

**EMIRATES NBD Q3 2021 RESULTS ANALYSTS & INVESTOR CONFERENCE
CALL & WEBCAST
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CORPORATE PARTICIPANTS

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Operator

Ladies and Gentlemen, welcome to the Emirates NBD Results call and webcast for the third quarter of 2021 for Analysts and Investors. Today's call is being recorded. Please note that this call is open to analysts and investors only. Any media personnel should disconnect immediately. I will now pass the call over to our host Mr. Shayne Nelson, Group CEO of Emirates NBD.

Shayne Nelson

Thank you, operator, and welcome to this briefing call for Emirates NBD's results. Joining me as usual are Patrick, our Group CFO and Paddy, our Head of Investor Relations. For those of you who based in Dubai, I'm sure you noticed the increase in traffic and activity as the City has returned to business-as-usual. There's a real buzz around Dubai as the Expo opened its doors. The theme of Expo is 'Connecting Minds, Creating the Future'. This aligns with the Group's values of Collaboration, Ownership, Drive and Enterprising. It's appropriate therefore that Emirates NBD Group is the Official Banking Partner of Expo 2020 and we're excited to showcase our pioneering vision for the future of global banking.

Turning to economic sentiment. The outlook for the economies in which we operate is positive. The UAE economy got off to a bright start in Q4 with Expo predicted to boost domestic demand. The easing of travel restrictions in key markets will support a recovery in the tourism and hospitality sectors. We expect the non-oil economy to grow by 3.5% this year. This optimism has permeated through to the real estate sector, with villa prices rising substantially and apartment prices also registering some price growth recently.

I will talk in more detail about our International strategy later but looking at the economic performance of the other main areas where we have a presence. For the Kingdom of Saudi Arabia, the economy is expected to benefit from increased oil output in the coming months, and GDP is forecast to grow by 2.5% this year. Both the Egyptian and Turkish economies were two of the few countries in the

world to register positive GDP growth last year. Both countries are expected to deliver mid-to-high single digit growth this year.

Now, turning to results. Today we announced a 29% jump in profit to 7.3 billion dirhams. These strong results demonstrate the financial resilience and success of our diversified business model. Despite interest rates remaining at record lows, underlying business momentum is strong and Q3 saw record demand for retail financing. The Group's balance sheet strengthened with further improvements in deposit mix, credit quality, capital and liquidity. We continue to support businesses and customers recovering from the global pandemic and the strong results enable us to keep investing in our digital platform and our international network, which will drive future growth. I will let Patrick go through the drivers of financial performance as I wanted to outline the progress we have made on our IT and International strategic initiatives.

For IT, we will close out our IT transformation very shortly, and have one single upgraded core system across the Bank. We are currently 92%, and will soon be 100%, cloud native. We have the largest private cloud in the Middle East. We have a Big Data platform which captures 16 million customer data points each day. We now move to the next phase of leveraging this infrastructure and we have established a state-of-the-art Advanced Analytics centre of excellence. This will increase our sophistication in understanding customer behaviour, enhance customer engagement and deliver operational efficiencies.

In terms of International, 36% of this year's income now comes from international operations. We received approval to expand our presence in India with two further branches in, if I could pronounce it well, Gurugram and Chennai. Despite a challenging operating environment, DenizBank's management team are experienced in navigating such hurdles and they manage impressive results. We have successfully expanded our branch presence in both KSA and Egypt.

There are other initiatives ongoing within the Group. ESG continues to gain increasing importance. Last month we were certified with the ISO 26000 International Standard on social responsibility. We will align our ESG framework with the 'UAE Net Zero by 2050' Strategic Initiative.

In summary, Emirates NBD has delivered a strong operating performance for the first nine months and continues to make good progress on many strategic fronts. We support our customers with our strong balance sheet, enabling them to benefit from the expanding economy.

I will now hand you over to Patrick to go through the results in more detail. Patrick.

Patrick Sullivan

Thank you Shayne, and a very good afternoon to all of you. I will start on page 4 with the usual financial summaries for the first nine months of 2021, and we will then turn to the component parts in more detail shortly. Just starting at the top of the results table. Total income of 17.3 billion dirhams is down 5% year on year. The main impact, of course, is coming from lower Net Interest Income in line with the interest rate cuts last year. Margins have been stable since Q4 last year and in Q3 we have seen an increase mainly from loan mix with record demand for retail financing, lower cost of funding and Denizbank.

