

**Emirates NBD**  
Q3 2020 Results Presentation



# Important Information

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# Emirates NBD maintains good profitability and a strong balance sheet despite challenging conditions

## Key Metrics

		Q3 2020 YTD	2020 Guidance
<b>Profit</b>	Operating Profit	AED 6.1bn -24% y-o-y	
	Net Profit	AED 5.6bn -55% y-o-y	
	NIM	2.73%	2.55-2.65%
	Cost to income	31.8%	33 %
<b>Credit Quality</b>	NPL Ratio	6.0%	Increasing
	Coverage Ratio	119.6%	Strong
<b>Capital</b>	CET 1	15.6%	
	Tier 1	18.0%	
	CAR	19.1%	
<b>Liquidity</b>	LCR	161.7%	
	ADR	96.6%	Increasing
<b>Assets</b>	Loan Growth	1%	Low single digit

## 2020 Macro themes

	Regional	Global
<b>+</b>	<ul style="list-style-type: none"> <li>Strong Government and Regulatory support helping to mitigate effects of Covid-19</li> <li>Economies have started to re-open following Q2 shutdown</li> </ul>	<ul style="list-style-type: none"> <li>Strong central bank and government efforts to cushion Covid-19 effects through monetary and fiscal stimulus</li> </ul>
<b>-</b>	<ul style="list-style-type: none"> <li>Uncertain timing of non-oil sector recovery</li> <li>GCC oil sector likely to contract as OPEC+ production cuts extended</li> </ul>	<ul style="list-style-type: none"> <li>Sharp global GDP contraction 2020</li> <li>Certain sectors including Travel and Tourism facing acute challenges</li> </ul>

# Q3-20 YTD Financial results highlights

Highlights	Key performance indicators			
<ul style="list-style-type: none"> <li>Total income improved 18% y-o-y on higher net interest income and non-funded income from the full year inclusion of DenizBank</li> <li>Net interest income improved 21% y-o-y due to loan growth, or declined 11% y-o-y excluding DenizBank on lower NIMs due to lower interest rates</li> <li>NIMs of 2.73% declined 9 bps y-o-y as lower interest rates fed through to the loan book</li> <li>Non-funded income improved 9% y-o-y, or declined 19% excluding DenizBank on lower fee income due to the impact of Covid-19</li> <li>Costs increased 23% y-o-y due to the inclusion of DenizBank and improved 5% y-o-y excluding DenizBank due to lower staff and operating expenses</li> <li>Impairment allowance of AED 6,361m increased 131% y-o-y driven primarily by the impact of Covid-19 and as DenizBank continues to boost coverage levels. Excluding DenizBank, impairment allowances increased 74% y-o-y</li> <li>Operating profit of AED 6,106m was down 24% y-o-y, or 42% excluding DenizBank, mainly due to lower margins and higher provisions</li> <li>Results include DenizBank income of AED 5,911m and net profit of AED 1,239m (Q3-19 includes income of AED 1,256m and net profit of AED 198m for the two months since acquisition)</li> <li>Net profit of AED 5,647m was down 55% y-o-y, or 64% excluding DenizBank, mainly due to no repeat of the gain on disposal of Network International shares in 2019</li> <li>NPL ratio increased to 6.0% in Q3-20</li> <li>LCR of 161.7% and ADR of 96.6% demonstrate Group's healthy liquidity</li> <li>Net cost of risk is 176 bps reflecting higher expected credit loss impact from Covid-19</li> </ul>	<b>AED million</b>	<b>Q3-20 YTD</b>	<b>Q3-19 YTD</b>	<b>Better / (Worse)</b>
	Net interest income	13,443	11,122	21%
	Non-funded income	4,834	4,419	9%
	<b>Total income</b>	<b>18,277</b>	<b>15,541</b>	<b>18%</b>
	Operating expenses	(5,809)	(4,706)	(23)%
	<b>Pre-impairment operating profit</b>	<b>12,467</b>	<b>10,835</b>	<b>15%</b>
	Impairment allowances	(6,361)	(2,755)	(131)%
	<b>Operating profit</b>	<b>6,106</b>	<b>8,080</b>	<b>(24)%</b>
	Gain on disposal of stake in NI and FV gain on retained interest	-	4,389	n/a
	Share of profits from associates	9	18	(50)%
	Gain on bargain purchase	-	142	n/a
	Taxation charge	(468)	(145)	(222)%
	<b>Net profit</b>	<b>5,647</b>	<b>12,483</b>	<b>(55)%</b>
	Cost: income ratio	31.8%	30.3%	(1.5)%
	Net interest margin	2.73%	2.82%	(0.09)%
	<b>AED billion</b>	<b>30-Sep-20</b>	<b>31-Dec-19</b>	<b>%</b>
	Total assets	692.1	683.3	1%
Loans	442.3	437.4	1%	
Deposits	458.0	472.2	(3)%	
ADR (%)	96.6%	92.6%	(4.0)%	
LCR (%)	161.7%	160.0%	1.7%	
NPL ratio (%)	6.0%	5.6%	(0.4)%	

# Q3-20 Financial results highlights

## Highlights

- Total income down 6% y-o-y due to lower net interest income and lower volumes as a result of Covid-19 and declined 2% q-o-q as improved activity in Q3 partially offset the impact of lower interest rates
- Net interest income down 3% y-o-y and 5% q-o-q as lower interest rates fed through to the loan book. Excluding DenizBank, net interest income declined 19% y-o-y
- NIMs of 2.48% declined 35 bps y-o-y as lower interest rates fed through to loan book. NIMs declined 20 bps q-o-q
- Non-funded income declined 13% y-o-y due to the impact of Covid-19 and improved 10% q-o-q due to the gradual increase in volumes during Q3. Excluding DenizBank, non-funded income declined 28% y-o-y
- Costs improved 4% y-o-y and 7% q-o-q on lower staff and operating expenses, and lower costs from DenizBank. Excluding DenizBank, costs improved 12% y-o-y
- Impairment allowance of AED 2,150m increased 41% y-o-y reflecting higher ECL post Covid-19. Provisions were 30% higher q-o-q mainly due to a restructuring recovery in Q2-20. Excluding DenizBank, impairment allowances increased 26% y-o-y
- Operating profit of AED 1,688m was down 35% y-o-y, or 46% excluding DenizBank, due to lower margins and higher provisions. Operating profit down 21% q-o-q on higher impairment due to Q2 restructuring recovery
- Results include DenizBank income of AED 1,916m and net profit of AED 310m (Q3-19 includes income of AED 1,256m and net profit of AED 198m for the two months since acquisition)
- Net profit of AED 1,556m was down 69% y-o-y due to no repeat of the gain on disposal of Network International shares in Q3-19 and declined 23% q-o-q on higher provisions
- NPL ratio increased to 6.0% in Q3-20
- LCR of 161.7% and ADR of 96.6% demonstrate Group's healthy liquidity
- Q3-20 net cost of risk is 183 bps driven by the impact of Covid-19

