

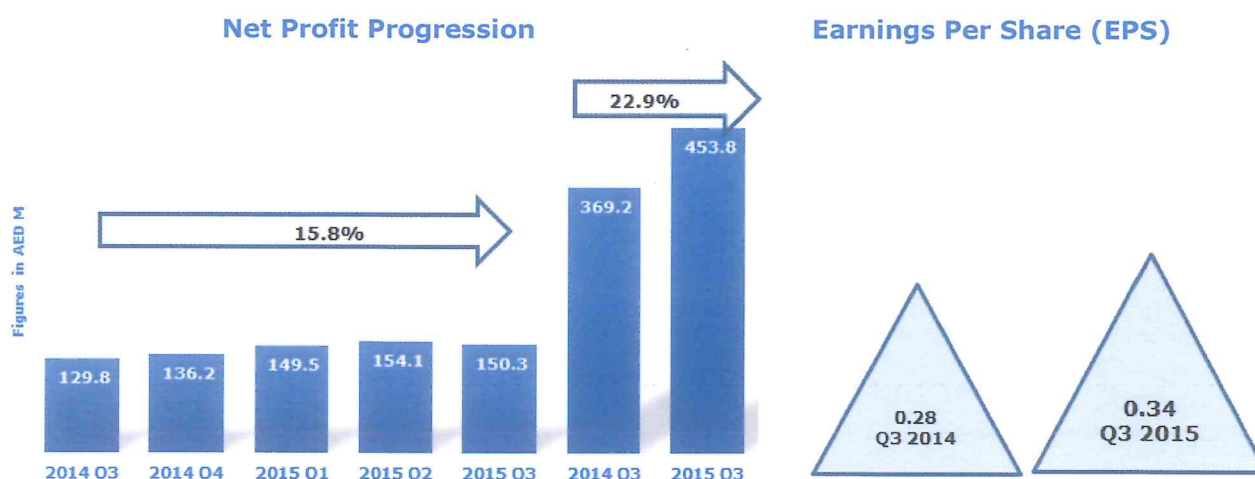
Management Discussion and Analysis Report

For the nine month period ended 30 September 2015

National Bank of Fujairah PJSC (NBF) reports Q3 2015 Net Profit of AED 453.8 M, an increase of 22.9% Y-o-Y

INCOME STATEMENT HIGHLIGHTS

National Bank of Fujairah PJSC ("NBF") recorded a net profit of AED 453.8 million for the nine months period ended 30 September 2015. The Bank's performance reflects the continuing focus on core business growth, improved asset quality and disciplined cost management. Compared to Q3 2014, customer financing was up 21.7%, customer deposits grew by 22.8%, and shareholders' equity was up 29.4%. Earnings per share for the nine months of 2015 were AED 0.34, up 21.4% when compared to the same period in 2014.

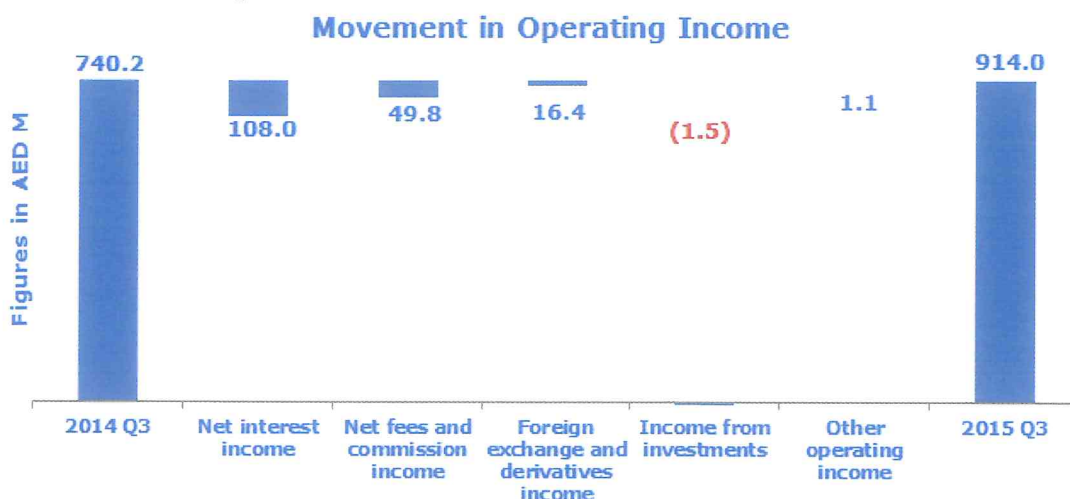


Figures in AED M

	Sep'15	Sep'14	YoY Change%	Q3'15	Q2'15	Q3'14	QoQ	YoY
Net interest income	601	493	21.9%	211	200	173	5.1%	21.8%
Net Non-interest income	313	247	26.6%	96	112	85	-14.0%	12.7%
Operating Income	914	740	23.5%	307	312	258	-1.7%	18.8%
Operating Expense	-328	-275	19.3%	-111	-110	-98	1.1%	14.0%
Provisions	-132	-96	37.6%	-45	-48	-31	-5.8%	46.2%
Net Income	454	369	22.9%	150	154	130	-2.5%	15.8%