On non-funded income, the strong momentum in transaction volume growth has continued in Q3, although this is offset by lower FX and derivative income resulting in non-funded income being 3% lower year on year. Costs continue to track well, down 2%, and we are within cost/income guidance for this year. We are allowing for some costs to increase related to driving growth and some costs from a wider return to normal business activity, as well as maintaining capacity for investment in our International and Digital strategies.

Impairment of 3.7 billion is down 42% year on year, resulting in a cost of risk of 106bps for the first nine months of 2021, which is at the lower end of the pre-pandemic range of 100-125 basis points. We expect the full-year cost of risk to finish around the mid-point of that range. So overall, the net profit for the first nine months is 7.3 billion dirhams, a strong 29% increase over last year.

Looking at a few of the key balance sheet metrics. Loans are down 1% and deposits broadly flat to last year-end, mainly from the impact of a weaker Turkish Lira while translating to AED. As we will see later, we do have underlying loan growth particularly in Deniz and retail financing, and after allowing for healthy levels of deferral repayments. The profile of our deposit base keeps our cost of funding optimised in this low rate environment, and positions us very well for future interest rate rises.

Liquidity remains strong with LCR at 157.2%. The NPL ratio at 6.2% has been stable since 2020 year-end, and capital remains very strong with a CET1 ratio of 16.1%, which has increased on the back of strong earnings YTD.

A few overall comments on the quarterly results set out on page 5. Total income increased against both last year and Q2 this year from strong net interest income with the step up in Margins, and DenizBank, which we will look at shortly. Expenses were well controlled, with the increase from Q2 mainly from staff costs including incentives relating to strong retail growth. The cost of risk at 91 basis points from the Q3 reflecting good recoveries and no significant new Non Performing Loans, but as I

noted a moment ago, we expect the full year number to be closer to the mid-point of the pre-pandemic range. And finally, net profit of \$2.5 billion similar to Q2 and up 61% on Q3 last year.

So, let's look at these components in a bit more detail, firstly turning to page 6. The bottom right chart shows that margins stepped up 21 basis points in Q3. Loan yields are up 10 basis points reflecting an improved loan book mix. Funding costs improved 5 basis points on record CASA balances and the efficient deployment of liquidity, and the DenizBank management team did an excellent job of managing the cost of funding, despite the Q1 200bps rate hike, and repricing the loan book.

On the bottom left hand chart we see that, year on year, 2020 the interest rate cuts impacted loan spreads by 75 basis points. This, combined with lower margins from DenizBank, more than offset 57 basis point improvement in deposit and funding costs. In view of our progress on our funding profile and the September rate cut in Turkey, we have revised our full-year guidance up by 5 basis points to 2.45-2.55%. And as I noted at half year, Turkey will be the main variable as to the full-year outcome.

Slide 7 shows that the Group continues to operate with strong liquidity. We have nearly 72 billion of liquid assets which covers 12% of liabilities and 15% of deposits. The Central Bank is winding down its Zero Cost Funding programme, but we don't see this as having a material impact on sector liquidity. That part of the TESS programme has met its objective of providing market liquidity so banks could in turn provide customer loan repayment support. We have taken advantage of historically low rates to raise 21.9 billion of term funding this year. The debt maturity profile, as shown on the bottom right, is comfortably within the Group's refinancing capabilities.

Turning to slide 8 we see that gross lending is flat to Q2, and down 1% on 2020 despite 4 billion of corporate customer deferral support repayments this year, and the FX impact from DenizBank translation to AED. Most retail loans are up 11% this year and DenizBank loans grew 10% in local currency terms but, due to currency translation, is down 6 billion dirhams YTD. The deposits mix has improved during 2021, with the 30 billion addition of CASA raising the overall CASA percentage to 58%. In Q3, we also grew fixed deposits by 4 billion dirhams, prudently maintaining access to all sources of funding. The bottom right chart shows the progress we are making in improving the diversification of the loan book across product and geography.

Slide 9 shows, as mentioned earlier, that the NPL ratio remained stable at 6.2% during the year and improved 0.1% during the quarter mainly due to recoveries & write-offs, and no significant new NPLs. Despite the reduction in the annualised cost of risk to 106 basis points for the nine month period, coverage has risen by 9.4% to 126.7% in 2021. This improvement in cost of risk is across the Group. DenizBank's 203 basis point cost of risk for 2021 is a significant improvement on the 408 basis points

from a year ago. Emirates NBD's cost of risk improved to 86 basis points from 125 bps for the same period last year. The chart on the bottom left shows that impairment allowances have grown by 2.1 billion across all stages during the year to 37.1 billion dirhams.