## Key performance indicators

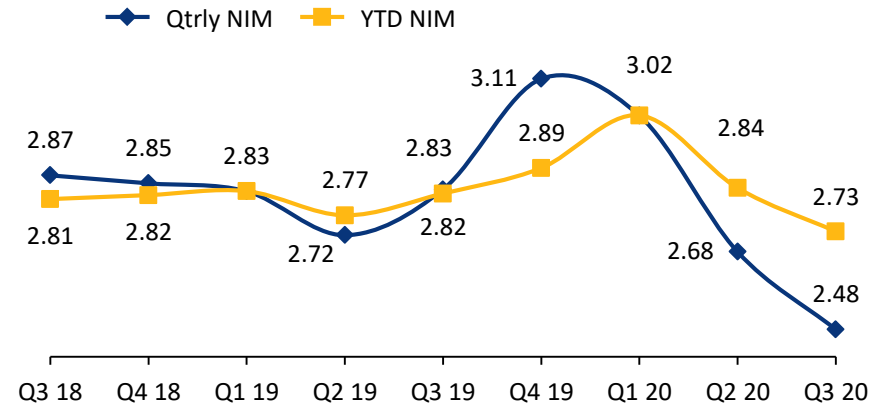
AED million	Q3-20	Q3-19	Better / (Worse)	Q2-20	Better / (Worse)
Net interest income	4,138	4,271	(3)%	4,369	(5)%
Non-funded income	1,511	1,743	(13)%	1,375	10%
<b>Total income</b>	<b>5,648</b>	<b>6,014</b>	<b>(6)%</b>	<b>5,744</b>	<b>(2)%</b>
Operating expenses	(1,810)	(1,880)	4%	(1,951)	7%
<b>Pre-impairment operating profit</b>	<b>3,838</b>	<b>4,134</b>	<b>(7)%</b>	<b>3,793</b>	<b>1%</b>
Impairment allowances	(2,150)	(1,528)	(41)%	(1,653)	(30)%
<b>Operating profit</b>	<b>1,688</b>	<b>2,606</b>	<b>(35)%</b>	<b>2,140</b>	<b>(21)%</b>
Gain on disposal of stake in NI and FV gain on retained interest	-	2,323	n/a	-	n/a
Share of profits from associates	8	6	31%	1	600%
Gain on bargain purchase	-	142	n/a	-	n/a
Taxation charge	(140)	(75)	(86)%	(131)	(7)%
<b>Net profit</b>	<b>1,556</b>	<b>5,001</b>	<b>(69)%</b>	<b>2,011</b>	<b>(23)%</b>
Cost: income ratio	32.0%	31.3%	(0.7)%	34.0%	2.0%
Net interest margin	2.48%	2.83%	(0.35)%	2.68%	(0.20)%
AED billion	30-Sep-20	31-Dec-19	%	30-Jun-20	%
Total assets	692.1	683.3	1%	694.3	0%
Loans	442.3	437.4	1%	442.9	0%
Deposits	458.0	472.2	(3)%	460.9	(1)%
ADR (%)	96.6%	92.6%	(4.0)%	96.1%	(0.5)%
LCR (%)	161.7%	160.0%	1.7%	152.5%	9.2%
NPL ratio (%)	6.0%	5.6%	(0.4)%	5.8%	(0.2)%

# Net interest income

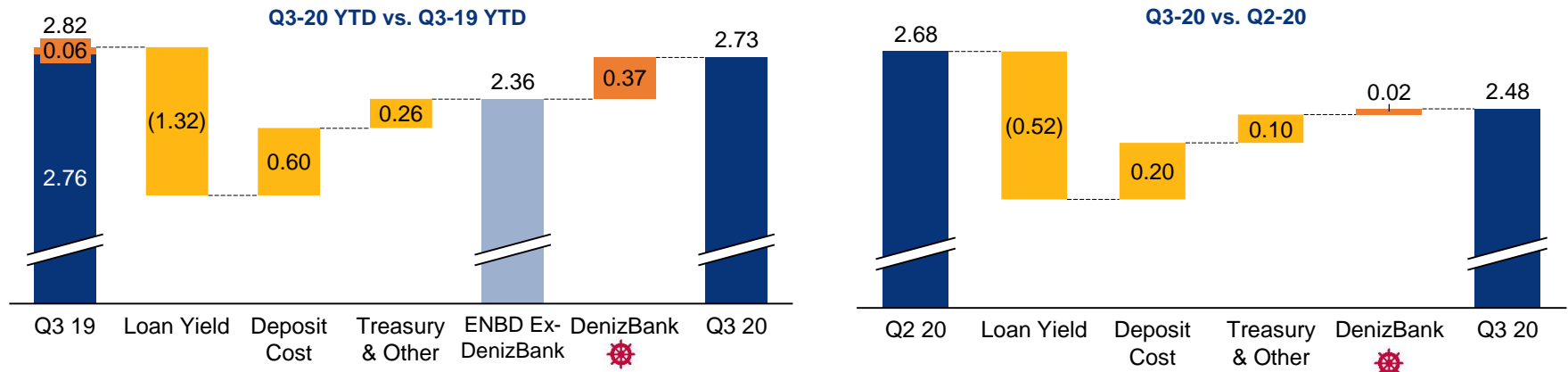
## Highlights

- YTD NIM of 2.73% declined 9 bps y-o-y as the reduction in loan yields more than offset the impact of lower funding costs and the positive impact from DenizBank
- Q3-20 NIM of 2.48% declined 20 bps q-o-q as lower interest rates fed through to the loan book
- Fall in loan yields reflects one and three month EIBORs falling 171 and 172 bps respectively during 2020, declining 17 and 23 bps respectively during Q3-20
- NIM guidance maintained at 2.55-2.65%

