

Transcript

Emirates NBD Q3 2025 Results Announcement Analyst Call and Webcast

Thursday, October 23,
2025

Operator Ladies and Gentlemen, welcome to the Emirates NBD results call and webcast for the third quarter of 2025. Today's call is being recorded. Please note that this call is open to analysts and investors only. Any media personnel should disconnect now. I will now pass the call over to our host, Mr Shayne Nelson, Group CEO of Emirates NBD.

Shayne Nelson Thank you, Nadia, and welcome to our results call for the first nine months of 2025. We've maintained a solid operational performance for the first half, delivering another strong quarter, driven by robust business growth across our core markets. Our results demonstrate the strength of our diversified business model and focus on sustainable growth. We delivered an AED 8 billion profit before tax in Q3, which brings the Group's total profit before tax for the first nine months to AED 23.4 billion, growing by 6% year on year. Our income is up by 12% in the first nine months, driven by record loan growth and an outstanding 20% growth in non-funded income from diversified product offering across all our segments and markets.

Lending surged 19% year to date, adding almost AED 100 billion to our loan book as we continue to grow our market share in the UAE and across our other core markets. Supporting this growth, deposits jumped AED 94 billion in the first nine months, boosted by AED 56 billion of low-cost CASA.

In line with the UAE's new national strategy to position itself as the global hub for Islamic finance, Emirates Islamic continued its growth momentum, delivering a record AED 3.2 billion profit before tax for the first nine months of 2025.

Retail continues to perform exceptionally well, maintaining our 35% market share in UAE credit card spend, reinforcing Emirates NBD's position as the number one credit card issuer in the Middle East and Africa. We also delivered a record AED 35 billion growth in retail CASA.

Corporate Banking also had an impressive performance this quarter. We saw a record growth in new lending, originating AED 95 billion year to date in our Corporate loan book, reflecting increasing demand across domestic and international markets. Corporate CASA balances continued the growth momentum, supported by new technological upgrades as we continue to simplify banking for our clients. I'm particularly proud that Emirates NBD Capital ranked number one in the UAE IPO league tables, having led every IPO so far this year.

Our business in the Kingdom of Saudi Arabia continues its impressive performance, with lending up 38% in the first nine months and our network expected to reach 23 branches by year end.

I'm pleased to announce that, on October 18th, Emirates NBD entered into an agreement to acquire 60% stake by preference shares allotment in RBL Bank, a leading private sector bank in India. The total consideration for preference allotment would be approximately \$3 billion, which could potentially rise further, depending on the number of shares NBD acquires via the mandatory tender offer process.

The transaction is in line with our strategy to increase our presence in the five core markets identified. India presents a strong, long-term growth opportunity for the Group, further building on the solid bilateral trade, investment, people and cultural ties. We have already published detailed disclosures to the market on the transaction and will continue to disclose any material developments in line with our regulatory requirements.

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Over the years, our investments in IT transformation, building a strong data foundational layer and machine learning & advanced analytic capabilities have put us in a unique position to leverage AI.

We're expanding our digital ecosystem to deliver seamless customer-first experiences. Our ENBD X platform now serves 2.4 million active users across the UAE and KSA, up 49% year on year, and our Digital Wealth platform surpassed AED 5 billion in trading volumes within its first year of launch.

On ESG, we continue to lead the region, holding the highest ESG rating among regional banks by S&P Global. We rank number one in MEA region for sustainable issuances. During the first nine months, we financed and facilitated more than \$8 billion in sustainable finance transactions, supporting UAE's long-term sustainable vision.

Looking ahead, we are well placed to close the year on a strong note. Our diversified earnings base and clear strategic focus positions Emirates NBD well to capture opportunities, both domestically and across our international footprint. I'll now hand you over to Patrick to go through the results in more detail. Over to you, Patrick.

Patrick Sullivan Thank you, Shayne, and a very good afternoon to all of you. Another very strong quarter with our balance sheet going from strength to strength. And with that, the headline shape of our performance metrics tells an excellent story with Q3 profit after tax of 6.4 billion, up 23% on last year and up 2% on Q2. And even after an estimated AED 4 billion impact from falling interest rates, lower net impairment recoveries and higher tax rates, the year-to-date profit is kept up with prior years at AED 19.0 billion.