Stage 1 and 2 ECL allowances increased while coverage remained stable despite stage migrations in 2021. Stage 2 loans increased by 1% to 7% of gross loans, as shown in the center circle chart. Stage 3 ECL allowances increased by 1.3 billion dirhams, increasing the stage 3 coverage to 90.7% as the NPL ratio remained stable. And finally, the bottom right chart shows that we have provided deferrals support on 10.7 billion dirhams of repayments to over 127,000 customers. 75% or 8 billion of this support has now been repaid. Further information of staging and grouping is contained in note 25 of the financial statements.

I will now hand you over to Paddy to take you through the remaining slides.

Patrick Clerkin

Thanks very much, Patrick. Slide 10 shows that fee and commission income for the third quarter was up 11% year on year on higher transaction volumes and higher brokerage and Asset Management fees. Foreign exchange and derivative income is up quarter on quarter but declined year on year due to hedging and swaps relating to DenizBank. Investment securities income improved both y-o-y and q-o-q due to gains on the sale of securities as part of liquidity management.

On slide 11 we see that costs for the third quarter increased 3% over the previous quarter and 8% year on year. This increase includes higher staff incentive costs related to strong retail growth. It also reflects higher operating expenses as activity increased, as well as continued investment in our digital platform. The cost to income ratio for Q3 improved to 34.0% due to higher income. This brought the year-to-date cost to income ratio to 33.1% and we expect to finish the year within the 35% guidance.

Slide 12 shows that the common equity tier-1 ratio improved by 1.1% in 2021, as the 7.3 billion dirhams of retained earnings more than offset a 1% increase in risk weighted assets. The Group's Tier 1 and Capital adequacy ratios also strengthened considerably and all capital ratios remain comfortably above the UAE Central Bank minimum requirements. Reported capital ratios include a total ECL add-back of 2.8 billion dirhams, for incremental stage 1 & 2 ECL allowances. Ratios would be 0.6% lower if we exclude the ECL add-back

Turning to divisional performance on Slide 13, we see that RBWM revenue improved 2% year on year helped by record growth in retail financing, CASA growth and higher fee income. The increase in expenses is partly related to staff incentives and campaigns to help drive growth, as can be seen with the strong 12% increase in Retail lending, and deposits up 7%.

CIB income declined 5% year on year due to the impact from last year's fall in interest rates. This has partly been offset with growth in non-funded income with EmCap being very prominent in a number of high profile debt, equity and ESG transactions. Expenses improved by 7% year on year as CIB tightly managed its cost base. Loans declined by 2% due to deferral support repayments whilst deposits were 3% lower as CIB grew its CASA base whilst retiring more expensive fixed deposits.

Emirates Islamic income grew by 14% year on year on higher fee income. This more than offset a modest 1% increase in expenses. Both Financing & investing receivables and deposits grew by 4% during the year, as EI maintained a healthy ADR of 87%, whilst further growing their CASA base.

Global Markets & Treasury income was 61% higher than last year as net interest income improved following greater stability in interest rates. The ALM desk have efficiently managed excess liquidity and, given the strength of the Group's funding position, they were able to retire some expensive fixed deposits. The Funding desk took advantage of the low rate environment to issue a significant amount of senior and tier 1 notes at attractive levels

For DenizBank, the 17% drop in income in dirham terms is reflective of the 19.5% depreciation in Turkish Lira during the first nine months of 2021. Both loans and deposits grew by approximately 10% in local currency terms.

Slide 14 shows a big improvement in the DenizBank's cost of risk. In the third quarter the cost of risk dropped below 200 basis points, compared with over 450 basis points for the same period last year. DenizBank contributed nearly 5 billion dirhams in income and over one and a half billion dirhams in profit to the Group during the first nine months, which is a significant 21% contribution of total Group profit. As with the Group, DenizBank were also able to deliver higher margins in the third quarter.

With that I will pass you to Shayne for his closing remarks.