## Net Interest Margin (%)



## Net Interest Margin Drivers (%)

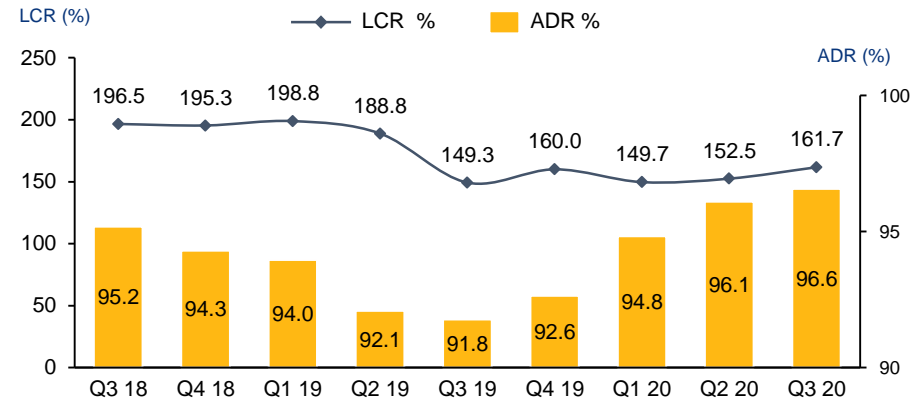


# Funding and liquidity

## Highlights

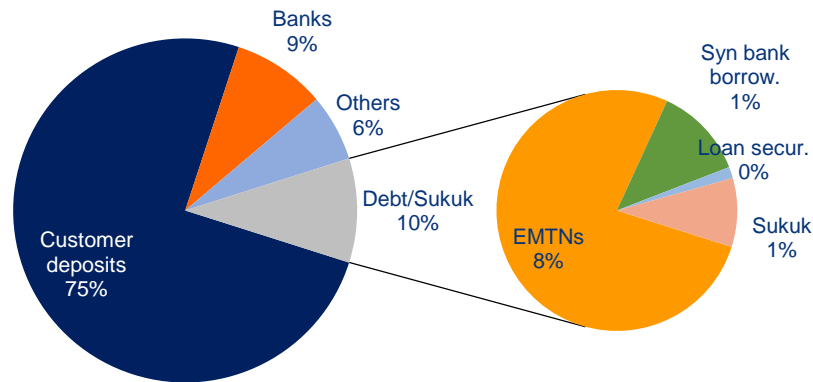
- Q3-20 LCR of 161.7% and AD ratio of 96.6% demonstrate the Group's continuing healthy liquidity
- Liquid assets\* of AED 95.8bn as at Q3-20 (16% of total liabilities and 21% of total deposits)
- YTD issuance of AED 17.1bn of term debt in seven currencies including three benchmark senior public bond, sukuk issues and private placements with maturities out to 30 years
- 100% of 2020 maturities and approximately 1/3<sup>rd</sup> of 2021 maturities refinanced so far in 2020
- DenizBank established an EMTN programme and successfully issued a number of private placements

## Advances to Deposit and Liquidity Coverage Ratio (%)



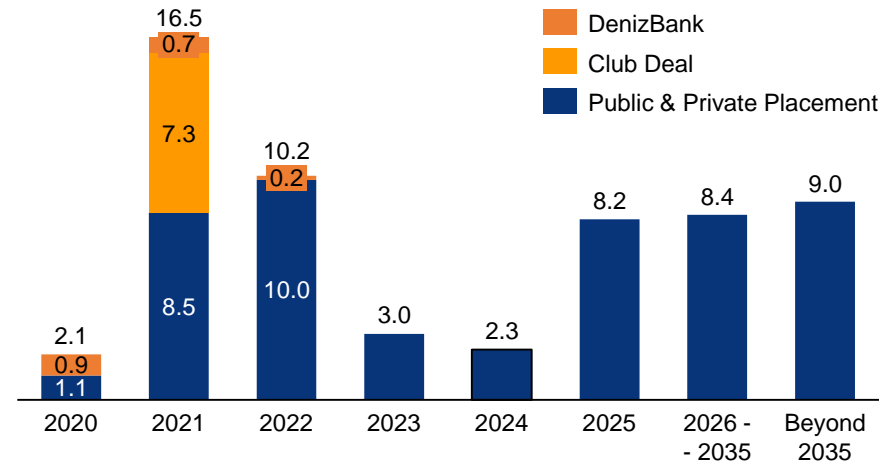
## Composition of Liabilities/Debt Issued (%)

### Liabilities (AED 609.4bn) Debt/Sukuk (AED 59.7bn)



## Maturity Profile of Debt Issued (AED billion)

### Maturity Profile of Debt/ Sukuk Issued AED 59.7bn



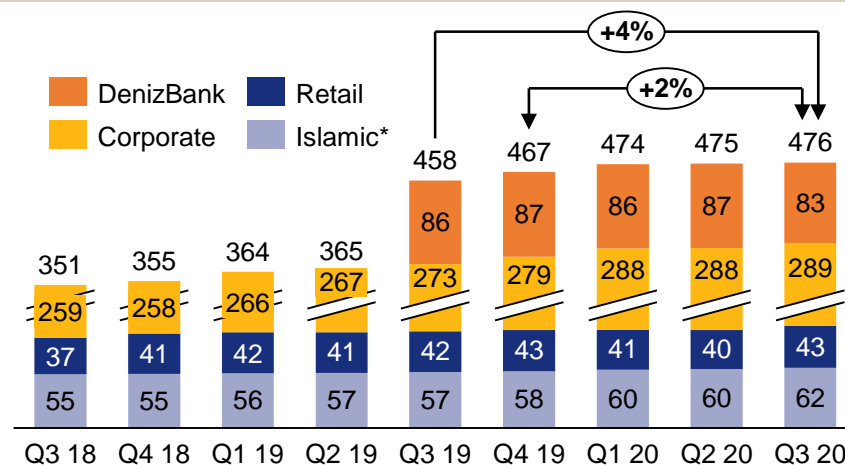
\*Including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

# Loan and deposit trends

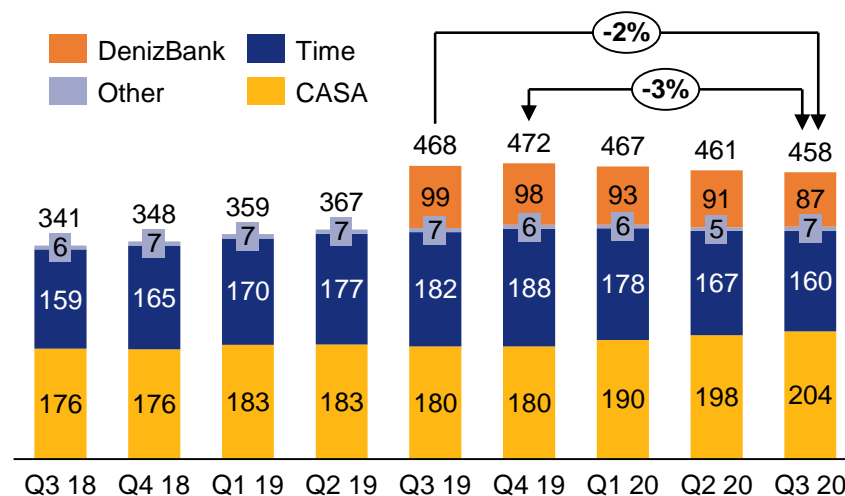
## Highlights

- Gross loans grew 2% since start of the year mainly from Corporate and Islamic financing
- Corporate lending grew 3% from end-2019 mainly in manufacturing, transport and communication, and financial institutions sectors
- Retail lending grew 1% from end-2019 mainly in personal loans and mortgages and grew 7% q-o-q mainly in personal loans, mortgages and credit cards due to improved volumes post Covid-19 impact
- Islamic financing grew 7% from end-2019 across a range of sectors
- DenizBank gross loans and deposits up 22% and 15% respectively in local currency terms and down 5% and 12% respectively in AED terms due to 30% decline in Turkish lira during 2020
- Deposit mix continues to improve with AED 24bn growth in CASA replacing AED 28bn of more expensive Fixed Deposits
- CASA deposits represent 50% of total Group level deposits
- Domestic CASA engine remains strong at 58%

