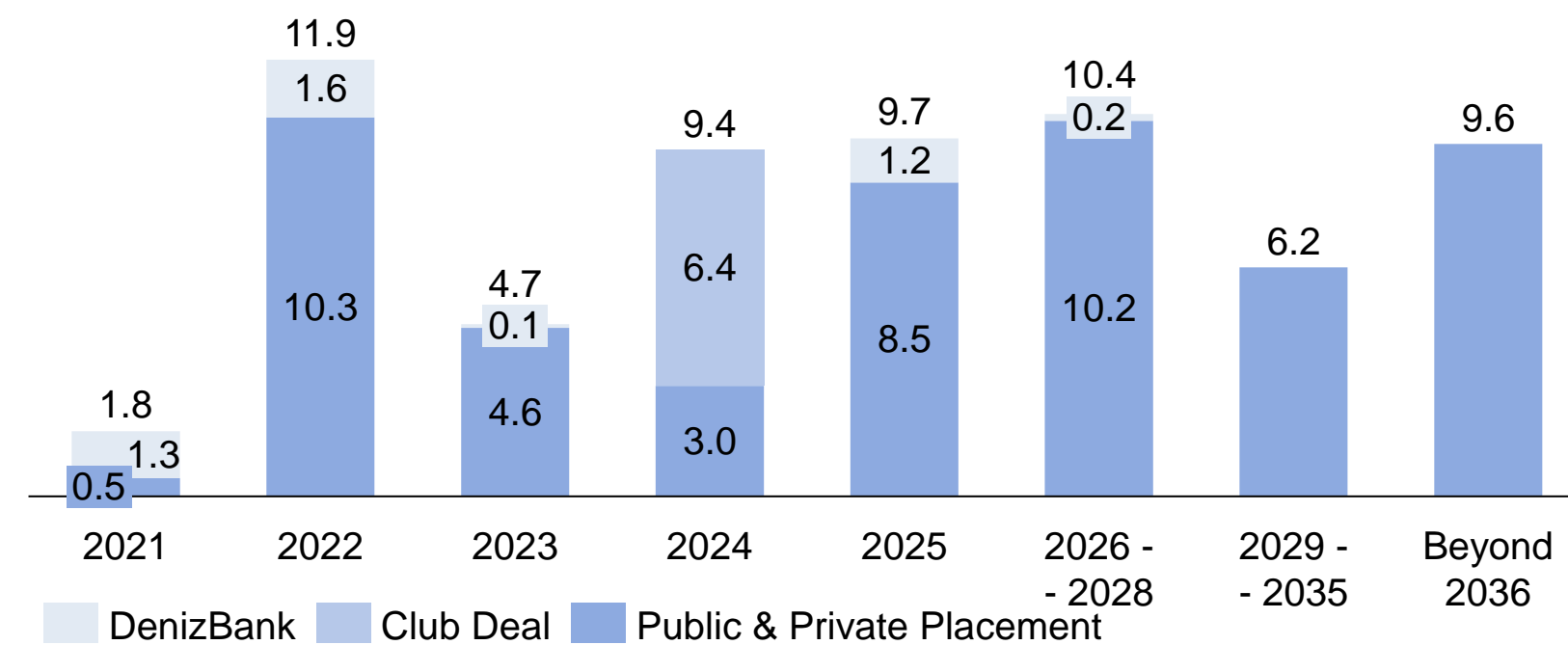
Key Highlights

- LCR of 157.2% and ADR of 94.0% demonstrate healthy liquidity
- Liquid assets\* of AED 71.8 billion cover 12% of total liabilities; 15% of deposits
- AED 21.9bn issuance during the year, taking advantage of historically low cost of term funding
- Debt maturity profile comfortably within Group's capabilities

Composition of Liabilities and Debt Issued (%)



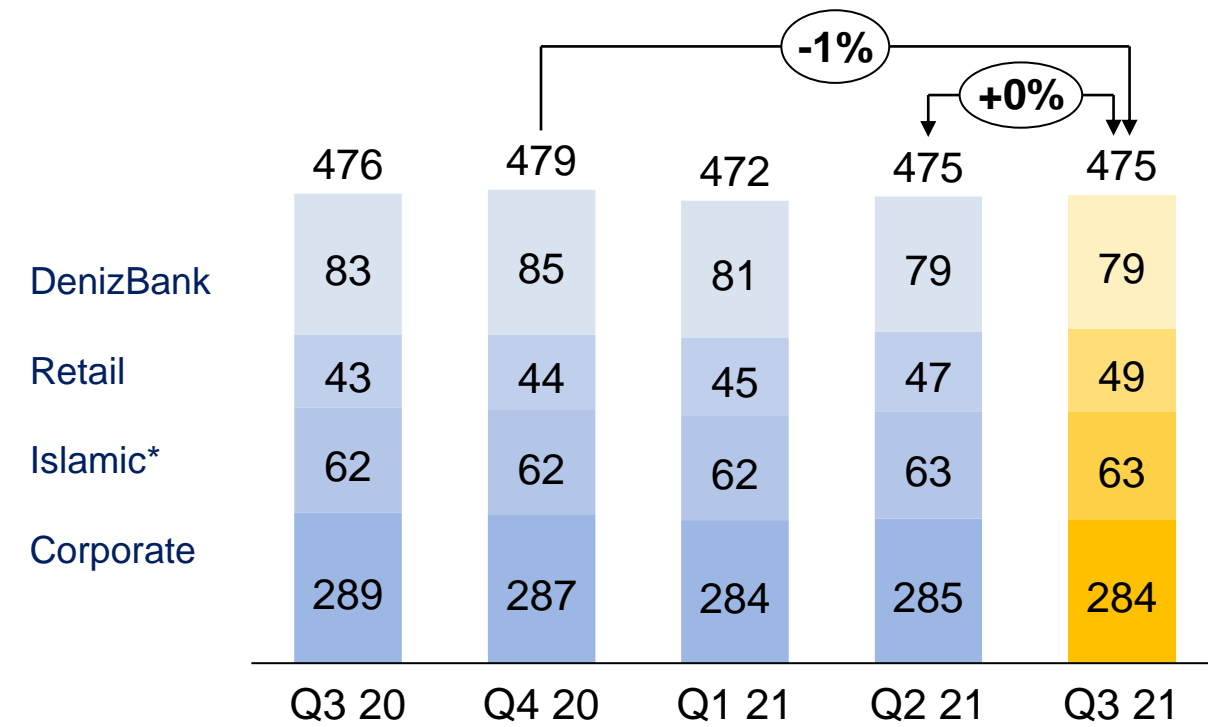
Maturity Profile of Debt/ Sukuk Issued AED 63.8bn



