

For immediate release

Q3 2021 net profit up 29% YoY to AED 7.3 billion demonstrating resilient business model and continuing economic recovery

Dubai, 20 October 2021

Emirates NBD's strong Q3 results, with net profit up 29% YoY, demonstrate financial resilience and the success of its diversified business model. Interest rates remain at record low levels, yet underlying business momentum is strong with record demand for retail financing. The Group's balance sheet strengthened with further improvements in deposit mix, credit quality, capital and liquidity. Emirates NBD continues to support businesses and customers recovering from the global pandemic, while investing in its digital platform and its international network to drive future growth.

Total Income Q3 YTD AED 17.3 billion ↓ 5% y-o-y	Expenses Q3 YTD AED 5.7 billion ↓ 2% y-o-y	Provisions Q3 YTD AED 3.7 billion ↓ 42% y-o-y	Net Profit Q3 YTD AED 7.3 billion ↑ 29% y-o-y
Total Income in Q3 AED 5.8 billion ↑ 2% y-o-y	Expenses in Q3 AED 2.0 billion ↑ 8% y-o-y	Provisions in Q3 AED 1.1 billion ↓ 49% y-o-y	Net Profit in Q3 AED 2.5 billion ↑ 61% y-o-y
NIM 2.51%	Cost:Income ratio 33.1%	NPL Ratio 6.2%	CET-1 Ratio 16.1%

Key Highlights – Q3 2021

- **Strong operating performance as loan mix improved on strong demand for retail financing, a more efficient funding base and a substantially lower cost of risk**
 - **Total income** up 7% on Q2 2021 as margins improved on record demand for retail financing, a more efficient funding base and a higher contribution from DenizBank. Down 5% y-o-y YTD from record low interest rates
 - **Expenses** declined 2% y-o-y YTD with 33.1% cost-to-income ratio within management guidance
 - **Impairment allowances** down substantially 42% y-o-y YTD, with 106 bps cost of risk at lower end of pre-pandemic range
 - **Resulting net profit** jumped 29% y-o-y YTD to AED 7.3 billion

- **Strong balance sheet and resilient profitability enable the Group to support customers and empower them to benefit from the continuing economy recovery**
 - **Total assets:** stable at AED 699 billion maintaining a strong asset base
 - **UAE's largest lender:** Customer loans at AED 438 billion with Q3 2021 a record quarter for demand for personal loans and credit cards

- **Deposit mix:** highest ever CASA balances, increasing by AED 30 billion YTD, positioning the Group very well for eventual rate rises
 - **Credit quality:** NPL ratio improved by 0.1% to 6.2% with coverage ratio strengthening to 126.7% reflecting Group's prudent approach to earlier credit provisioning
 - **Capital and Liquidity:** 157.2% Liquidity Coverage Ratio and 16.1% Common Equity Tier-1 ratio reflect the Group's core strengths to support customers and create opportunities to prosper
- **The Group is committed to supporting and adapting to customers' changing needs by offering market-leading products and services, digital innovation and a superior customer experience while further expanding its international presence**
- **Customer support:** AED 10.7 billion of support provided to over 127,000 customers
 - **Customer repayments:** AED 8 billion of deferral support demonstrate the Group's successful efforts in mitigating the financial impact on customers from Covid-19
 - **Social responsibility:** Certified last month with the ISO 26000 international standard on Social Responsibility
 - **Advanced Analytics:** Launched a state-of-the-art Advanced Analytics centre of excellence that will enable the Group offer our customers, people, and communities the personalized experiences they need to prosper
 - **Credit Rating:** Moody's improved Emirates NBD's Outlook to 'Stable' and affirmed all ratings
 - **DenizBank Credit Rating:** Moody's upgraded DenizBank's foreign currency deposit rating to 'B2' from 'B3'
 - **Digital:** Liv. digital bank continues to successfully expand; servicing more than 500,000 customers in the UAE and 80,000 customers in KSA
 - **International expansion:** Received approval to expand India branch network with two further branches in Gurugram and Chennai