Just touching on the main P&L lines, starting at the top before diving into some more detail, income has reached 36.7 billion, up 12% year on year with broad-based performance across all business segments, domestically and internationally. Within that, net interest income grew by 8% in the first nine months with our balance sheet growth easily offsetting policy interest rate cuts, and non-funded income up 20%, driven by strong growth across all segments, geographies and products. I'll be going into a bit more details on the growth drivers shortly. And with that, you can see the operating profit is 10% higher year on year, including cost growth, that is directly supporting sales teams, IT Investments and regional expansion. Profit before tax grew by 6% to 23.4 billion despite lower net impairment recoveries, albeit impairment was still in a credit position, reflecting the continued healthy credit environment and buoyant economy in the UAE.

In the bottom of the table, you can see the balance sheet metrics in really great shape, with lending and deposit growth in double digits year to date, and capital, liquidity and credit quality metrics all remain robust as ever.

Turning to net interest margins on slide 4, the bottom-left chart shows that margins, tightened by 21 basis points year on year with higher margins at DenizBank, partially offsetting the impact of 125 basis points of Fed policy rate cuts since the cutting cycle started last year. The NIM at 3.43%, has been resilient and remains close to the midpoint guidance, which remains unchanged.

We continue to assume two more Fed rate cuts in Q4, which has less of an impact for this year, and further rate cuts in Türkiye should see DenizBank's margins continue to improve.

Moving to slide 5, the healthy trend in fee and commission income continues, up 18% year on year, with a very strong trend across all of the Group's customer-driven businesses and all products, such as credit cards, trade

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finance, lending, wealth management and investment banking. Other operating income is up with what appears to be a rather modest 3% year on year, but within that we have seen a strong 12% increase in FX and derivative income, which is a significant part of total other operating income and an offset by lower fair value OCI gains. More details on that are set out in note 12 of the accounts. The bottom-right chart shows a stable client and trading flow income component, which is consistently delivering over 1 billion per quarter.

On slide 6, we see that gross lending surged by a record 19% in the first nine months of 2025 as the momentum of the last few years continues. Retail delivered yet another strong quarter, growing at 20% year to date, adding AED 64 billion of new loan origination on the back of diversified digital offerings and a comprehensive product suite. C&IB delivered a record quarter, originating 95 billion of new lending year to date and up 32% after repayments. There was strong financing demand across most industry sectors throughout our domestic and international network, especially non-related party sovereign, trade, real estate and financial institutions.

KSA continues to outperform as growth lending grew 38% year to date and 50% year on year. Within that, 48% of the total growth comes from Retail and 52% from Corporate, reflecting the strength of the balanced and self-funded franchise we are building there.

In view of where we've got to at Q3, we are upping the loan growth guidance to low 20% for the full year. We did see relatively low Government of Dubai repayments in Q3, so I have kept in mind that repayments may resume at a higher level in Q4.

On the liability side, total deposits increased by an excellent AED 94 billion, up 14% year to date. Within that, the strong CASA growth trajectory continues with 56 billion of the 94 billion deposits growth being additional low-cost CASA, a key strength of the Group over the years, backed by best-in-class digital escrow capabilities, APIs and virtual accounts, just as a few examples. This maintained the Group's CASA ratio at an extremely robust 60%, which helps absorb the impact of lower interest rates. It's worth noting that DenizBank's CASA ratio is typically around 25%, so ENBD's CASA ratio is more like 65%.

On slide 7, we see the NPL ratio improved to 2.5% during the first nine months of 2025, reflecting the continued trend of recoveries, supported by the buoyant property market and an increased lending balance denominator. Coverage is extremely strong at 160%, with stage three coverage close to 90%. Stage two coverage declined from 25% to 19% due to a mix of repayments and staging transfers.

We have a 9-basis point overall cost of risk credit for the first nine months, compared to a 38-basis point credit in the same period in 2024. While ENBD continued to see strong recoveries up against last year, DenizBank continued to see elevated charge-offs caused by the high interest rate environment. We have actually split that out in the appendix.

We are maintaining the guidance at a 20 to 40 basis point charge for the full year and may well end up somewhere between the midpoint and the low point. That does imply a Q4 cost of risk of somewhere between 90 and 120 basis points.

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On slide 8, the cost/income ratio is at 30.5% for the first nine months, and we're still expecting the ratio to land somewhere around that 31% mark for the full year. The 10% year-on-year increase in costs at Q3 was driven mainly by the flowthrough from earlier and continuing investments and the impact of inflationary salary adjustments in DenizBank.