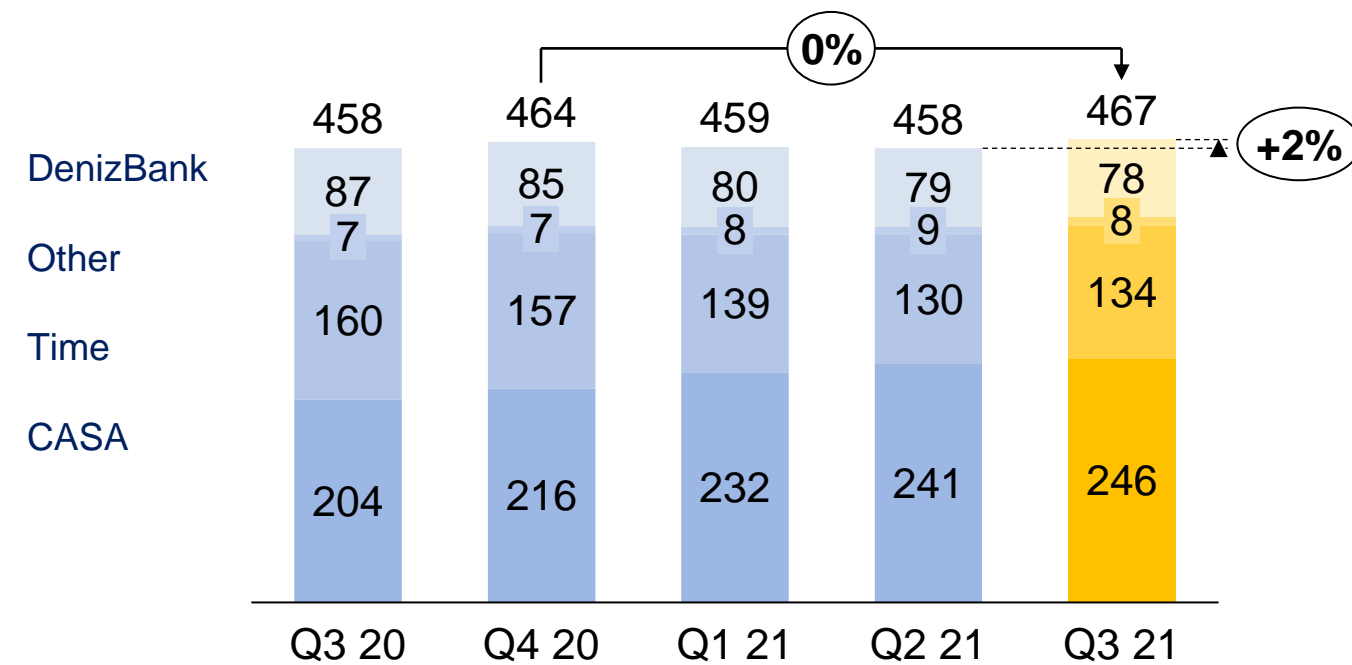
\*Includes cash and deposits with Central Banks, excludes interbank balances and liquid investment securities

# Loans and deposits trends

Gross Loans by Type (AED Bn)



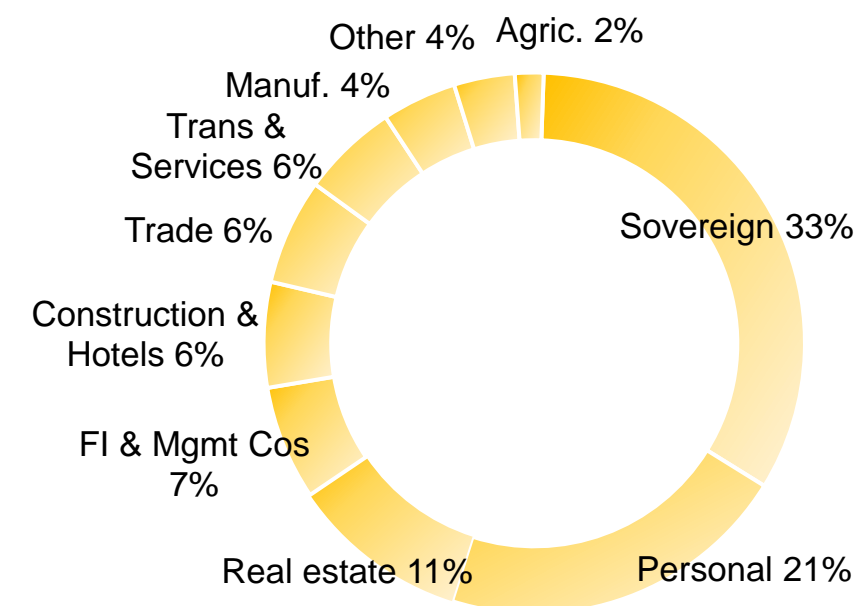
Deposits by Type (AED Bn)



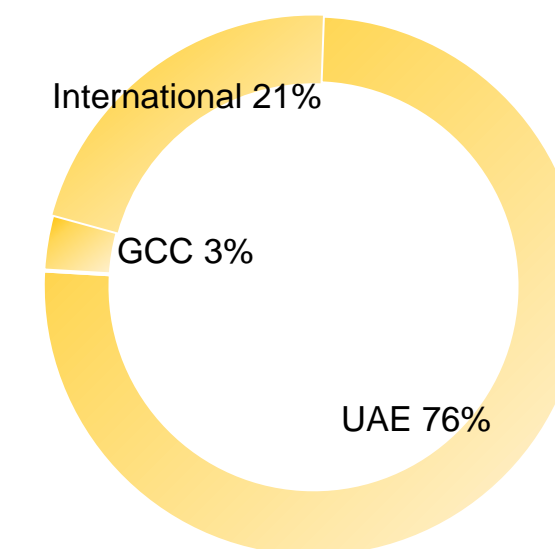
## Key Highlights

- Gross loans flat in Q3 on significant demand for retail financing
  - Another record quarter for personal loans and credit cards
  - Corporate loans down after AED 4bn of deferral support repayments in 2021
  - DenizBank's gross loans up 10% during the year in TRY
- Deposit mix improved in 2021 with AED 30bn increase in CASA
  - CASA represents 58% of total Group deposits
  - DenizBank deposits up 10% in TRY
  - Fixed deposits up AED 4bn in Q3-21 as Group maintains access to all sources
- Continued diversification of loan profile at a sector and geographic level