Hesham Abdulla Al Qassim, Vice Chairman and Managing Director said:

- “Emirates NBD’s growth in income and profitability in the third quarter of 2021 is a clear sign of improving economic conditions within the region.
- The UAE economy has fully reopened, thanks to the successful handling of the pandemic by the Country’s wise and visionary Leadership and is well positioned to benefit from the expected growth in international travel.
- As the Official Banking Partner of Expo 2020 Dubai, the Group is excited to showcase our pioneering vision for the future of global banking and spotlight the UAE’s investment potential.
- Emirates NBD is fully committed and aligned to the ‘Projects of the 50 plan’ to further develop the Emirati talent pool in the national workforce.”



Shayne Nelson, Group Chief Executive Officer said:

- “Emirates NBD’s profits jumped 29% to AED 7.3 billion for the first nine months of 2021 as the strong economic recovery drove record demand for retail financing.
- The diversified balance sheet and solid capital base remains a core strength of the Group. We are using this strength to support our customers, empowering them to benefit from the growing economy as Expo 2020 Dubai begins.
- This strength is reflected in Moody’s recent affirmation of Emirates NBD’s ratings and improved ‘Stable’ Outlook, combined with the upgrade in DenizBank’s credit ratings.
- International expansion continues with additional branches in the Kingdom of Saudi Arabia, approval for further branches in India and strong results in Turkey. The Group continues to diversify with 36% of income now coming from international operations.”



Patrick Sullivan, Group Chief Financial Officer said:

- “There are many positives in the Group’s strong set of results. Total income rose 7% in the third quarter as margins expanded on an improved loan mix, lower cost of funding and a higher contribution from DenizBank.
- We continue to maintain a strict control on expenses with the cost to income ratio within guidance.
- The 106 bps cost of risk is at the low-end of the pre-pandemic range despite the Group maintaining the highest coverage level amongst its peers.
- The balance sheet remains rock solid with a further improvement in capital, liquidity and credit quality during Q3.”

Financial Review

AED billion	9 month period ended 30-Sep-21	9 month period ended 30-Sep-20	Better / (Worse) (%)
Net interest income	12.6	13.4	(6)%
Non-funded income	4.7	4.8	(3)%
Total income	17.3	18.3	(5)%
Operating expenses	(5.7)	(5.8)	2%
Pre-impairment operating profit	11.6	12.5	(7)%
Impairment allowances	(3.7)	(6.4)	42%
Operating profit	7.9	6.1	29%
Net profit	7.3	5.6	29%

Key Metrics			
Cost to income ratio (%)	33.1%	31.8%	(130) bps
Net interest margin (%)	2.51%	2.73%	(22) bps
Cost of Risk (bps)	106	176	70
EPS (AED)	1.08	0.82	0.26
Return on Tangible Equity (%)	13.2%	10.5%	270 bps

AED billion	as at 30-Sep-21	as at 31-Dec-20	Increase / (Decrease)
Total assets	699.1	698.1	0%
Loans	438.3	443.5	(1)%
Deposits	466.5	464.2	0%

Key Metrics			
NPL Ratio (%)	6.2%	6.2%	0 bps
Impaired Loan Coverage Ratio (%)	126.7%	117.3%	940 bps
Liquidity Coverage Ratio (%)	157.2%	165.0%	(780) bps
Capital Adequacy Ratio (%)	19.2%	18.5%	70 bps
Tier 1 Ratio (%)	18.1%	17.4%	70 bps
Common Equity Tier 1 Ratio (%)	16.1%	15.0%	110 bps

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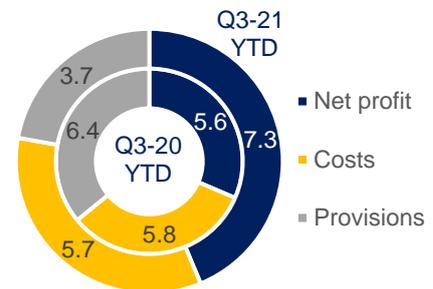
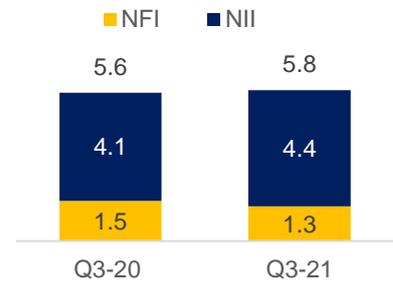
Operating Performance