Slide 9 shows that the Group maintained healthy liquidity with an AD ratio of 79% and an LCR of 149%. The Group has issued over 17 billion of term debt and sukuk so far this year, including a landmark CNH 1 billion issuance, marking the return to the Chinese market after a decade. Emirates Islamic issued the world's first sustainability-linked financing sukuk, raising 1.8 billion this quarter, reinforcing its position as a leader in the Islamic finance space. So, we remain extremely liquid, and we continue to see further liquidity inflows throughout the last quarter.

Slide 10 shows the consistency of our CET-1 ratio at 14.7%. Strong capital generation from earnings growth easily supported the 18% increase in risk-weighted assets for the first nine months.

Slide 11 contains divisional highlights, and just to mention a few of these, Retail's robust momentum continues with AED 64 billion in new lending, growing the loan book by 20% and an impressive 35 billion CASA growth in the first nine months. C&IB also delivered very strong results in the first nine months, adding AED 95 billion of new loan origination and significantly growing CASA from property escrow and by leveraging on technology upgrades in the area of APIs and virtual accounts. Global Markets and Treasury delivered very strong AED 1.9 billion income, despite the rate cuts, and DenizBank's profit before tax increased 21% quarter on quarter, driven by healthy asset growth and improving margins on the back of reducing policy rates in Türkiye during Q3.

We do actually have a couple of extra slides in the appendix, containing more granular detail and a dollar convenience translation of the P&L and financials. So, with that, we can open the call for some questions.

Operator Thank you, Patrick. We will now begin the question and answer session. If you wish to ask a question, please press star, followed by one on your telephone keypad and wait for your name to be announced. If you wish to cancel your request, please press star, followed by two. To participate in our written Q&A, just type your question into the Ask a Question text area, then click the Submit button. Once again, please press star/one on your telephone keypad if you wish to ask a question. The first question goes to Naresh Bilandani of Jefferies. Naresh, please go ahead.

Naresh Bilandani Thank you very much. It's Naresh Bilandani from Jefferies. Congrats on a solid set of results. I have three questions, please. The first one is on the loan book. So, of the 60 billion odd loan growth that you've seen in this quarter, it seems to be, Patrick, as you mentioned, led by the non-related party sovereign. Could you please offer any indication of the duration of this lending? Just trying to understand, how should the book move as you go into the year end? And can you please confirm if this is UAE a or a non-UAE exposure? That's the first question.

The second question is on the asset quality. There's a bit of a creep up in the Stage 2 loans. Would you be able to guide if that is coming from UAE or from any part of the international segment? At the industry level, it would be very helpful if you can talk about some trends that you may have observed in the 30-plus days' past due rates across Retail category specifically. And third, I appreciate, you'll be firming up the guidance for the next year, but given the current US curve and the rates outlook, would you please be able to guide on where should we see the ex-DenizBank

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NIM settle as we go into the next year? Any broad indication would be very helpful for the modelling at this stage. Thank you so much.

Shayne Nelson I think they are all yours, Patrick.

Patrick Sullivan Indeed they are. Thanks, Naresh, and welcome to the call.

Just on the loans and advances growth in the non-related party sovereign lending, that is all within the UAE, so it's not elsewhere, and it's to governments, it's not to any sovereign wealth funds or anything like that. Any exposure we have outside of the UAE is in the bond book, and you can see that just broken out between UAE and international. The duration for our corporate lending book is typically one year. You have renewals, etc., but the overall tenor of our lending book typically is originated at one year, some can be at three years, etc. So, hopefully, that answers that one.

Just on your Stage 2 deterioration, that's very much in line with what we're seeing in the credit environment in Türkiye, in DenizBank. You will have known from the last three/four quarters or so, we've seen elevated cost of risk there. We've actually broken out in the appendix the cost of risk for Deniz as well. It's no surprise with the interest rates at 50%, that has put pressure on the credit quality. But you know us, as we get that deterioration come through, we downgrade quickly, take the provisions, tighten the risk underwriting standard and move on.

Shayne Nelson Actually, Just on Türkiye cost of risk, we acknowledge that it's gone up, but what I would say is, putting on my old risk hat, if I'd tried to build a credit risk model, that what would happen if rates went to over 60% in retail, which they have in Türkiye, I would have probably blown it apart, basically, when it came to the model. But that has not occurred in Türkiye. So, I think, one thing that's quite apparent to us in Türkiye is that the economy is very resilient, and even the counterparties, including individuals, are quite resilient when it comes to these rates.