Gross Loans by Sector (%)



Gross Loans by Geography (%)

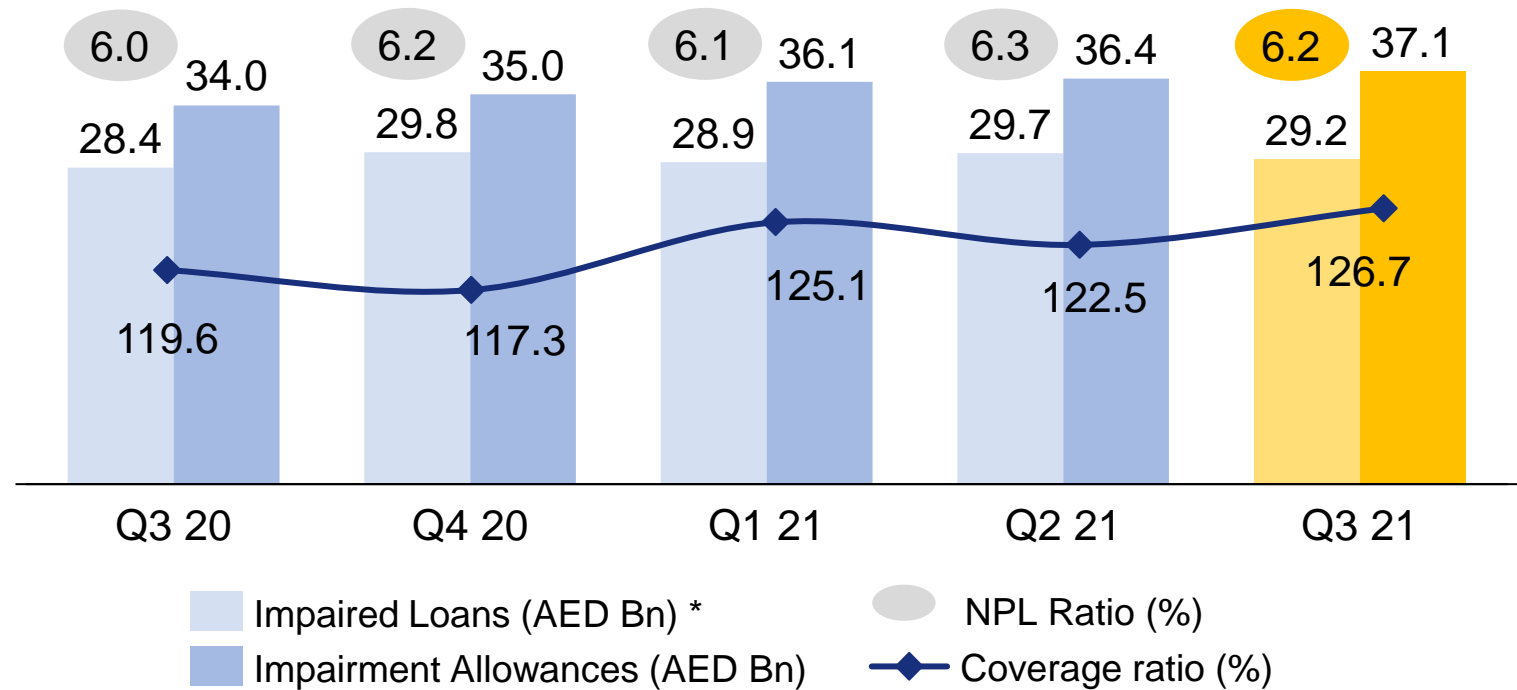


\* Gross Islamic Financing Net of Deferred Income



# Credit quality

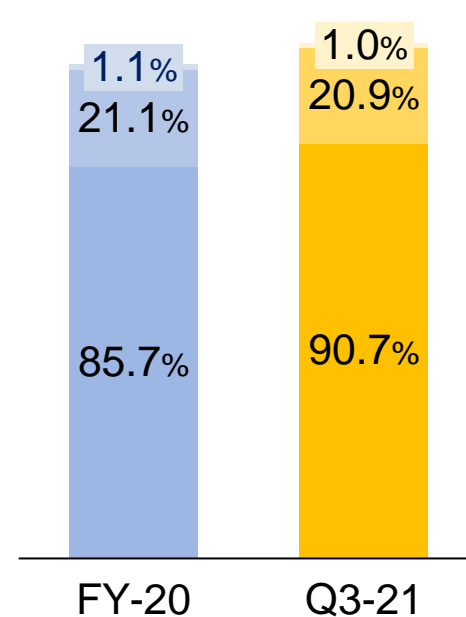
### Impaired loans and allowances



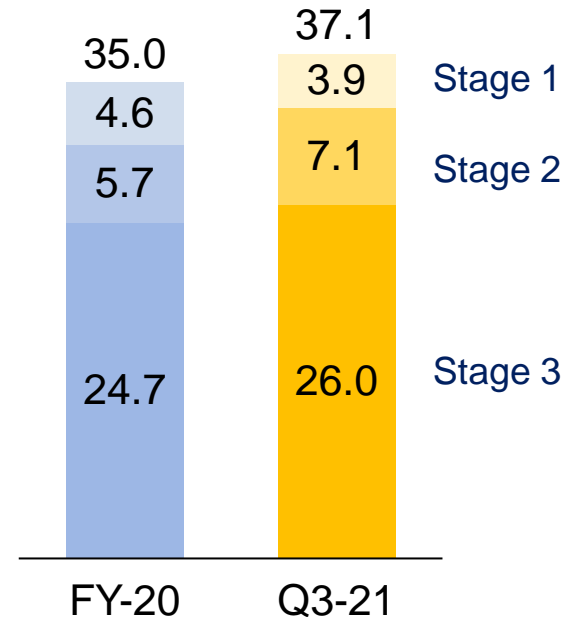
### Key Highlights

- NPL ratio improved by 0.1% to 6.2% in Q3-21 due to recoveries and write-offs
- Coverage ratio strengthened 9.4% to 126.7% during 2021
  - S1 and S2 coverage broadly stable despite stage migrations in 2021
  - S3 coverage up at 90.7% on improvement in NPLs
- 106 bps cost of risk at low end of pre-pandemic range from 176 bps in 2020
- The Bank has supported 127,813 customers with AED 10.7 billion of deferrals
  - AED 8.0 bn has been repaid, resulting in net support of AED 2.6 bn as at Q3-21
  - Repayments demonstrate improving business sentiment