## Trend in Gross Loans by Type (AED billion)



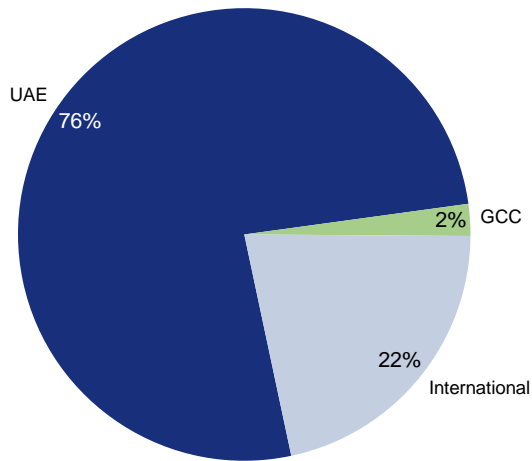
## Trend in Deposits by Type (AED billion)



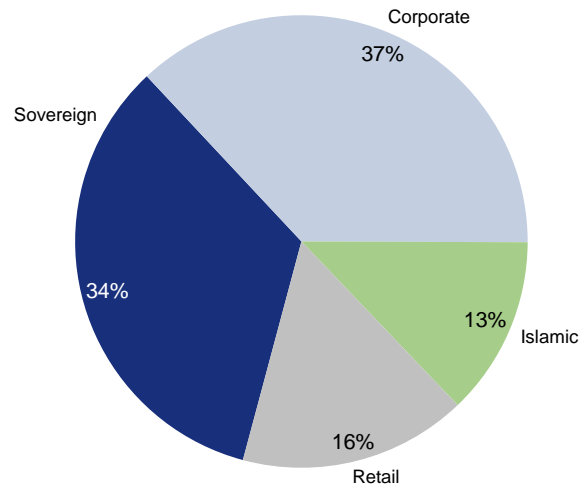


# Loan composition

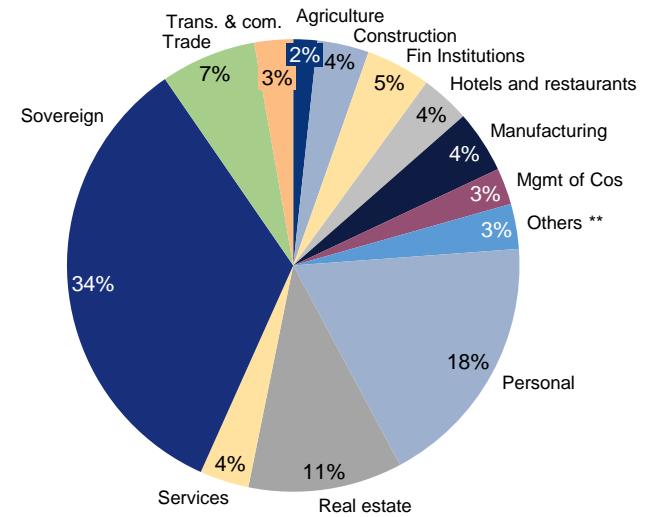
Net Loans by Geography Q3-20



Gross Loans by Segment Q3-20



Gross Loans by Sector Q3-20



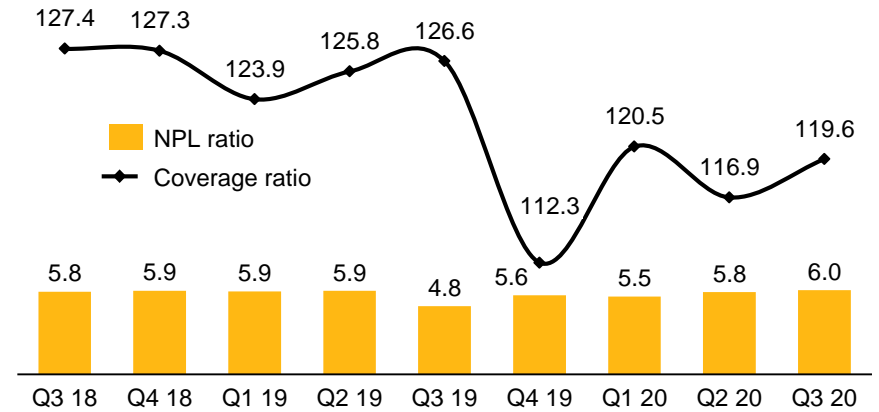
Note: Gross loans include Islamic financing gross of deferred income  
 \*\*Others include Mining & quarrying (and Agriculture for Islamic Loans)

# Credit quality

## Highlights

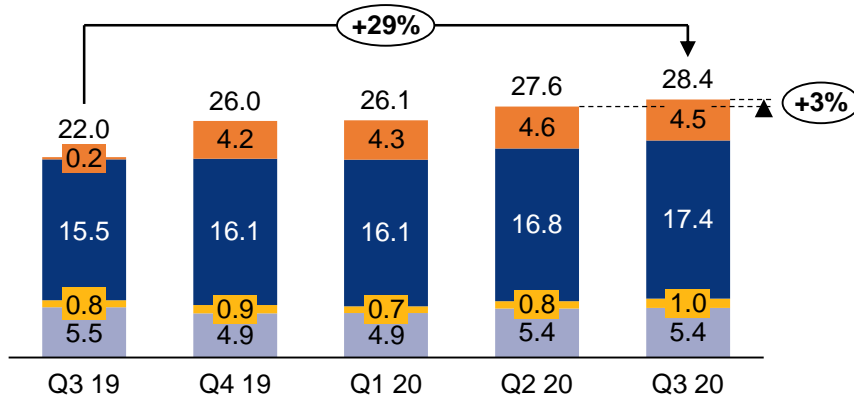
- NPL ratio increased marginally to 6.0% in Q3-20
- Coverage ratio at 119.6% remains strong
- YTD cost of risk for Q3-20 increased to 176 bps (408 bps for DenizBank and 125 bps Emirates NBD) on higher net impairment charge of AED 6,361m
- AED 653m of write backs and recoveries in the first nine months of 2020 compared to AED 796m during same period last year
- Stage 1 and 2 ECL allowances amount to AED 10.6bn or 2.7% of CRWA
- The Group continues to take strong level of provisions in anticipation of a potential deterioration in credit quality
- Full impact of Covid-19 impact on credit quality not expected to be fully evident until future periods