So, I have to say, as much as it's disappointing to have an increased cost of risk, I'm actually pleasantly surprised at what it is, given where rates have been.

Patrick Sullivan And we also did note, at the last quarterly meeting, that we are expecting the cost of risk for Deniz to be around the 250-odd basis points level. And just to contrast post-acquisition, we had been hitting the book with upwards of 400 basis points to get the coverage levels up from 50% to what is now 68% coverage. So, we're quite happy with that. We can see what's in front of us, and that's been well managed. It's one of those pain points that comes along with the high rates with the end purpose of bringing inflation down is better for long-term sustainable growth.

Just on any colour around UAE you asked for and the delinquency rates, we haven't seen any real deterioration in delinquency rates across the Retail side of the credit book. We have a pretty stable flow of charge-offs quarter to quarter. There's nothing that would indicate that there's any deterioration in that at all. And particularly, looking at, say, the mortgage portfolio in the property sector, the loan to values that we have are very, very low. It's about around the 65% mark or so at the moment. So, we're pretty comfortable with that. I don't know if there's any other sort of colour you were looking for there.

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Just on rates, and you were asking about ENBD-specific rates and where that might be ending up. So, for the margins, yes, we were at 2.97 for year to date for ex-Deniz. The actual Q3 margin was 2.84. I think I verbally gave an indication in the previous quarterly results, that we're expecting ex-Deniz to land around between 2.9 and 3.0%. So, if we're currently at 2.97 year to date, looks like we're comfortably within that range. And just with some of the guidance we've given for where we expect the margins to land for the full year, if you take that midpoint of the 2.9 to 3.0, I think you can deduce that the exit rate in Q4 will probably be around the 2.7/2.75% level. So, it's in there, and you can deduce that if you're looking for an overall exit rate. So, I hope that helps.

Naresh Bilandani That's very clear. Thank you so much. My question was mainly on the outlook for the next year for the ex-DenizBank NIM. I realise you may be planning this, but I'm just trying to think from a broad perspective, if you could offer any guidance there.

Patrick Sullivan Well, I hope that Q4 exit rate would be a good indicator for what you would want to take forward if you're looking to your models next year. So, look, we're expecting two more rate cuts this year, and our Research team are looking at three times 25 basis points cut for next year, more frontloaded to the earlier part of the year. And we also are quite transparent on the rate sensitivity. So, for ex-Deniz, it's around AED 550 to 590 million per 25 basis points. So, you can factor that in also forward-looking and for the Group as a whole, it's about AED 490 million, about \$135 million per 25 basis points. So, it's quite mathematical, and you can probably land up with a pretty sensible number.

Naresh Bilandani Thank you so much, Patrick, and thank you, Shayne.

Patrick Sullivan Thanks, Naresh.

Operator The next question goes to Rahul Bajaj of Citibank, Dubai. Rahul, please, go ahead.

Rahul Bajaj Hi. Thanks for taking my question. This is Rahul Bajaj from Citi. I have three quick questions, actually. The first one is on opex costs. We've seen decent increase in cost actually for the first nine months of this year, almost 15/16% YoY. And if I remember, Patrick, you alluded to, after the second quarter call, that we should expect full-year cost growth to be in the high single digit. So, is that guidance no more applicable? Should we expect a double-digit cost growth for full-year 2025? And how should we think about 2026 on the cost metric, basically? So, that's my first question.

The second question is on dividend. While I appreciate you would be looking at dividend decisions with the fourth quarter release, but given that the RBL transaction has been announced, and you know now largely where you will land and what's the requirement for inorganic transaction over the next 6/12 months, does that impact your dividend decision, heading into the end of the year when you recommend a dividend to the board? So, will that be a consideration? And should we expect any excess buffer to potentially be released to shareholders? So, that's my second question.

And third question is linked to the second question on inorganic. We recently saw the news around FOL restrictions potentially being lifted in Saudi, and Saudi has always been one of those markets where you have mentioned that it

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is core for Emirates NBD. How should we think about inorganic growth potentially in Saudi in a year or two years' time, if you're allowed to do so? Will Emirates NBD be willing to tread that path? Thank you.

Patrick Sullivan Thanks for that, Rahul. Just starting from the top on the opex, you're right. You know we've been investing in tech frontline sales and all the support you need for that and an element of natural inflation, so you always get the flow through from quarter to quarter, year to year. So, yes, I did indicate high single digit. We were at 16% year on year. At Q3 year on year, it's down to 10%. We are still tracking to around that 9 to 10% mark. I guess, the difference, if it is slightly above a high single digit, if I take the highest part of a single digit, being 9, would be some of the inflationary pressures that we're seeing in DenizBank, particularly if they have interim pay rises and they have real dollar inflation.