Total income for Q3-21 was up 7% over the preceding quarter to AED 5.8 billion on an improved loan mix with record demand for credit cards and personal loans, an increase in CASA balances and a higher contribution from DenizBank. Total income for the first nine months of 2021 was down 5% y-o-y as income momentum was offset by the impact of record low interest rates.

Expenses for the first nine months of 2021 were 2% lower than in 2020 and continue to be well controlled with the cost to income ratio within guidance.

Impairment allowances for the first nine months of 2021 were 42% lower due to improving economic conditions and following proactive provisioning in 2020. The 106 bps cost of risk for 2021 YTD is at the low-end of the pre-pandemic range despite the Group maintaining the highest coverage level amongst its peers.

The Group's net profit of AED 2.5 billion for Q3-21 is 61% higher than Q3-20 and net profit for the first nine months of 2021 is 29% higher y-o-y.



Balance Sheet Trends

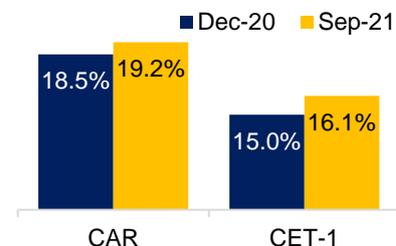
In Q3-21 net loans grew by AED 0.1 billion as a record demand for retail financing was largely offset by a decline in corporate lending due to repayments and the FX translation impact from DenizBank. DenizBank loans grew by 10% in local currency terms in 2021 and were down 8% due to the FX translation impact.

Deposits grew 2% in Q3-21 with AED 5 billion further growth in CASA and AED 4 billion growth in Fixed Deposits as the Group conservatively maintained access to all sources of funding.

Liquidity remains strong with the Liquidity Coverage Ratio at 157.2% and the Advances to Deposits Ratio at 94.0%. During the first nine months of 2021, the Group raised AED 21.9 billion of senior term funding, taking advantage of historically low cost of term funding.

During Q3-21 the Non-Performing Loan ratio improved by 0.1% to 6.2% whilst the Coverage ratio strengthened further to 126.7%, demonstrating the Group's continued prudent approach towards credit risk management.

As at 30 September 2021, the Group's CET-1 ratio is 16.1%, Tier 1 ratio is 18.1% and CAR is 19.2%.



Business Performance

- **Retail Banking and Wealth Management (RBWM)** had a record quarter for retail financing products, with credit cards and personal loans well above pre-pandemic levels.
 - Strong business momentum as low-cost CASA & fee income continue to grow
 - Balance sheet growth providing resilience against low interest rate impact on segment
 - 98% of all transactions are outside the branch with 78% of RBWM customers now digitally active
 - The Expo 2020 Dubai branch was opened, featuring a Future Banking space, showcasing the Group's pioneering vision for the future of global banking
- **Corporate and Institutional Banking (C&IB)** partnered with major Government entities and key Corporates to successfully deliver automated and digitized platforms.
 - Falling interest rate impact partly off-set by growth in non-funded income on improved cross-sell
 - New loan origination, with good credit quality, substantially covered contractual repayments
 - Significant CASA growth helped efficiently manage liquidity cost
 - EmCap successfully continues to lead ESG transactions in the region
- **Global Markets and Treasury (GM&T)** delivered a solid performance for the nine months ending Sep-21 with net interest income improving by 56%, driven by an increase in net interest income from hedging and banking book investments.
 - The Group Funding desk issued USD 2.2 billion of Private Placements with maturities out to 20 years, a USD 750 million 5-year public senior issuance, USD 750 million of Additional Tier 1 notes and helped the Group issue a USD 1.75 billion 3-year ESG-linked syndicated loan
 - GM&T successfully issued the Group's first Alternative Reference Rate Note, demonstrating its readiness for the global transition to new indices
- **Emirates Islamic's** net profit grew to AED 804 million on higher non-funded income and lower impairment allowances
- **DenizBank's** income of AED 4,900 million represents 28% of Group income. DenizBank contributed AED 1,518 million or 21% to Group's profit with AED 125 billion of assets representing 18% of total Group assets
- **India branch** received approval to expand its network with two further branches in Gurugram and Chennai