## Impaired Loan & Coverage Ratios (%)

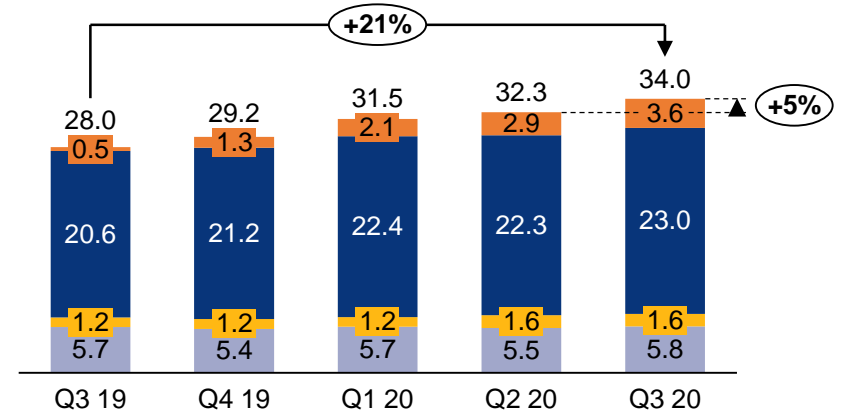


## Impaired Loans and Impairment Allowances (AED billion)

### Impaired Loans\*



### Impairment Allowances



DenizBank Core Corporate Retail Islamic

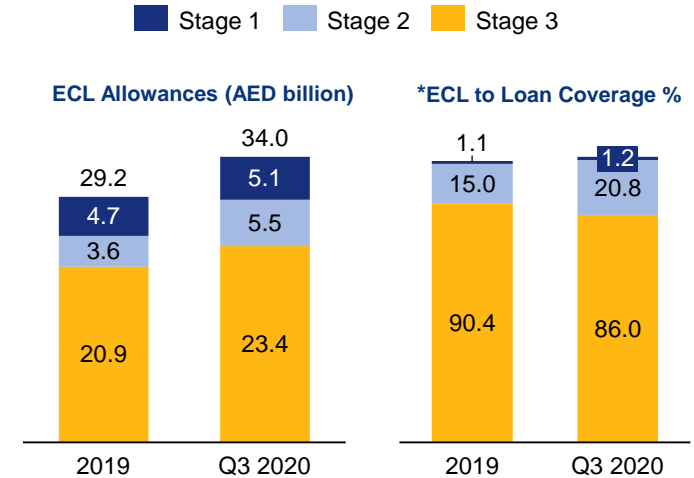
\*Includes purchase originated credit impaired loans of AED 2.6bn (Dec-19: AED 3bn) acquired at fair value

# Impairment allowances and Stage 1, 2 and 3 Coverage

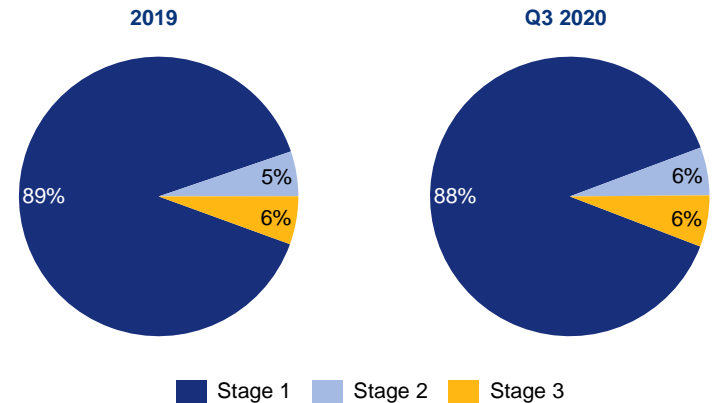
## Highlights

- Stage 1 coverage ratio improved to 1.2% at Q3-20 from 1.1% at end-2019 as Stage 1 impairment allowances increased to AED 5.1bn from AED 4.7bn
- Stage 2 coverage ratio improved to 20.8% at Q3-20 from 15% at end-2019 as Stage 2 impairment allowances increased to AED 5.5bn from AED 3.6bn
- Continued strong Stage 3 coverage ratio at 86% after increase in NPLs
- AED 907m of TESS zero cost funding repaid to the Central Bank of the UAE during Q3-20 after customer repayments
- Customers continue to be assessed closely for stage migration on a case by case basis under the Covid-19 situation
- The Group has updated MEV forecasts to reflect the impact of Covid-19, using baseline, upside and downside scenarios with 40%, 30% and 30% weightings respectively
- The Group has also applied portfolio-level ECL adjustments to corporate exposures based upon affected geographies and sectors, as well as to retail customers availing deferrals based upon employment status and level of salary inflows
- The Group continues to assess individually significant exposures for any adverse movements due to Covid-19

## Impairment allowances and Coverage %



## Total Gross Loans



\*Stage 3 coverage adjusted for purchase originated credit impaired loans acquired at fair value

# Non-funded income

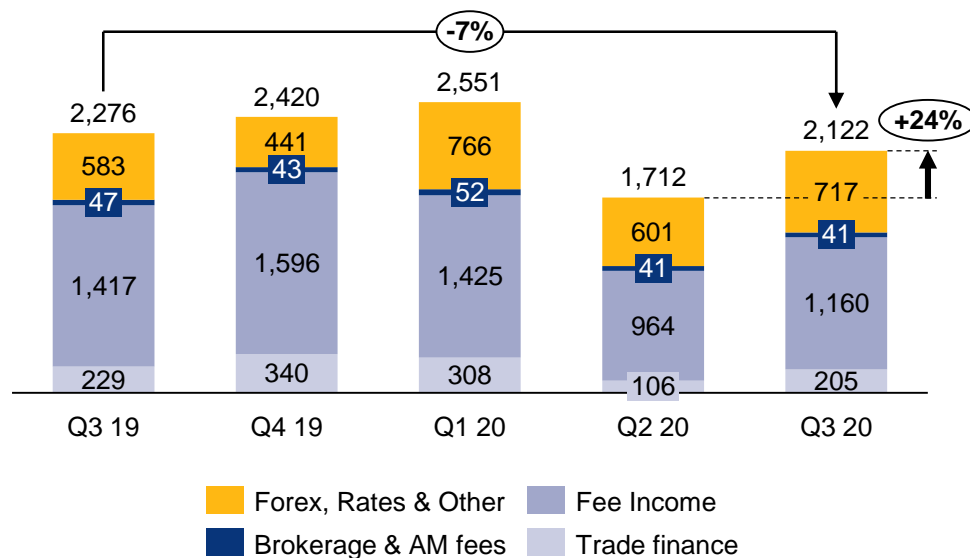
## Highlights

- YTD core gross fee income improved 15% y-o-y on higher foreign exchange and fee income with the full year inclusion of DenizBank results
- Investment securities income declined 141% y-o-y mainly due to mark to market valuation on the investment portfolio
- Core gross fee income improved 24% in Q3 compared to the second quarter on increased activity but remains 7% below level recorded a year ago
- Total non-interest income increased 9% y-o-y, or declined 19% excluding DenizBank due to the adverse impact of Covid-19