So, when you give a Turkish lira increase, that's not being fully offset by depreciation. The lira's been relatively stable in the last year or so. So, that's probably the main thing pushing against that. But also, we did have higher costs in Q4 last year. With the guidance we've given, we had 3.9 billion of costs for Q3. And mathematically, if we're aiming for that high single digit, possibly 10%, then the cost for Q4 has to be at a pretty similar level for that to be true. So, it's relatively mathematical as well. And also, on opex, I would say, we always fall back to the overall cost to income line as well. 30.5% is pretty lean and mean, and that's including our international operations where, in Saudi and Deniz, they'll be operating fairly well above the average you would see across the banking industry in the UAE. So, we're absorbing that quite well, and I've indicated that we'll land around that 31% mark for the full year.

Just on dividends, as we always say each year, that's a decision for the board at the end of the year. What I would note, as we have in the past, is that, I guess, we take some pride that we are the only bank that hasn't cut a dividend in the last four or five years. So, we'd want that to stay true as well. So, if you are asking, do we need to do something on the dividend to create more capacity around capital, the answer to that is no. And foreign ownership on KSA, Shayne, that one, you might want to take.

Shayne Nelson I don't think that's very clear on the banking side at this stage, to be honest, Rahul. But it's certainly a market that we've always been interested in. And you know that we've had this discussion many times, but our focus at the moment is, we've spent quite a lot of money on building our network in Saudi. And our organic growth is doing, as you can see from the numbers, extremely well. Nasser and the team are really knocking it out of the park in the last couple of years. So, we will continue to push very hard on that lever. We're also seeing Saudi's liquidity quite short. Not us, I'm saying the industry as a whole is quite short, which does give us capability, given that there's lots of liquidity in the UAE to transpose that into Saudi.

And I'm not talking about the bank just sticking money into our Saudi operation. I'm talking about customers using things like fiduciary deposits to, not only help our bank, but also help other banks within Saudi. So, there's quite a lot of opportunity in Saudi at the moment, and we continue to see very strong growth there. So, I think, at the moment, what I would say is, our focus is on that organic play. We've spent a lot of money building out that network, and, yes, we're very happy with how it's developing. And it's not clear to me yet exactly what that freeing-up of foreign investor holdings would do to the banking industry itself.

Rahul Bajaj Understood. Thanks, Patrick. Thanks, Shayne.

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Shayne Nelson Thank you.

Operator The next question goes to Jon Peace of UBS. Jon, please, go ahead.

Jon Peace Yes, hi there. So, first question is around India, and I wondered if I could perhaps draw you to give some ranges, perhaps, for the potential accretion and capital impact of the RBL deal, and whether you might have any comment that, as you focus on completing and acquiring that business, whether that might preclude any other significant acquisitions? And then maybe if I can just follow up on the loan growth, how sticky do you see that non-related party sovereign lending? Would you expect/hope it to get rolled? I think you mentioned possibly a one-year duration, or might there be a risk of repayment, a bit like we've seen in Dubai, that caused a little bit of a headwind for loan growth in 12 months' time? Thank you.

Patrick Sullivan Well, shall I just start on the accretion part?

Shayne Nelson Yes, go ahead.

Patrick Sullivan Look Jon, on India, with the accretion, I think it would be a bit premature to have a range of that at this time. We have to remember that actually the deal is not fully done yet. The AGM is on 12th November. The bottom line is, because it's a full capital injection, and we are not doing a rights issue ourselves, it will be accretive. So, the \$3 billion, whether it's sitting here or in India, actually in India would have a higher yield until deployed, what we will do is, when it comes to pro-forma and some of those projections in the quarter, that we actually close the transaction is when we would add much more of that colour.

But there's a lot of processes until then, with regulatory approvals, etc., AGMs and whatnot, that we need to work through in advance. The bottom line is, we do believe implicitly that it will be accretive.

Shayne Nelson And the capital impact would probably be 1%, right?

Patrick Sullivan Yes. So, if it were done today, it would have upwards of a 100-basis point impact on our CET-1. So, very much absorbable.