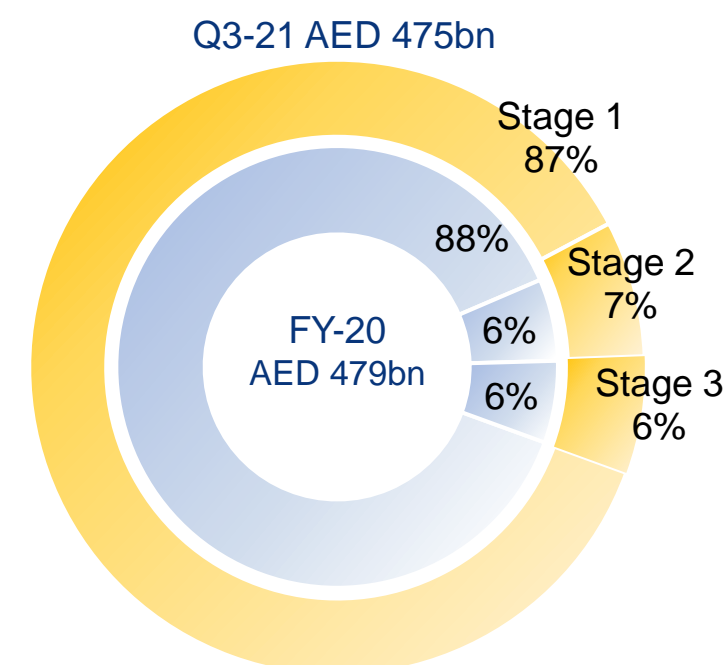
### ECL to Loan Coverage\*\*



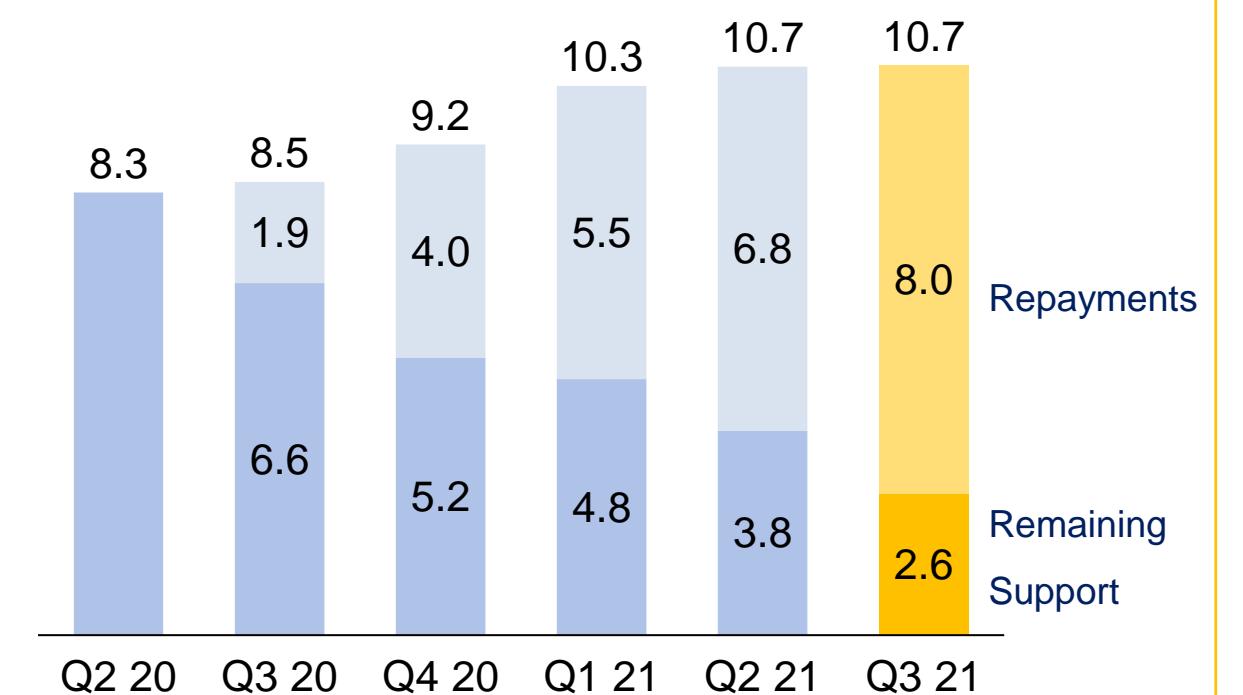
### Stagewise ECL (AED bn)



### Total Gross Loans



### Deferral Support and Repayments (AED bn)



\*Includes purchase originated credit impaired loans of AED 1.8bn (Dec-20: AED 2.1bn) acquired at fair value / \*\*Stage 3 coverage adjusted for POCL acquired at FV