Outlook

The outlook for the UAE economy is positive, with Expo 2020 Dubai predicted to boost domestic demand and the easing of travel restrictions in key markets expected to support the recovery in tourism and hospitality. Emirates NBD Research expects the non-oil economy to grow by 3.5% this year, and revised their forecast for headline GDP growth up to 1.9% from 1.5% previously on the back of higher oil production.

The Kingdom of Saudi Arabia's economy is also expected to benefit from increased oil output in the coming months, and GDP is forecast to grow by 2.5% in 2021. Higher oil prices will help reduce the budget deficit to just 1.1% of GDP this year, and a number of initiatives have been announced to boost domestic investment.

The Egyptian economy has held up well in the face of the global pandemic, making it one of the few countries in the world to register positive GDP growth in 2020. While GDP growth slowed to 3.3% in the fiscal year ended June 2021, it is expected to accelerate to 5.3% next year.

Turkey also posted positive GDP growth in 2020, and the market expects growth to accelerate to 8.5% this year. However, inflation uncertainty may continue to weigh on the Lira.

-ENDS-

Awards:

Best Bank and Best Regional Bank Awards – Emirates NBD

- ✧ Emirates NBD won the 'Best Bank in the Middle East and 'Best Bank in the UAE' award at the 2021 Euromoney Awards for Excellence
- ✧ Emirates NBD won the 'Best Domestic Bank in Dubai' and 'Best Corporate and Investment Bank in Dubai' awards at the Asiamoney Middle East's Best Bank Awards 2021
- ✧ Emirates NBD ranked 5th in Forbes' Top 100 companies in the Middle East for 2021
- ✧ Emirates NBD ranked 95th globally in The Banker list of the World's top 1,000 Banks for 2021
- ✧ Emirates NBD's Visa Flexi Credit Card recognized as 'Best Credit Card in the Middle East and the United Arab Emirates' at The Asian Banker Middle East and Africa Regional Awards
- ✧ Liv. won 'Best Digital Bank in the Middle East and UAE' for the fourth consecutive time at The Asian Banker Middle East and Africa Regional Awards 2021

Marketing, Social Media and Customer Engagement Awards – Emirates NBD

- ✧ Emirates NBD was named the UAE's most valuable banking brand and MENA's second most valuable banking brand, with a value of USD 3.73 billion, in The Banker's annual brand valuation

Emirates Islamic

- ✧ Emirates Islamic won 'Best Islamic Bank in Customer Experience, UAE, 2020' and 'Best Credit Card in the UAE' at the World Finance Islamic Finance Awards 2021
- ✧ Emirates Islamic won the 'Best Digital Innovation in Islamic Banking' award at MEA Finance Banking Technology Summit & Awards
- ✧ Emirates Islamic won the 'Best Credit Card' award for its Emirati Visa Signature credit card at the 2021 International Finance Awards

Emirates NBD has a leading retail banking franchise, with 906 branches and 4,084 ATMs / SDMs in the UAE and overseas. It is a major player in the UAE corporate and retail banking arena, and has strong Islamic banking, investment banking, private banking, asset management, global markets & treasury and brokerage operations. The bank has operations in the UAE, Egypt, India, Turkey, the Kingdom of Saudi Arabia, Singapore, the United Kingdom, Austria, Germany, Bahrain, Russia and representative offices in China and Indonesia. For more information, please visit: www.emiratesnbd.com

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