Shayne Nelson So, it's 100 bps, and it's likely subject to all the regulatory approvals and the AGM on the 12th. It's probably going to settle, in all likelihood, in the second quarter of next year. So, I think the accrual of earnings in that time should more than offset the capital reduction, in any case, we would guess. On the loan growth, it's sticky. We really can't comment on that client, and we can't give the name, and we can't really say how sticky it is. We certainly hope it's sticky. We'd love it to be sticky, but again, it's not something we can really forecast. Dubai has been repaying at a slower rate in the third quarter, but we're not sure whether or not that will accelerate again in the last quarter.

And that's why Patrick is being a bit conservative on the loan growth forecast, because we have had quite substantial repayments in the first half of the year, smaller in the third quarter, and we're unsure whether they'll accelerate back to that similar level again. And one thing I would say is, if you look at the loan growth in 2024 and what we've achieved to date in 2025, given how much we've had repaid, it's been a pretty good loan growth story, ex-Dubai-sovereign repayment.

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Patrick Sullilvan And, Jon, you also asked about whether this transaction precludes anything else that we might be thinking of. Obviously, we cannot comment at all on anything that might be market speculation, but I just have to say, we're entirely focused on closing this great opportunity. We do want to grow. We want to grow the R of the ROE calculation. And I think I've said before, we're completely agnostic as to whether we do that organically or if the right opportunity is something that meets the strategic fit. Of course, you're going to have to look at something like that. But you can also see, from the past, I think if we complete this one, we've done one large transaction every six years, I think. So, it's not something that we go in and do a lot off. But growth is where we see the opportunity.

Shayne Nelson There's a question. While we're on RBL, maybe we should take some of the other questions. I can see, there's one from Vijay of Al Tayer Group, asking about India regulations and exercising majority voting rights, what the board composition looks like. Maybe I'll take a few of those now. The Indian regulations do restrict us to a 26% maximum voting right. However, it is unlike the UAE, for example, where the Government here has 56%, and then we split that 56% across all board members when we vote for board members. In India, that 26% is for each individual board member. So, if you work out how the voting works, we believe, and certainly the auditors believe that we can demonstrate control, but there are restrictions in India, where the chairman must be an independent.

Fifty percent of the board members must be independent, and then we believe we can appoint the rest. So, I think that's how we're seeing the board composition. The medium to long-term plan, is the next question they asked, on the RBL and Indian operations, and what's the target, in terms of scale and market position. At the moment, RBL is a small to medium player within the Indian market. It's a relatively small piece on our balance sheet. It's got a balance sheet of about \$17 billion. And when you compare that to our size of over \$300 billion, it's a relatively small balance sheet, albeit that we inject another \$3 billion into it. But we do believe it has some excellent capability to grow the branch network. What's the branch, it's 548.

Shayne Nelson And over 400 ATMs. So, I think, from our perspective, we see there's a lot of capability that we can add to RBL, we're already banking a lot of corporates within India and offshore, Indians offshore, that we can boost the balance sheet in the corporate banking space there and pick up ancillary business within the India piece. We also believe we can add quite a bit of value in the wealth management space within India and boost up the Wealth Management business for RBL.

And unusually, very unusually, RBL has very much a similar platform to what we have. So, they have a Finacle, which we use as our core banking system. They have the most upgraded version of Finacle. They use Calypso, which is our treasury system, so then they have the most upgraded version of Calypso, and they use Oracle, which we use as well. So, to find a bank anywhere, forget whether it's in India, to acquire, that has virtually the same core tech platform is highly unusual. And that gives us quite a lot of capability to leverage our technical expertise and their technical expertise in growing our digital capabilities across India and also here. So, I think it's an exciting acquisition for us, and, inshallah, we'll deliver it by the end of the second quarter of 2026.

Operator Great, thank you. Moving on to the next question from Shabbir Malik of EFG Hermes. Shabbir, please go ahead.

Shabbir Malik Hi. Thank you very much. I think most of my questions have been answered. I guess, in terms of your international expansion plans, you've largely achieved what you set out to do at the beginning of, maybe, last year. You said that your key markets are UAE, Saudi, India, Egypt and India. So, with this acquisition, you would have achieved a reasonable scale in India. So, what does it mean for your capital deployment plan going forward? Do you think that you can now focus on organic growth, and maybe that leaves you some extra capital, which can later be deployed or maybe paid back as extra dividends? So, any qualitative comments on that would be useful. Thank you.