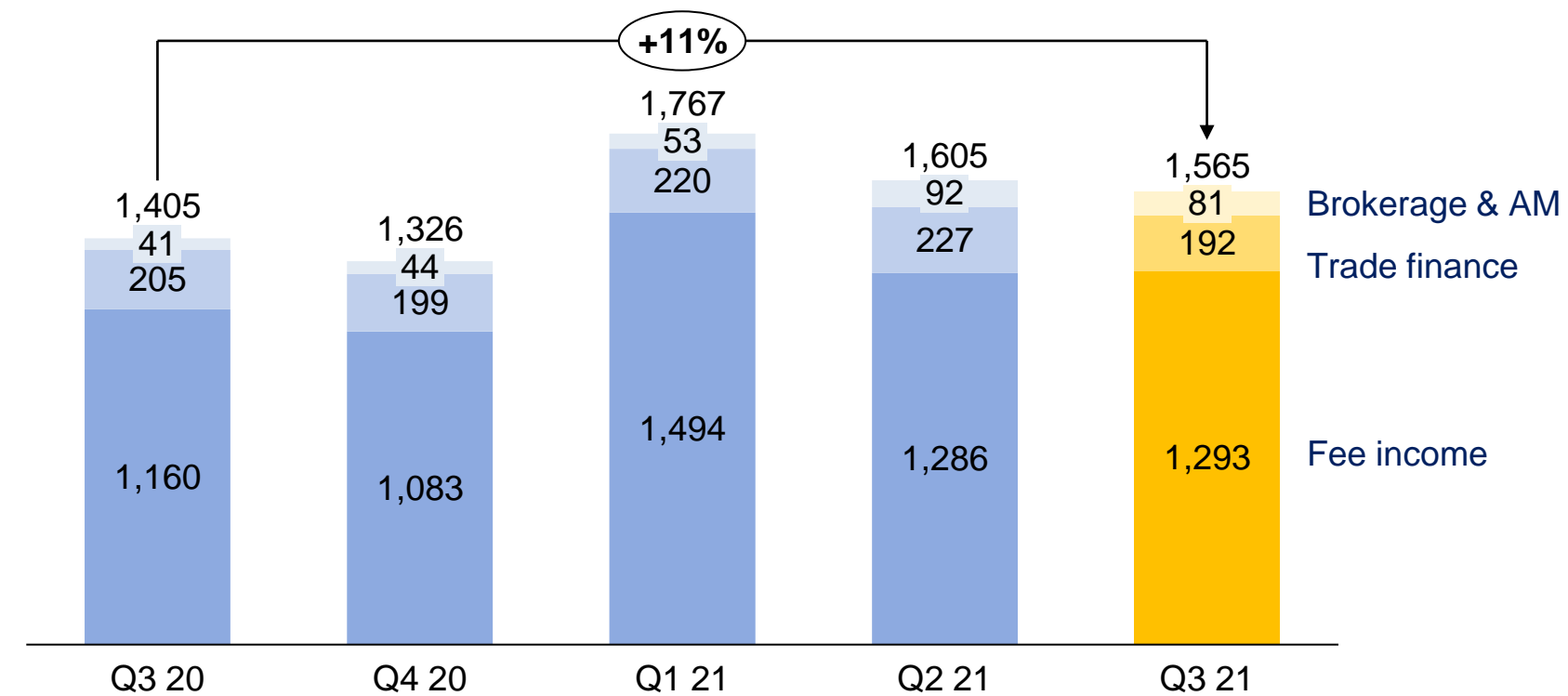
# Non-funded income

Non-funded income (AED mn)	Q3-21	Q3-20	Better / (Worse)	Q2-21	Better / (Worse)
<b>Fee and Commission income</b>	1,565	1,405	11%	1,605	(2)%
Fee and Commission expense	(654)	(450)	(45)%	(583)	(12)%
<b>Net Fee and Commission Income</b>	<b>911</b>	<b>955</b>	<b>(5)%</b>	<b>1,022</b>	<b>(11)%</b>
<b>Other operating income</b>	379	530	(28)%	239	59%
Gain / loss on trading securities	23	25	(9)%	55	(58)%
<b>Total Non-funded income</b>	<b>1,313</b>	<b>1,511</b>	<b>(13)%</b>	<b>1,316</b>	<b>0%</b>

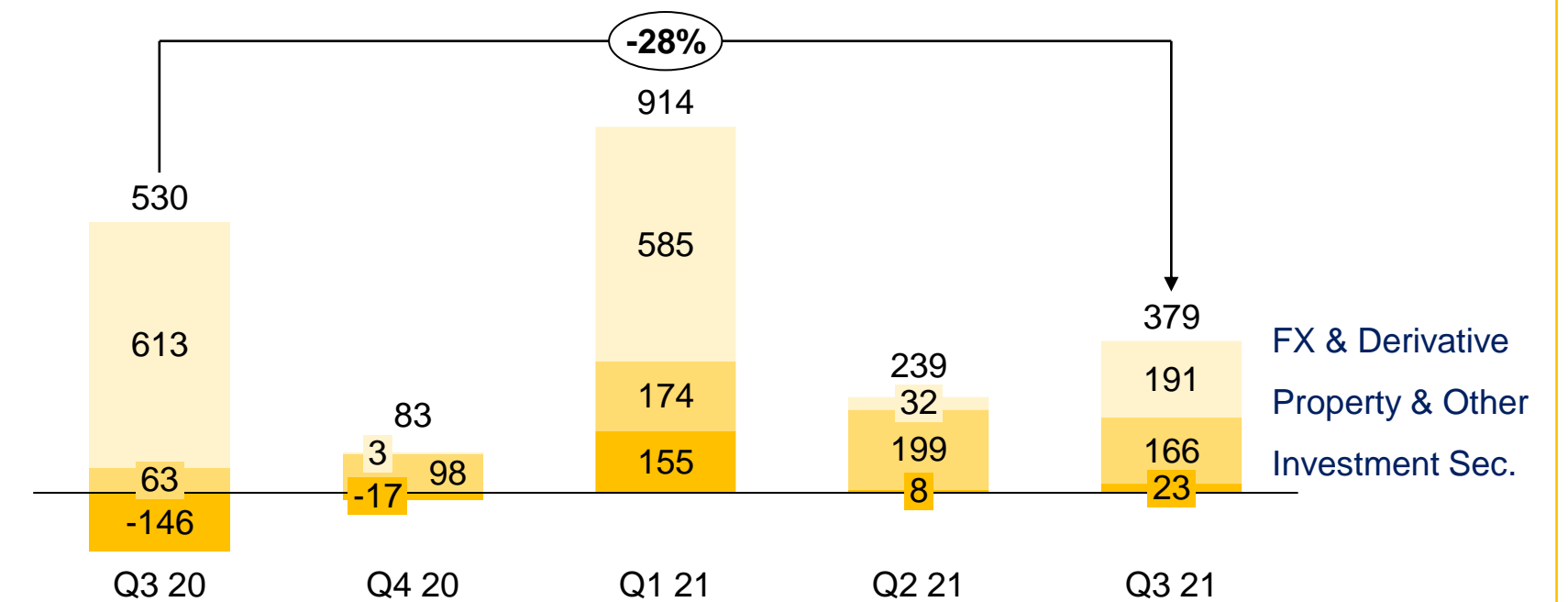
## Key Highlights

- Q3-21 fee and commission income up 11% y-o-y
  - Higher transaction volumes due to increased activity
  - Improved brokerage and asset management fee
- FX and derivative income up q-o-q, declined y-o-y
  - Hedging and swaps fluctuation relating to DenizBank
- Investment securities income up due to gain on sale of securities