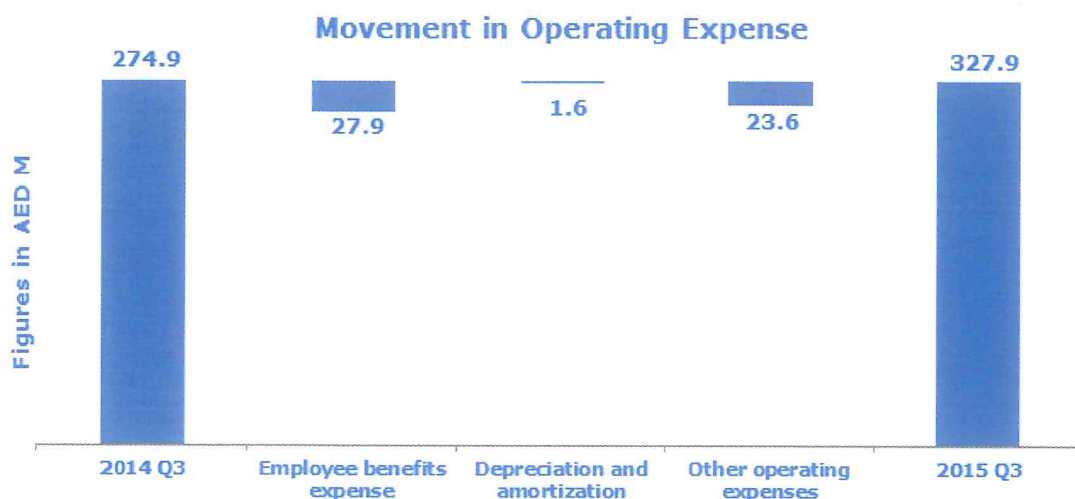
Operating income experienced strong growth at 23.5% and the principal drivers were the following:

- Net interest income grew by 21.9% compared to the same period last year, reflecting an increase in business volumes.
- Net non-interest income reported 26.6% growth over the corresponding period last year. The growth in this space reaffirms the Bank's ongoing focus on the trade finance and advisory business. Foreign exchange and derivatives income marked a robust growth of 32.2% compared to the corresponding period of 2014.
- Income from investments reflect lower fair value gain compared to the corresponding period of 2014.
- Q3' 15 profit was marginally lower than Q2' 15 due to higher fee and commission income recorded in Q2' 15.



- Operating profit was AED 586.1 million compared to AED 465.4 million in the corresponding period of 2014; a rise of 25.9%.

Operating expenses increased by 19.3% compared to nine months period ended 30 September 2014, reflecting ongoing investment in our business and service platforms. Cost-to-income ratio improved to 35.9% from 37.1% in the corresponding period of 2014 and 37.8% for full year 2014, reflecting NBF's continued focus on productivity enhancement and disciplined cost management.



- Net impairment losses were AED 132.3 million compared to AED 96.1 million in the corresponding period of 2014. This includes the strong growth in the loan book and the collective impairment provision required by International Financial Reporting Standards (IFRS) and the Central Bank. The non-performing loans improved from 4.6% to 3.7%. Total provision coverage improved to 137.4% from 118.5% at 30 September 2014.

STATEMENT OF FINANCIAL POSITION - HIGHLIGHTS

Figures in AED M

	Sep-15	Sep-14	Change %	Sep-15	Jun-15	Dec-14	QoQ	YTD
Total Assets	28,633	23,396	22.4%	28,633	27,837	24,586	2.9%	16.5%
Net loans and advances	19,417	15,949	21.7%	19,417	18,427	16,328	5.4%	18.9%
Customer deposits	20,234	16,473	22.8%	20,234	19,462	17,932	4.0%	12.8%
Total shareholders' equity	4,179	3,228	29.4%	4,179	4,066	3,364	2.8%	24.2%

- NBF's total assets amounted to AED 28.6 billion as of 30th September 2015, which represents an increase of 16.5% over 31st Dec 2014
- The Bank's net loan book increased by AED 3.1 billion compared to the end of the last year. Loans and advances of AED 19.4 billion were up by 18.9% from AED 16.3 billion at 2014 year end, and up by 21.7% from 30 September 2014.
- Customer deposits of AED 20.2 billion were up by 12.8% from AED 17.9 billion at 2014 year end, and up by 22.8% from 30 September 2014. Customer deposits stood at AED 20.2 billion, which funded 70.7% of total assets and loans to deposit ratio was 96.0%.
- Shareholders' equity went up by 24.2% to AED 4.2 billion compared to AED 3.4 billion at 2014 year end. During the year, NBF successfully issued its second tranche of additional Tier 1 capital of AED 500 million.