Patrick Sullivan Hi, Shabbir. Thanks for joining. You've seen the trend in our CET-1 ratio, well, as long as I've been here, has been well over 14%, sometimes in the 15%. But also, you can see the pace of our balance sheet growth. And it means we have the capital base that can support that organic growth at a great pace if that opportunity is there. And you can see the pace that we have been growing even this year. There's pretty good evidence that we haven't been distracted at all by the potential of any inorganic opportunity. So, we've got those five markets we do want to grow. You know we like to operate with a good level of capital because, as you might have seen with some others, when you get down to around the mid-12s or so, it can lead to needing to do a rights issue.

And I know the market view of doing rights issue that might not have been expected, let alone for acquisitions. So, we remain very comfortable. You can see, and if you're alluding to dividends or buybacks, given we're in growth mode, we see the opportunity, it would be very premature to be even thinking about things like buybacks, which I guess, from a capital engineering point of view, can be quite efficient, albeit with our share price where it is, it would be expensive. And as we have said before, the dividend is decided by the board. We do take the market feedback into the boardroom, and then the board sets what they feel is the right level of return and maintaining capital to ensure we've got that room for the future growth. Hope that helps.

Shabbir Malik Yes, that's very helpful. Thank you so much.

Patrick Sullivan Thank you.

Operator The next question goes to Olga Veselova of Bank of America. Olga, please go ahead.

Olga Veselova Thank you and good day. Several questions from my side. One is on RBL. Are there any corporate governance decisions where 26% voting rights are not enough? So, what you can and what you cannot do with this level of voting rights, change of management or changes in the capital, would be great to understand this better. This is question number one. Question number two is, how do you assess a chance of higher systemic importance buffer, given that you are becoming bigger internationally? Is this a factor at all for the central bank? And I know it's hard to predict, but your best guess would be appreciated here.

And number three, you were shortlisted by Indian regulator for IDBI, and I did hear your comments on, all focus is now on RBL, but can you maybe confirm to us that this is definitely off the table? There is no due diligence, no nothing? Thank you.

Patrick Sullivan Just on that third one, I'd refer back to my previous comments. On the second one about us being a D-SIB, and if we're growing, does it add to any requirements? I think I had mentioned, at the previous

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quarter, that the countercyclical buffer is being added for the UAE. And for us, that would add 29 basis points. So, from the beginning of next year, we'll have a capital minima of 11.36%, up from 11.07. So, that's the only information that we are aware of. And we would not, at this point, expect any change if we were completing RBL either.

And just to your point on the corporate governance for 26%, yes, so that means actually, mathematically, you've got 40% of the effective voting rights, but that actually does represent control when you combine with board appointments, management control and then the third level at the AGM. When you have such a diverse or dispersed minority shareholding, that even also constitutes, essentially, control of the organisation.

Shayne Nelson And I think, Olga, you'll be able to see, with some other private banks in India, promoters are controlling the bank at 26%. I won't name them, but I'm sure you can work it out. And also, there are, reserve matters for the AGM which requires a 75% vote, and obviously, with 26%, you have got the reserve matters under your control. So, we do believe that that 26% is sufficient to give us control over the bank. And frankly, we've said many times before that we would not acquire any institution unless we could demonstrate control and unless we were confident that we would have control of all aspects of the bank itself.

Patrick Sullivan And also getting relief from the requirements to sell down to 26% after 15 years. That's one of our conditions for completing the transaction, is to get that regulatory relief for that. So, it would not complete if we weren't able to get that relief.

Olga Veselova Thank you. If I may squeeze in one more question, margin erosion in third quarter, was it driven by the sovereign lending, or was there any other reason for margin pressure in the third quarter?

Patrick Sullivan No, it was absolutely not from the sovereign lending. In fact, that was margin neutral overall. But it is that effect of the 100, now 125-basis point cut. So, most of that margin you would have seen from our Q1 and Q2 results, it's actually mostly that impact. And you can see, in this quarter, we're up one basis point or so. So, it's from what's happened in the first half, from the 100-basis point cut last year. And happily, the DenizBank rate cuts are having a very positive effect on the overall bank margin. So, we're quite comfortable with that rate of compression being a function of the high-quality cost of funding that we have, i.e., being with high levels of CASA, you have a low cost. So, when rates went up, they went straight to the top of our P&L and to the bottom line, and where rates are coming down, and hopefully, we've given enough for you to mathematically see exactly what that impact will be in the near term.

Olga Veselova Okay, thank you.

Patrick Sullivan Welcome.