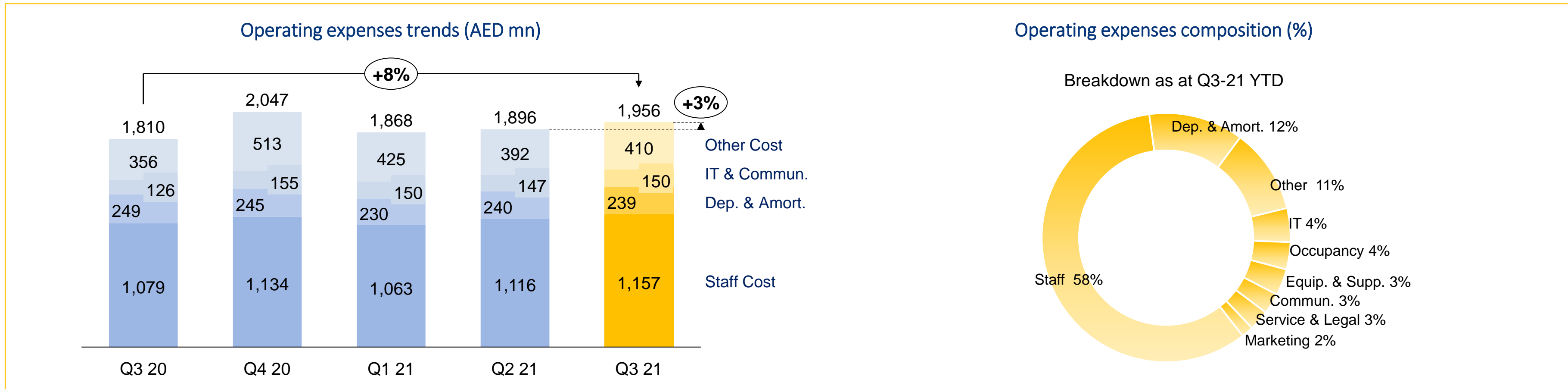
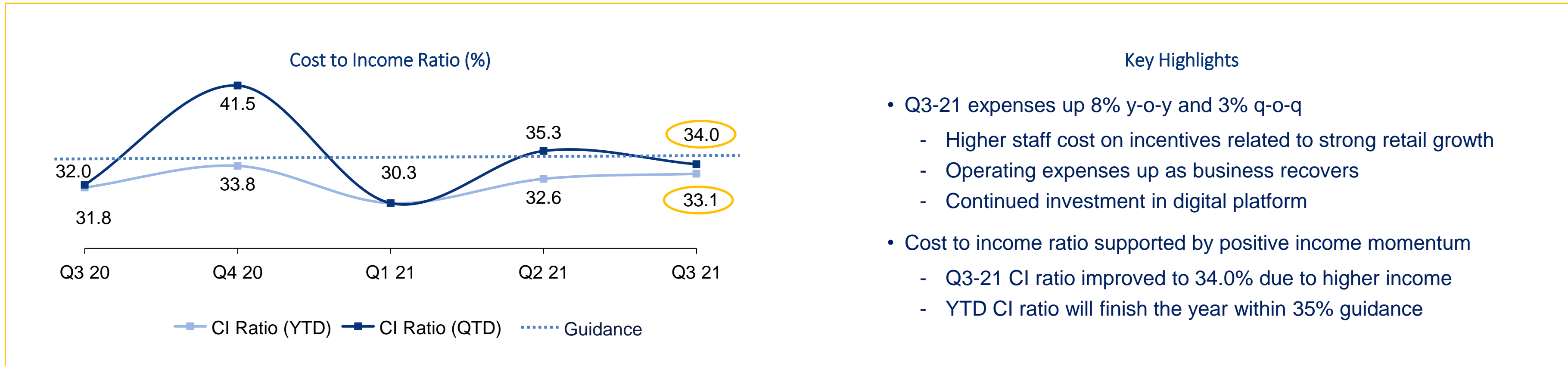
Fee and Commission Income (AED mn)



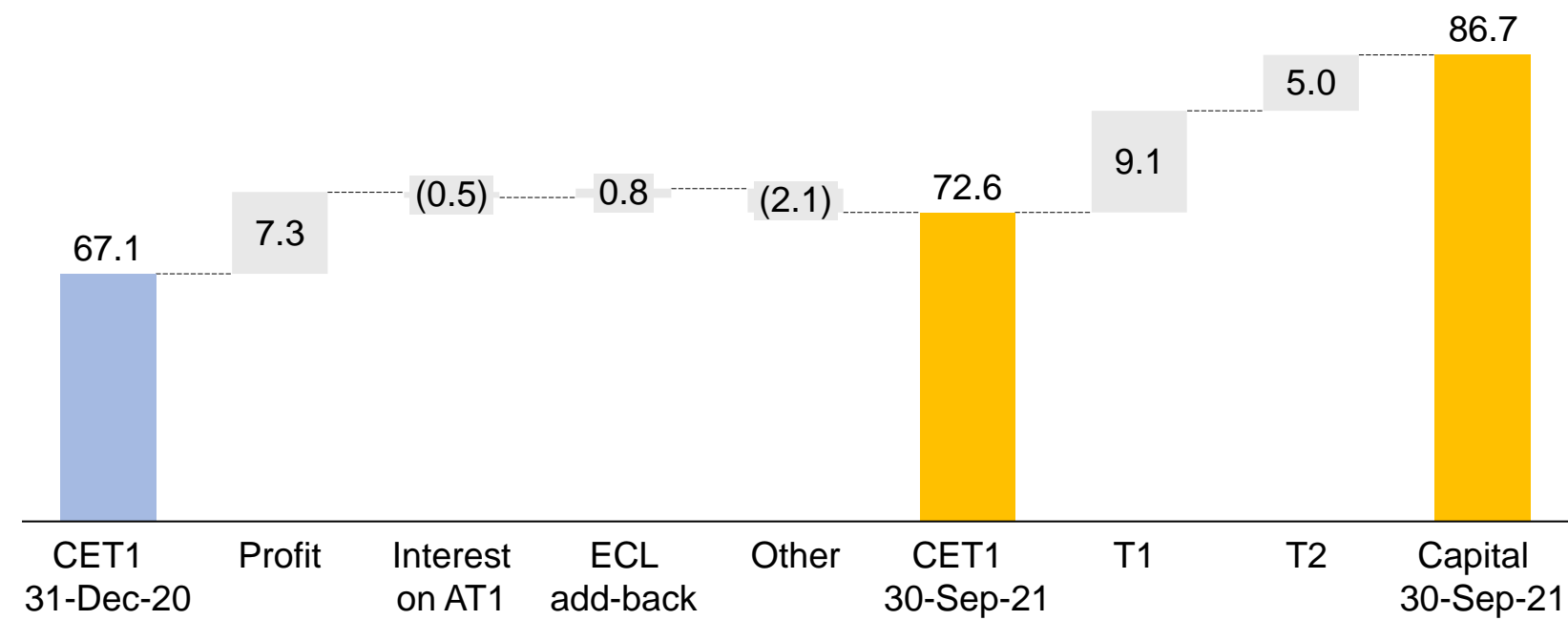
Other Operating Income (AED mn)