Shayne Nelson

Thanks Paddy. So to summarise. The 29% increase in profit is driven by an improved loan mix, a more efficient funding base and a substantially lower cost of risk. Total income was up 7% on the previous quarter as margins improved. Q3 was a record quarter for retail financing. Corporate lending

was able to offset significant repayments of deferral support. Emirates Islamic have delivered a big improvement in profitability. We have nearly completed our IT transformation as we prepare to leverage this through the use of Advanced Analytics. Our international locations contributed over one-third of Group income and we received approval to open further branches in India. These results demonstrate the Group's financial resiliency and the success of our diversified business model.

With that I would like to open the call to your questions. Operator please go ahead.

QUESTIONS AND ANSWERS

Operator

Our question comes from Naresh Bilandani of JP Morgan. Please go ahead.

Naresh Bilandani of JP Morgan

So congrats on the continuing good delivery. Just a few quick questions from my side, please. First, would you kindly update us on Liv.? What are the current sort of like metrics and how the international expansion of that app going? That's one. Second is, could you please give us an idea of how should we think of the NIM going into the next year? And it would be very helpful if you could just give us some colour on what the interest rate sensitivity looks like currently as of the balance sheet structure as of nine months 21. That's the second question.

And third more for Shane. Shane, it would be very helpful if you can, please just give us an idea on to what extent do you think the current economic trends in Dubai and UAE can be sustained when the FED starts tapering and eventually hikes rates going into the next year? My question is more on whether the current sort of like ongoing strength in the property prices and consumer demand, to what extent do you think that would be sustainable going into the next 12 to 24 months? Thank you very much.

Shayne Nelson

Okay, I'll go first. On Liv., it as an update, we've cracked the 500,000 customers in the UAE, so that's a good thing, and it's 80,000 is still in the sandbox where we are trying to get it out of there. But at the moment it's still in the sandbox. It's making good progress in Saudi as well. As I said many times, it's a profitable business for us. But you know, I suppose the big difference we have with Liv., it's a self-contained unit within the organisation itself, and therefore it leverages our capital, leverages out our architecture. So it has some advantages over a challenge in digital banks because it doesn't actually have to have a higher allocation of capital or costs. We can leverage the Group as well. So it's doing very well. We certainly do plan now to revitalise it now that we've got new architecture in place.

The point being, we didn't want to really do a major upgrade and liv. on the old architecture. So we're waiting for the transformation to be nearly complete, and this won't be the only thing you'll see is rolling out quickly. We talked about advanced analytics, obviously, but new apps, new functionality, new update only that's all in the pipeline. And we also realised that we do need to update it and get into a fit state to compete against the challenge of banks. But it's certainly got a big head start on the challenges

as they come in now. And I certainly think from a capital liquidity area, it's economically beneficial for us rather than a stand-alone license or bank in its own right.

On economic trends, I think FED tapering in interest rate increases will, especially for us as a bank, it's a pretty good thing because we're so top-heavy that the positive for us is that that would increase our profitability significantly. And I think going to correctly, Patrick's about 300 million per 25 bits sold. It's a sensitivity. So it's a big number for us.

On the economy itself with tapering and an interest rate increases. I think I read a report on Bloomberg today that maybe you shouldn't believe everything you read in the press, but UBS was saying that Dubai is the only major city in the world where they think property is undervalued using a range of metrics. And it has been down in the doghouse for a long time in Dubai, and I think it's coming back quite strongly. But having said that, it's not strong across the board. It's with the Dubai recovery. It's developed as an economy and more mature as the economy now where location is important for more than the history where everything went up.

I think what we're seeing now is if it's a villa in a good location, it's increased quite significantly. It was an apartment on the water, it's increased quite significantly. But you go back from that, and you know apartment prices really haven't moved much, so I think it's still very affordable. And I think that it will depend on how much US rates jump as to how much of that affordability will affect. We are seeing population growth in the UAE at the moment. I've been down to Deira and seen the chairman there, and they're talking about how many new electricity accounts they've opened up. So we are seeing positive population growth, which is a great thing for the country.

For the UAE, I think, 1% increase with the FED that then translates to here. I don't think that's going to make a lot of difference to the economic recovery, nor property demand because it's still, I think, very affordable.

Patrick Sullivan

Yeah. I'll pick up on the point you had and you asked specifically about some view on next year. Look, of course, we'll update guidance in January when we come back with the full-year results that you can see for Q3, we have reaped the benefits of the low, lower cost of funding and the increase in our costs, etc, and updated the guidance. I think you can then do the math where it might close out for the full year. Now, we don't expect interest rates to rise any time soon, whether at the end of next year or into the following year. Other than continued funding and growth.