## Composition of Non-Funded Income (AED million)

AED million	Q3-20 YTD	Q3-19 YTD	Better / (Worse)
Core gross fee income	6,385	5,573	15%
Fees & commission expense	(1,423)	(1,215)	(17)%
<b>Core fee income</b>	<b>4,962</b>	<b>4,358</b>	<b>14%</b>
Property income / (loss)	(75)	(68)	(9)%
Investment securities & other income	(53)	129	(141)%
<b>Total Non-Funded Income</b>	<b>4,834</b>	<b>4,419</b>	<b>9%</b>

## Trend in Core Gross Fee Income (AED million)

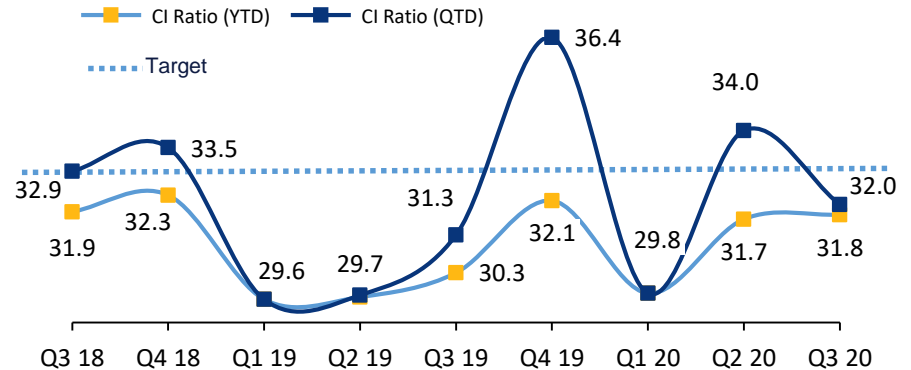


# Operating costs

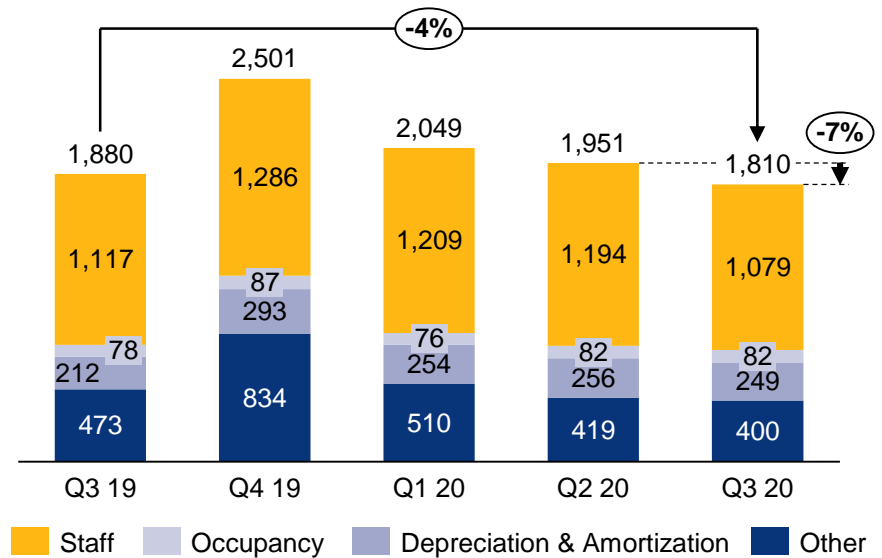
## Highlights

- Q3-20 costs improved 4% y-o-y on lower staff and operating expenses despite including an extra month of DenizBank costs (three months of DenizBank costs included in Q3-20 compared to two months in Q3-19). Excluding DenizBank, costs were 12% lower y-o-y
- Q3-20 costs improved 7% q-o-q due to lower staff and operating expenses, and lower costs from DenizBank
- The year-to-date cost to income ratio was 31.8% in Q3-20 and is expected to increase in Q4 towards the 33% management guidance on lower expected income partially offset as the recent cost management actions takes effect

## Cost to Income Ratio (%)



## Cost Composition (AED million)

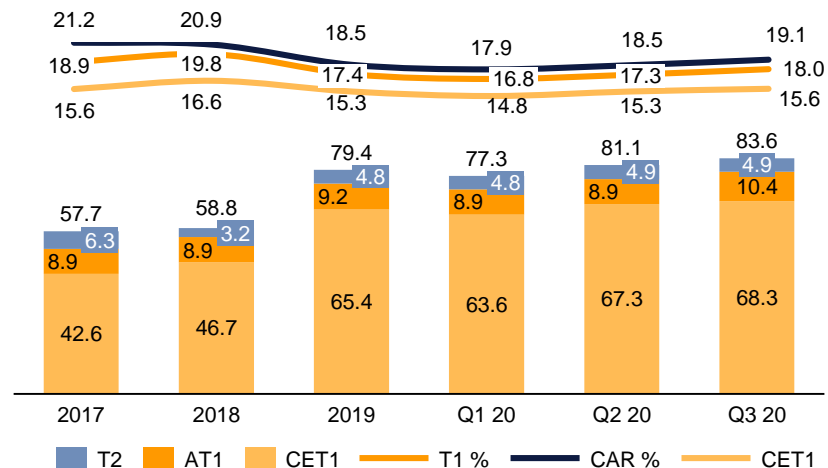


# Capital adequacy

## Highlights

- In Q3-20, CET-1 ratio improved by 0.3% due to retained earnings and 1% decline in RWAs
- In Q3-20 Tier 1 ratio improved by 0.7% and CAR improved by 0.6% due to the issue of \$750m Basel III compliant Additional Tier 1 notes more than offsetting the call of \$500m AT1.
- Capital ratios remain above original minimum regulatory requirements of 11% for CET-1 ratio, 12.5% for Tier 1 ratio and 14.5% for CAR
- Capital ratios not expected to weaken materially whilst TESS provides temporary relief of 3% from minima (1.5% CCB and 1.5% D-SIB)
- In Q3-20, excluding ECL add-back, CET-1 ratio improved 0.2% to 15.1%, and both the Tier 1 ratio and CAR improved 0.6% to 17.5% and 18.6% respectively