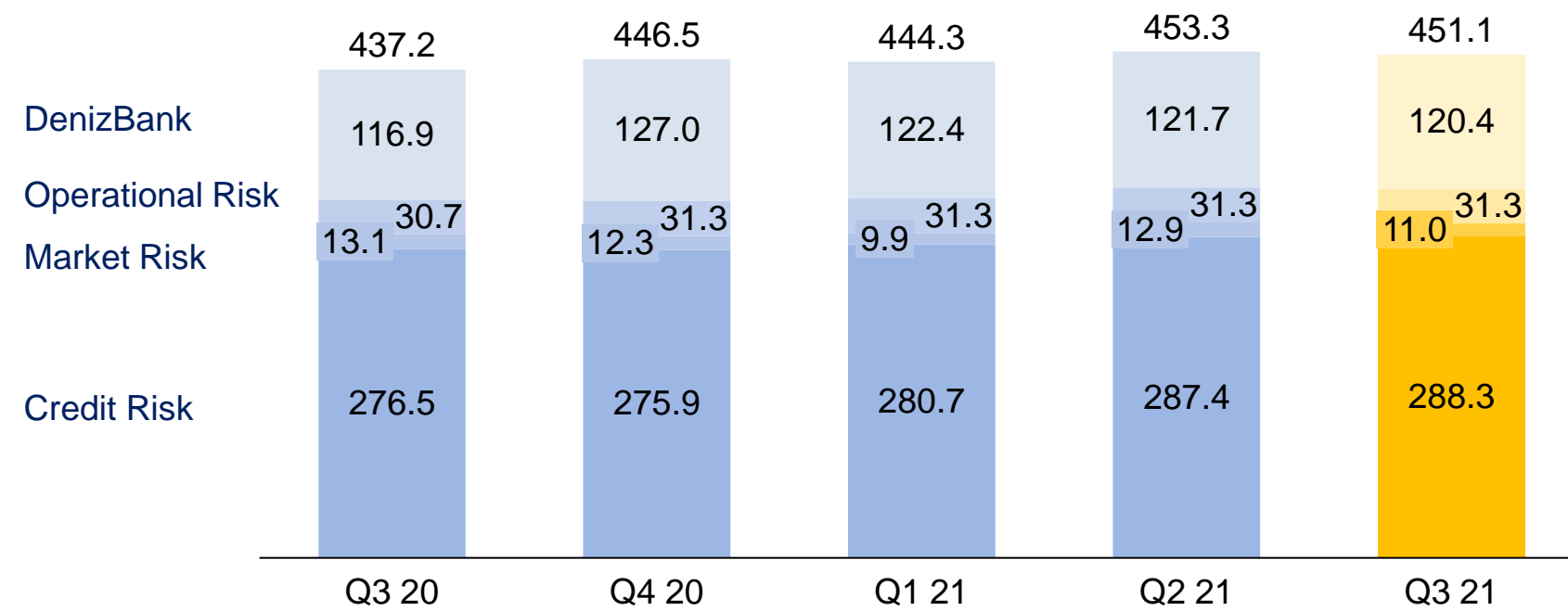
# Operating expenses



### Capital (AED billion)



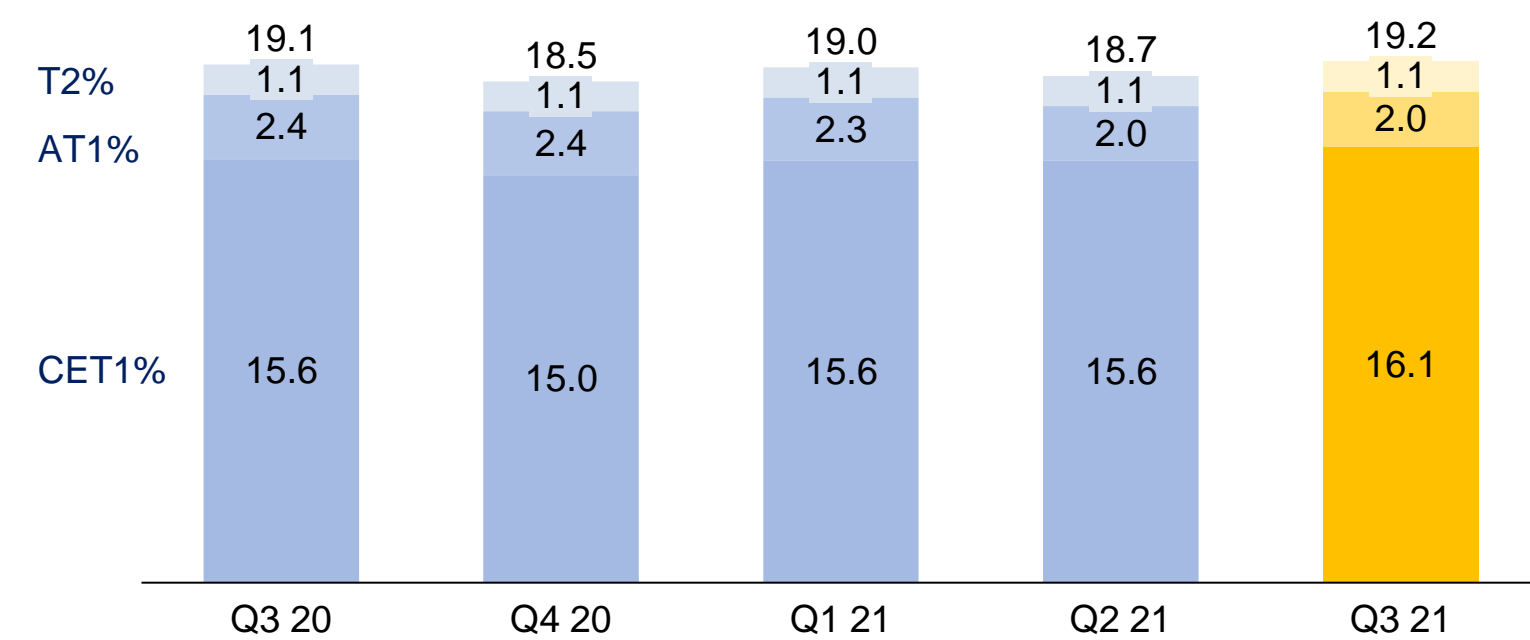
### Risk Weighted Assets (AED billion)



### Key Highlights

- CET-1 ratio improved 1.1% during 2021
  - AED 7.3bn of retained earnings
  - 1% increase in RWAs
- Tier 1 ratio and CAR also strengthened considerably in 2021
- Capital ratios well above 11% / 12.5% / 14.5% CBUAE min. requirement
  - TESS providing further 3% temporary relief until end-2021
- CET-1 lower by 0.6% at 15.5% excluding ECL add-back