Just a paraphrase what I had said earlier that we'll update the guidance in January when we come back, with pretty good guidance on how the rest of the year will form if interest rates remain at record low levels. We've made good progress through this year with lowering our cost of funding, etc. The only main variable that's in there really is the Turkish monetary policy and interest rates. There was 100 basis point cut late September. There may be more rate cuts to come. In fact, there's an MPC meeting tomorrow. Turkey typically has in the near term, an improvement in its margins when they come down because the cost of funding falls faster than the asset repricing will be better that is more a temporary adjustment in that.

And I also was mentioning previously that if we look back to Q4 2019, you're asking about the interest rate sensitivity when rates go up. When LIBOR was 150 basis points higher, we had net interest income that included consolidation of Denise Bank in Q4 of about 5.0 billion, currently running at 4.4 billion, so 600 million per quarter, 2.4 billion per annum. So that's an equivalent, just for reference of 150 basis point cut that's come through whether it will take quite some time before rates go up to that extent. But we'll update the guidance on then when we come back in January.

Patrick Clerkin

And I believe the webcast is up and running. We've got a few questions come in on the webcast, so I'll just read those out and pass them on to Shane and Patrick. First one comes from Shabbir, the fee income looks shy of expectations. Can you provide some visibility and fee and non-interest income?

And also just repeat your thoughts on provisions? Patrick, so if you can just cover your thoughts and provisions and non-interest income? So if you can just repeat with your comments about being at the lower end of the range.

Patrick Sullivan

Okay. Thanks for the look. I mean, look, I think the best illustration of what's going on with non-funded income is on Page 10 of the deck. The fee income, the underlying fee income part of non-funded income remains very strong. We did 1.56 billion gross fee income for Q3, which is up 11% year on year. And that's even after some strong activity this time last year in financial markets, the global market during periods of market volatility as well. So what we've done is also then break out the other part of the non-funded income, just show some of the variability of income that's really being driven by different events in Turkey. So the 379 million of other operating income does have an element FX dragging it and also the higher funding costs in Turkey, where there are derivatives, that's what foreign currency liabilities into Turkish Lira to lend on that and the interest component of that really stays within under the income, under the accounting requirements.

So through the last year, with the significant rate rises that Turkey saw was up 9% last year to 100 basis points this year, that cost of funding is coming through and the non-funded income there within the derivative. And we also reviewed in Q1 the increase or the spike in non-funded income with the mark to market gains on hedging Turkish Lira interest expense on deposits as well. So the point is the actual fee income elements of north income remains strong and recovering from lows last year. The other part just on provisions which are specific aspect about provisions.

Yes, so the cost of risk is 160 year to date, and that's at the lower end of what we have as a pre-pandemic range of 100 to 125 basis points. We did 91 basis points in Q3, so we are guiding more to the middle of that. So Q4, you don't always have repeating of recoveries that we may have experienced. And also we then complete the full-year cycle of credit reviews, etc. And that's why we guide broadly to the middle of that range. But the good news is that impairment in the charges has come back broadly to the sort of pre-pandemic levels.

Patrick Clerkin

Thanks very much, Patrick. We've got a couple more questions come in. Shane, if you could, there's a question on what are in terms of economic diversification and particularly from the loans. Ideally, what would you target? And Patrick in terms of corporate lending, why has corporate loan growth and been muted? If you can also just talk about the Denise Bank performance in terms of trends and outlook for that. And then finally, given the higher income that we are seeing, is there room for a potentially lower cost-income ratio? That's from Waleed and Ayisha

Shayne Nelson

I just wondered what mix?

Patrick Clerkin

Yeah, the loan mix, the economic mix that we...

Shayne Nelson

I believe, about 36 on revenue. So I think we have a strategic agenda to try to get it above 20 a few years ago and we're up to 36 at the moment, I think, we would love to see a 50 50 balance between offshore onshore. But doing that organically would be very difficult. It would take some inorganic acquisitions to get us to that sort of ratio. So I think from our perspective, with CET at 16.1, we've obviously got a war chest there that we've built back pretty quickly given our profitability. And obviously, that capital can be used, we certainly have the capacity to pay higher dividends, but that's not my

decision. That's a board decision. We certainly have the capacity to do some in-market backfilling in our key markets.