Operator Thank you. I'll now hand back to Karan for any written questions.

Karan Goyal Thank you very much, Nadia. Some of the written questions are on RBL Shayne, which you have very well covered. Maybe, Patrick, a few questions for you. One question is on hyperinflation. So, with the inflation in Türkiye coming down to around the 33% level, when do you see that charge going off the P&L for us?

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Patrick Sullivan Yes, it's a little bit, should I say, annoying that we still have that 2.4 billion charge, the same as last year, even after inflation is half of what it was when it peaked around the half year last year. But that's really a function of, with the inflation, they have a larger Turkish lira balance sheet that they then have to make an adjustment against and less FX depreciation to offset that further. So, it's still high, but obviously, I would remind you that it is basically debit P&L, credit capital. So, it is capital neutral. It does represent the loss of purchasing power of your monetary assets, albeit the assets are stated at what they are worth.

When will we get rid of that? Just that it has to be a three-year accumulation of less than 100%. So, if we're tracking down from 70 to 33 this year, and then hopefully in the 20s next year, it could be some partway through, at the earliest, in 2027, before we can drop that capital-neutral adjustment.

Shayne Nelson We're certainly looking forward to it because, it's going to take quite a big boost to our bottom line. And I think the other thing to say is, as you know, banks in Türkiye have CPI-linked bonds in their books. And unfortunately, that is dropping down as an income source, as inflation falls. But we're not getting the benefit on the hyperinflation deduction this year because of the growth. So, we're certainly looking forward to hyperinflation coming off in Türkiye, but I think best case is the back end of 2027, I think more likely, 2028 is the reality.

Patrick Sullivan I'm more optimistic, Shayne.

Shayne Nelson So, you're the optimist. Unusual for a CFO, isn't it.

Karan Goyal Maybe we'll take just last question for you, Patrick, again from the written questions. There has been an increase in Stage 2 exposures. Any explanation behind that?

Patrick Sullivan Yes, I think I actually answered that in one of the earlier questions. That's predominantly DenizBank, but as a percentage of our total book, it's actually gone down a little bit for the quarter. I think it's gone down from 4.7% at the end of last year to 4.6%. But the absolute is gone from AED 25 billion to AED 29 billion. Okay, so that's just the book got larger, but that is predominantly DenizBank with the credit pressure they're seeing in the SME and credit card space.

Karan Goyal Thank you, Shayne and Patrick. Over to you, Nadia.

Operator Thank you, and moving back to audio questions, from Aybek Islamov of HSBC. Aybek, please go ahead.

Aybek Islamov Yes. Thank you for the conference call, and once again, congrats with strong results and finally announcing a deal in India. So, look forward to your completion there. My question is on Saudi Arabia. So, we know that there is a 1% countercyclical buffer that is applicable to Saudi risk-weighted assets from next year. I believe you will have to reciprocally apply this buffer on your Saudi risk weighted assets as well from next year. So, how will that impact your capital allocation decisions in Saudi Arabia?

And overall, can you comment about your exposure to commercial real estate in Saudi, land development, construction projects? Because these are one of the most capital-intensive assets in the country. So, that will be my only question. Thank you.

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Patrick Sullivan Hi Aybek. Just on the KSA countercyclical, it's a pretty small impact for us. It's like nine basis points. That's included within that 29-basis point adjustment that I mentioned earlier. So, not that significant.

Shayne Nelson I'm just thinking about all the credits that we've reviewed recently. We haven't got a very high concentration in property in Saudi, to be honest. A bit, but not that much, and certainly, we've got no exposure that I'm aware of in any of the mega projects that Saudi has been offering. Our focus on Saudi is really largely the family conglomerates there rather than Government. So, we've been doing quite well at growing that. We have got a bit of property in Saudi, but it's not that material.

Aybek Islamov Okay. Thank you.

Operator Thank you. That concludes our Q&A session. I'll hand back to Shayne for any closing comments.

Shayne Nelson We'll close it down because I know a few of you will be rushing off to the next bank who's hopping on at three o'clock, who'll remain nameless. But I thank you all for participating in today's call. As you can see, we continued our performance momentum, delivering a very strong quarter. The bank's rock-solid balance sheet makes Emirates NBD a regional powerhouse and providing a strong platform for our future growth. I'll now hand you back to Nadia to provide details, in case you have any other follow-up questions and to close the call. Thanks, Nadia.

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.

Shayne Nelson Thank you all.