### Capital Ratios %





# Divisional performance

Operating Segment	Metrics	Q3-21 YTD	Increase / (Decrease)*
Retail Banking and Wealth Management	Income (mn)	5,989	2%
	Expenses (mn)	1,614	8%
	Loans (bn)	51.8	12%
	Deposits (bn)	176.4	7%
Corporate and Institutional Banking	Income (mn)	4,329	-5%
	Expenses (mn)	413	-7%
	Loans (bn)	270.5	-2%
	Deposits (bn)	161.3	-3%
Emirates Islamic	Income (mn)	1,798	14%
	Expenses (mn)	808	1%
	Loans (bn)	42.4	4%
	Deposits (bn)	48.9	4%
Global Markets and Treasury	Income (mn)	(58)	61%
	Expenses (mn)	117	-9%
	Assets (bn)	128.7	4%
	Liabilities (bn)	23.5	-25%
DenizBank	Income (mn)	4,900	-17%
	Expenses (mn)	1,678	-2%
	Loans (bn)	73.9	-9%
	Deposits (bn)	78.2	-8%

## Key Highlights

### Retail Banking and Wealth Management

- Record acquisition leading to significant growth in retail financing
- Strong business momentum as low-cost CASA and fee income continue to grow
- Balance sheet growth providing resilience against low int. rate impact on segment
- 98% of transactions through the leading digital platform
- Expo 2020 branch opened showcasing a 'Future Banking Space'

### Corporate and Institutional Banking

- Falling interest rate impact partly off-set by growth in non-funded income
- Good credit quality loan origination substantially covered contractual repayments
- Significant CASA growth helped efficiently manage liquidity cost
- EmCap successfully continues to lead ESG transactions in the region

### Emirates Islamic

- Profit grew on higher non-funded income and lower impairment allowances
- ADR healthy at 87%; CASA represent 76% of total deposits
- Launch of Mastercard World Credit Card and Branch at Expo 2020 Dubai

### Global Markets and Treasury

- Issued \$2.2bn of PPs with maturities up to 20 years and a \$750m 5-yr public issue
- Issued \$750m of AT1 notes and helped the Group issue a \$1.75bn 3-year ESG-linked syndicated loan
- Successfully issued Group's first Alternative Reference Rate Note, demonstrating readiness for global transition to new indices

### DenizBank

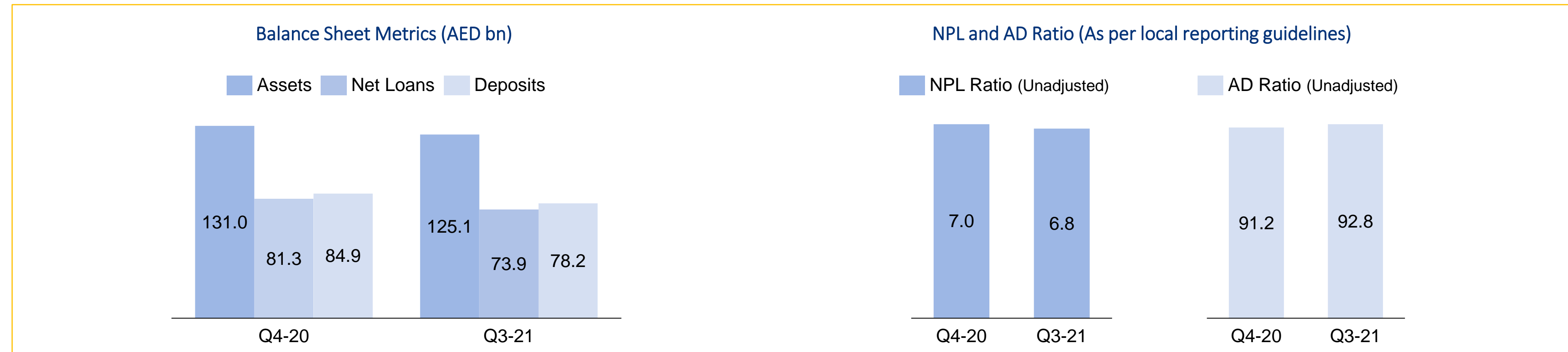
- Net profit up 23% on higher NIMs contribution and lower impairments in 2021
- Cost of risk for Q3-21 YTD improved to 203 bps comparable to 408 bps in 2020
- Income down on lower non-funded income and FX translation
- Loan and deposits up 10% in local currency terms during the year

\*Income statement comparison vs Q3-20 YTD; Balance Sheet comparison vs Q4-20

# DenizBank business overview

Income Statement (AED Mn)	Q3-21	Q3-20	Better / (Worse)	Q2-21	Better / (Worse)	Key Highlights
Net interest income	1,418	1,386	2%	1,250	13%	
Non-funded income	169	530	(68)%	25	588%	
<b>Total income</b>	<b>1,587</b>	<b>1,916</b>	<b>(17)%</b>	<b>1,275</b>	<b>24%</b>	
Operating expenses	(543)	(523)	(4)%	(577)	6%	
<b>Pre-impairment operating profit</b>	<b>1,044</b>	<b>1,393</b>	<b>(25)%</b>	<b>698</b>	<b>50%</b>	
Impairment allowances	(403)	(991)	59%	(225)	(79)%	
<b>Operating profit</b>	<b>641</b>	<b>402</b>	<b>59%</b>	<b>473</b>	<b>35%</b>	
Taxation charge	(159)	(92)	(73)%	(78)	(103)%	
<b>Net profit</b>	<b>482</b>	<b>310</b>	<b>55%</b>	<b>394</b>	<b>22%</b>	
Cost: income ratio	34.2%	27.3%	(6.9)%	45.2%	11.0%	
Net interest margin	4.58%	4.28%	0.30%	4.12%	0.46%	

- DenizBank contributed total income of AED 4,900m and net profit of AED 1,518m to the Group for the year
- DenizBank contributed total income of AED 1,587m and net profit of AED 482m to the Group for Q3-21
- Net interest income up q-o-q on lower funding costs. Non-funded income declined y-o-y due to lower MTM gains
- Q3-21 net cost of risk of 194 bps compared to 456 bps in Q3-20
- Total assets of AED 125bn, AED 74bn net loans and AED 78bn deposits at end Q3-21
- DenizBank is the fifth largest private bank in Turkey with wide presence through a network of 718 branches servicing around 15m customers through 14,000+ employees



All financial numbers post acquisition (1-Aug-19) include the fair value adjustments, unless otherwise stated.



Thank you

Investor Relations

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