I'll just reiterate what I've said before. We're interested in Turkey, we're interested in Saudi. We're interested in Egypt. We keep looking. We have nothing on the deck at the moment, but we keep looking. We certainly have the capacity to, especially in Turkey and Egypt, where they're very fractured markets with lots of potential to be a consolidated there. And I think certainly the fighting in Turkey for banks is pretty reasonable at the moment. Conversely, the price for each of these is pretty expensive, but we certainly keep continuing to look for inorganic opportunities there. On corporate loans declining, we have had some quite large repayments that have come back after the TESS. But if you look at the market in the UAE in particular, there is no loan growth in corporate. I mean, the oil market is flat as a pancake slightly declined, in fact. So, there is no market right now.

What I would say to that, I think I read somewhere that supply chain is the most commonly used phrase to year calls around universe at the moment. And so now I'll put in twice so. So I think supply chain is becoming an issue here. Also, if you look at the CASA's engine that we've developed. You know, frankly, it was it's great for the bank. I think it's also the reality that our clients can't get the stuff they want. So they're generating cash out of their stock term and not replacing where they should be.

So working capital facilities are quite low. Trade volumes are quite low because, you know, people can't get in the goods and services that they want. I was talking one of our customers, you know, that container that was \$600 to land in China is now \$6000. So I think there's certainly some bottlenecks in the system that are affecting the growth in that corporate and even SME sector where getting the stock is an issue and that that then reflects into a corporate loan demand and stock levels.

Do I see a big recovery in the corporate loan market? At the moment, I don't see it. We also have much more robust capital markets here, so a lot more clients are going to the bond markets here. So at the moment, I don't see the big loan recovery in corporate coming in through our pipeline. I just don't see it at the moment. I think we're going to be pretty flat in UAE. But having said that, I think we can we could push much harder in Saudi to get loan growth than we probably can in the UAE.

Patrick Sullivan

And we got the question on cost income and higher income. Yeah. So we are within the guidance of 35% for this year, particularly at the beginning of the year where we did see that step up in income in that just simple math. And you can see some of the trajectory of the costs as well whereas volume of business volumes improve, we do see directly related costs, whether it's incentives or volume-related off costs, etc. So that's good cost as part of the wider reopening and the underlying business that we are

doing. So the cost-income for the rest of the year, you may have seen in some previous years within our cost for the fourth quarter. We also make sure that we're continuing the investment in marketing to make sure we're ready for some of the campaigns in the year ahead as well. So the cost-income ratio, we would hope is under 35%, whether that's 1% or 2%, we'll see how we land at the full year.

Shayne Nelson

Those are good for the analysts ... just going back into their corporate memory. Just remember in the fourth quarter, traditionally, we do have quite a lot of marketing costs that we hit in that quarter. If you look go back, you know, year on year, that fourth-quarter is one where we have a substantial amount of increase in costs around marketing things like to buy gold and stuff that we pay in the last quarter for the January event next year. So there's quite a bit that we do here in that marketing budget in the last quarter, for example. So it is a quarter where traditionally we have a higher cost-income ratio than the other quarters of the year.

Patrick Sullivan

Also, I mean, the 35% with guidance or to indicate that we would expect to go above our long term guidance of 33% because of the significant drop off in income. But having said that, when we have our long term guidance of 33% doesn't mean we are going to operate at 33%. Quite often we're at 28%, 29% or 30%. So it is more indicative rather than a hard number.

Patrick Clerkin

Patrick, there was a question from Waleed as well on the outlook for the Turkish business?

Patrick Sullivan

Okay. The outlook on Turkey, I mean, you can see, obviously, there are some macro aspects around monetary policy, etc. There's over the last two years through all the changes that have been made, the management team, they're very adept at navigating all of that change. And then there are some of the shock to the system, whether it's changes in central bank governors or monetary policy committee, etc. The business is always well positioned. Interest rate cuts actually mean increase there.

Having said that, we would much rather at a macro level that the monetary policy was obviously directed towards taming inflation and stabilising the Turkish Lira. Because yes, the Turkish Lira weakening therefore that have a translation impact coming through, particularly when you can see what happens to the balance sheet where underlying their growth is strong, but the translation into AED is down. Also, I should just note that the impact on our overall capital base from the FX in Deniz is really

negligible as well. So it's a long term view we're taking on Turkey. We know we can weather some of the events that are going on at the moment. That would obviously be better if it stabilised.