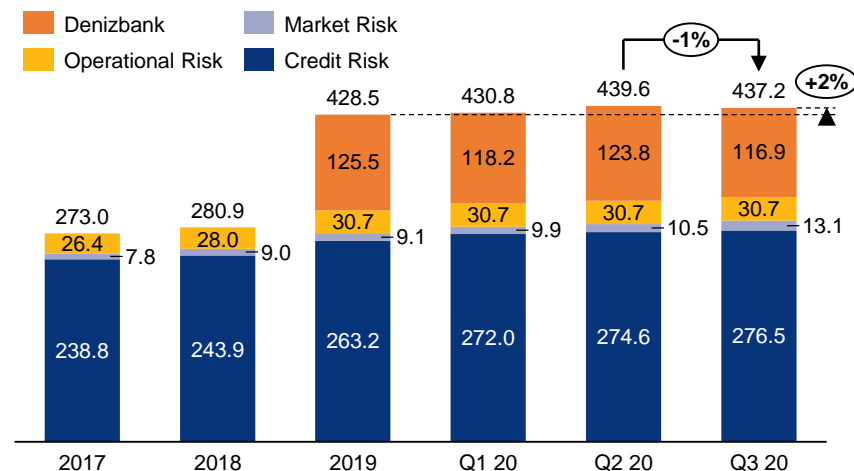
## Capitalisation



## Capital Movements

AED billion	CET1	Tier 1	Tier 2	Total
<b>Capital as at 31-Dec-2019</b>	<b>65.4</b>	<b>74.6</b>	<b>4.8</b>	<b>79.4</b>
Net profits generated	5.6	5.6	-	5.6
2019 Dividend	(2.5)	(2.5)	-	(2.5)
T1 Issuance	-	2.7	-	2.7
Repayment of T1 Instruments	-	(1.8)	-	(1.8)
Interest on T1 securities	(0.5)	(0.5)	-	(0.5)
ECL add-back	2.3	2.3	-	2.3
Other	(2.0)	(1.7)	0.1	(1.6)
<b>Capital as at 30-Sep-2020</b>	<b>68.3</b>	<b>78.7</b>	<b>4.9</b>	<b>83.6</b>

## Risk Weighted Assets (AED billion)

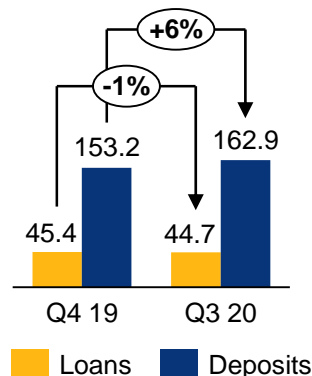


# Divisional performance (Excluding DenizBank)

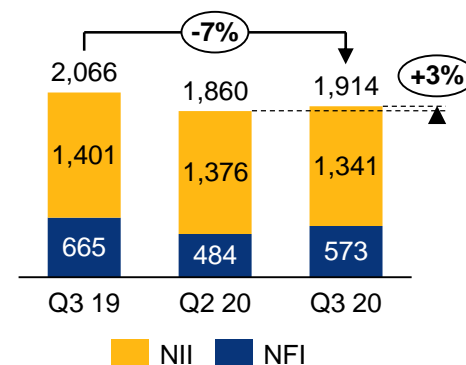
## Retail Banking & Wealth Management

- RBWM income was down 7% y-o-y due to lower fee income as volumes were impacted by Covid-19
- Liabilities grew 6% supported by customer campaigns and customer advances were 1% lower on reduced activity due to the impact of Covid-19
- Q3-20 YTD cost to income ratio down to 25.5% from 27.5% y-o-y
- Relief measures rolled out for customers to minimize the impact of ongoing Covid-19 pandemic

Balance Sheet Trends AED billion



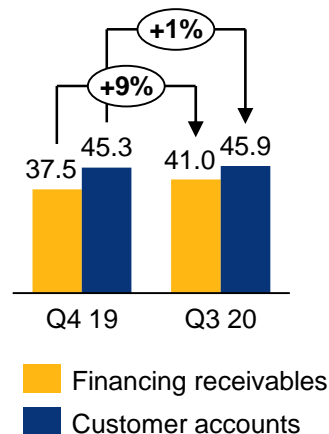
Income Trends AED million



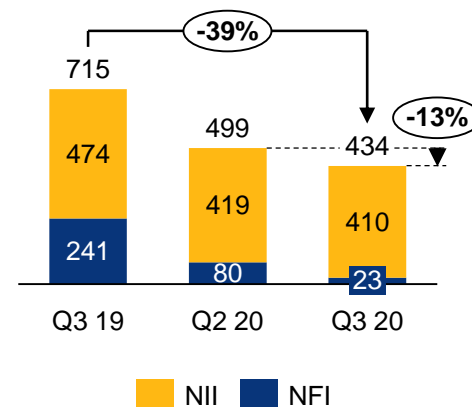
## Emirates Islamic

- EI total income for Q3-20 was lower by 39% y-o-y due to the impact from Covid-19 on business activity
- Total assets at AED 70.1bn, increased by 8% from end 2019
- Financing and Investing Receivables increased by 9% to AED 41bn from end 2019
- Customer accounts at AED 45.9bn increased by 1% from end 2019
- CASA balances represented 70% of customer accounts compared with 63% at the end of 2019
- EI successfully issued a benchmark five-year Sukuk in Q3, further improving the liquidity profile of the Bank

Balance Sheet Trends AED billion



Income Trends AED million

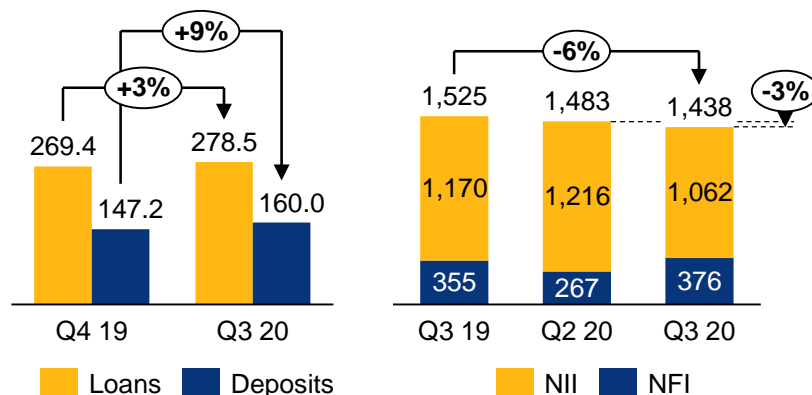


# Divisional performance (Excluding DenizBank)

## Corporate and Institutional Banking

- CIB income was down 6% y-o-y as the decline of 9% in net interest income on lower interest rates was partially offset by an increase in non-funded income
- Non-funded income improved 6% y-o-y as higher investment banking activity more than offset lower lending fee and trade commission income
- The division continued to invest in digitization programmes and technology to enhance the Transaction Banking Services product offering
- Loans grew 3% during the year with stable momentum in lending activity
- Deposits grew 9% with continued focus on growing CASA balances reflecting the Group's aim to reduce the average cost of funding while maintaining liquidity at an optimum level