Shayne Nelson

And the other thing you mentioned is on Turkey Patrick is when we acquired Turkey, I think we had sort of mid 50s stage 3 coverage and roughly 75% now. So, one of the reasons we've been able to dial back the provisioning levels, I think there was a question of a couple of quarters ago when we start seeing a decline in cost of risk, and I think you are seeing that come through now because we are very aggressive from day 1 of acquisitions to build those reserves to be in line with the Group.

Patrick Clerkin

Thanks, Shane. Thanks, Patrick. A couple of final questions. I'll take most of them. Patrick, if I can just ask you to in this one, it's on cost of risk. What the main areas that enterprise negatively? that's from Valentina. Valentina also asked about any update on the guidance metrics and thoughts about guidance for 2022. Of course, we'll give guidance for 2022 at the next quarterly call. For 2021, we have revised up our NIM guidance by 5 basis points.

Loan growth we talked about low single-digit, given where we are, we do expect that to be at the lower end of low. And cost to income ratio, we did say that we expect to be below the 35% guidance and Valentina, you also asked about the internal buffer offers for common equity that we have? We don't disclose. As you know, we are well above the minimum capital requirements. We don't disclose any level of buffer that we as the management team with operators.

Patrick Sullivan

The NPL ratio at the moment being quite stable at that 6.2, 6.3; we have some clarification that we don't really expect it to be higher than the mid 6s. I hope it stays stable at the current level. You know our form from strong provisioning and maintaining strong coverage. So very well from that perspective, and you can't really guess the future if the new credit events had already happened. You have to look at the NPLs and the losses on those today. So I can't really get a speculate against the future.

Just remembering also, last year was one of the biggest shocks ever to the global financial system. We came out of the blocks very hard with our provisioning last year. I don't think we were overprovision. Don't think we were under provisions. I think we got it about right. And therefore, as we are coming out of that period, as the cost of risk has been coming down, I really can't speculate against future surprises on the NPL side.

Shayne Nelson

A question from Aybek at HSBC around retail growth. Are we taking market share, etc? I think the answer at the moment is September was the best month we ever had. An upbeat August, which was the best month we've ever had. So I think, August and September were typical month for us. So the retail engine, and it's not just Emirates NBD, Emirates Islamic is doing very well, Saudi's doing well. Egypt is doing well. Turkey is doing very well, except it's getting lost in translation, so to speak. So I think the retail engines performing really strongly.

Are we taking market share? Absolutely. We're taking market share, cards, personal loans, car loans. So I think we're in a good spot with our retail franchises. It's really firing on all cylinders at the moment, so they're happy with that. And of cost of the risk in there is has been far better than we would have thought at the time last year. And you're now seeing the airlines hiring low people or pilots, ground crew, etc. So we're starting to see some quite pretty positive movements in a lot of our major client base, which is very beneficial for us. But I think you're going to see a continuing trend where the small banks are going to lose market share and the larger banks that are investing in digital capabilities, etc, are going to gain over the small demos.

Patrick Clerkin

Thanks, Shane. One final question coming in. It's about operations plans. I'll take that and also by ESG Framework and initiative. In terms of issuance plans, with a \$3 and quarter billion of debt maturing and next year and we are comfortable with that level. And typically we'll issue 3 to \$4 billion in private placements a year. So, private placement alone would typically cover that amount of maturity next year. We always look at opportunities to do public entities, we know it's important to have liquid benchmark pricing points out there. And as you know, historically, we've issued in a range of currencies, via Euros, Aussie dollars, US dollars. We issued Swiss francs, so there are opportunities for us and we will look at the market. But the maturity profile that we have for next year is well within our capabilities. In terms of ESG framework and initiative, Shane.

Shayne Nelson

I mentioned the ISO that 26000 earlier on sustainability side. And that's a good move on it. But I think my personal view is we've still got quite a bit of work to do. And that fact, the government's commitment to zero-carbon by 2050 is going to refocus because the reality is for the UAE as a country to achieve that. I mean, we as a bank and our clients need to achieve that. So we'll have even greater focus on getting that right. But there's quite a lot of work to do around that. Not just within our bank, but also environmental controls, measurements, etc. So I think it is quite a bit of work to do for us to be able

to sit here and say, yes, we're all on track. This country and ourselves are at the beginning of our journey to get to that 2050 target.

Operator

There are no further questions.

Shayne Nelson

Thank you. Well, there are no further questions I'd like to thank you all for participating in today's call. And I'll have you back to the operator to provide details if you have any further follow up questions and to complete the call. Thank you all.

Operator

Thank you for any further questions, please contact our investor relations department, whose 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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