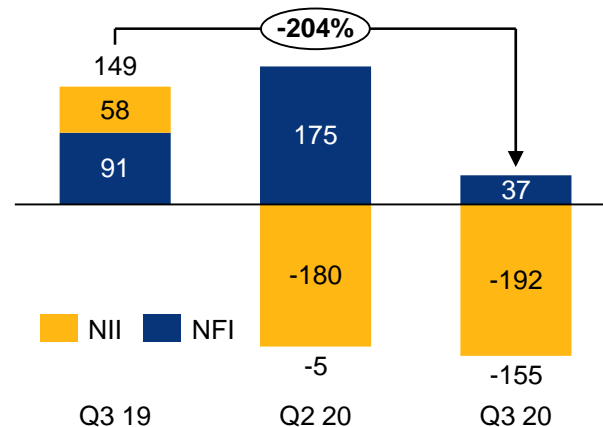
Balance Sheet Trends AED billion    Income Trends AED million



## Global Markets & Treasury

- GM&T income declined 204% y-o-y primarily due to the decrease in net interest income on account of lower interest rates. NFI declined 59% y-o-y
- Trading and Sales desks continued to deliver a solid performance despite significant market volatility with credit trading revenue growing by 46% during the first nine months of 2020
- Group Funding raised AED 17.1bn of term funding in the first nine months of 2020, through three benchmark senior public bond issues including a successful benchmark Sukuk by Emirates Islamic and AED 11.7bn of private placements with maturities out to 30 years

Income Trends AED million

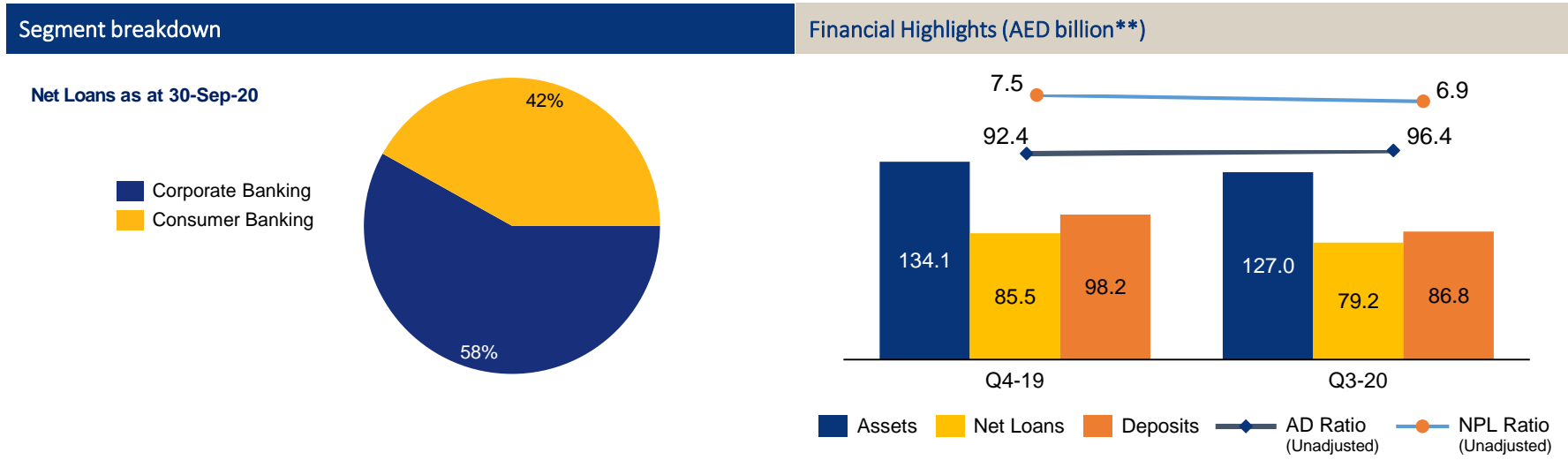




# DenizBank Business Overview



Business Overview	Financial Highlights					
<ul style="list-style-type: none"> <li>DenizBank contributed total income of AED 1,916m and net profit of AED 310m to the Group for Q3-20</li> <li>Operating expenses and impairment allowances amounted to AED 523m and AED 991m respectively for the same period</li> <li>Total assets of AED 127bn, net loans of AED 79bn and deposits of AED 87bn at the end of Q3-20</li> <li>DenizBank is the fifth largest private bank in Turkey with a wide presence through a network of 742 branches and over 3,000 ATMs</li> <li>Operates with 706 branches in Turkey and 36 in other territories (Austria, Germany, Bahrain)</li> <li>Full service commercial banking platform of Corporate banking, Retail banking and Treasury</li> <li>Servicing around 14m customers, through 14,000+ employees</li> </ul>	AED million**	Q3-20	Q2-20	Better / (Worse)	Q1-20	Better / (Worse)
	Net interest income	1,386	1,387	0%	1,571	(12)%
	Non-funded income	530	353	50%	684	(23)%
	<b>Total income</b>	<b>1,916</b>	<b>1,740</b>	<b>10%</b>	<b>2,255</b>	<b>(15)%</b>
	Operating expenses	(523)	(564)	7%	(627)	17%
	<b>Pre-impairment operating profit</b>	<b>1,393</b>	<b>1,176</b>	<b>18%</b>	<b>1,628</b>	<b>(14)%</b>
	Impairment allowances	(991)	(655)	(51)%	(981)	(1)%
	<b>Operating profit</b>	<b>402</b>	<b>521</b>	<b>(23)%</b>	<b>647</b>	<b>(38)%</b>
	Taxation charge	(92)	(96)	4%	(143)	36%
	<b>Net profit</b>	<b>310</b>	<b>425</b>	<b>(27)%</b>	<b>504</b>	<b>(38)%</b>
Cost: income ratio	27.3%	32.4%	5.1%	27.8%	0.5%	
Net interest margin	4.28%	4.40%	(0.12)%	4.92%	(0.64)%	



All financial numbers post acquisition (1-Aug-19) include the fair value adjustments, unless otherwise stated.  
\*\*Metrics converted to AED using spot / average exchange rate for balance sheet / income statement



## INVESTOR RELATIONS

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