KEY PERFORMANCE INDICATORS

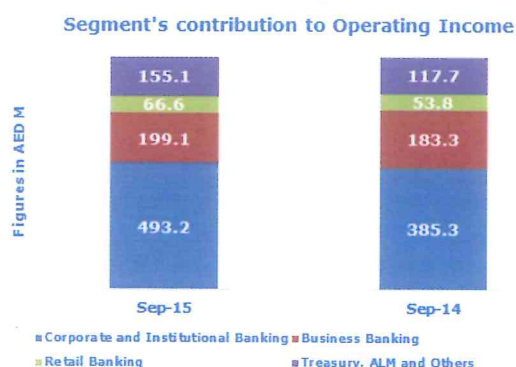
- At NBF long term success is measured through our profitability levels, and this focus is evident from the above ratios. The strong financial performance in the nine month period ended 30 September 2015 further improved the Bank's ROAE, ROAA and Cost to Income ratios.
- NBF's continuous focus on credit quality during the nine month period ended September 2015 helped bring the NPL ratio to 3.7% and the coverage ratio improved to 137.4%; among the best at the industry level.
- Following our bonus share issue and tier 1 note issuance in H1 2015, the CAR and Tier 1 Ratio are at healthy levels of 18.7% and 16.0%, respectively, for the period. These continue to be well above the UAE's prescribed minimum threshold for capital adequacy (12%) and for Tier 1 capital (8%).

- Return on average assets was 2.3%, up from 2.2% over the same period in 2014.
- Return on average equity was 16.0%, up from 15.7% over the same period in 2014.

	Sep-15	Sep-14	Change (bps)	Sep-15	Jun-15	Dec-14	QoQ Change (bps)	YTD Change (bps)
Return on Average Assets	2.3%	2.2%	8	2.3%	2.3%	2.2%	-4	8
Return on Average Equity	16.0%	15.7%	31	16.0%	16.3%	15.8%	-30	23
Cost to Income ratio	35.9%	37.1%	-126	35.9%	35.7%	37.8%	19	-191
NPL ratio	3.7%	4.6%	-92	3.7%	3.5%	4.4%	16	-71
Provision Coverage Ratio	137.4%	118.5%	1892	137.4%	146.6%	121.4%	-923	1594
Lending to Stable Resources Ratio	88.7%	89.1%	-40	88.7%	86.9%	87.0%	183	170
Liquid Assets Ratio	23.4%	21.2%	224	23.4%	23.9%	24.9%	-47	-147
Loans to Deposit Ratio	96.0%	96.8%	-86	96.0%	94.7%	91.1%	129	491
Tier 1 Ratio	16.0%	13.0%	298	16.0%	15.7%	14.6%	28	140
Capital Adequacy Ratio	18.7%	16.0%	267	18.7%	18.4%	17.6%	26	108

- NBF continues to maintain a strong liquidity position. The Bank maintains a portfolio of liquid assets of around 23%. Based on new liquidity guidelines from UAE Central Bank, our Eligible Liquid Assets Ratio (ELAR) stands at 16.04% above the requirement of 10%. The Bank is also in a comfortable position to abide by Basel III liquidity standard – Liquidity Coverage Ratio (LCR) which will be implemented for eligible banks from January 2016
- The lending to stable resources ratio (LSRR) of 88.7% remained well below the UAE Central Bank ceiling of 100%. The bank holds an investment portfolio aggregating to AED 1,145.8 million.

OUR SEGMENTED FOCUS



NBF's strategy continues to revolve around client relationships, which is reflected in the segmented approach adopted by the bank to serve its customer needs with a dedicated focus.

This also helps in diversification and maintaining stable growth. The operating income from corporate and institutional banking customers (including Business banking) for the period was AED 692.4 million, up 21.8% over same period last year. Operating income for retail and treasury, ALM & others has grown by 23.7% and 31.7% respectively against same the period last year.

OPERATIONAL HIGHLIGHTS

- Following the reaffirmation of the Bank's long-term credit rating at Baa1 and BBB+ by Moody's and S&P respectively in H1 2015, Capital Intelligence has also reaffirmed the Bank's long-term and short term foreign currency credit ratings at A- and A2 respectively, with stable outlook
- The Bank announced the launch of NBF Elham, a new corporate banking unit for Emirati female business leaders, in recognition of the growing role that women play in the local economy.
- The strong progress of NBF Islamic continues and a number of corporate products have been launched following approval from the Central Bank. Islamic deposits grew to around AED 1.2 billion, while Islamic finance and investments amounted to AED 663 million.
- NBF sponsored the recent fifth Gulf Intelligence Energy Markets Forum in Fujairah, a networking and thought leadership platform that highlights the latest developments in the global and regional energy markets. Underscoring its expertise in the energy markets, the Bank hosted a breakout session around oil price volatility and its impact on the global oil storage trade.
- NBF's new corporate banking office in Abu Dhabi has been inaugurated. Located at the Al Badie building in the Capital District, the new office gives greater access to the growing business opportunities within the Mussafah, Mohammed Bin Zayed and Al Falah cities and strengthens the Bank's efforts in supporting the emirate's push to develop its services and manufacturing sectors.
- NBF remained active in its CSR activities. A few to name include Ramadan drive to support fasting workers, participation in the UAE Humanitarian day and contribution to Nepal Earthquake fund.

AWARDS AND ACCOLADES

- NBF was voted "Best Commercial Bank UAE" and "Best Corporate Bank UAE" at the 2015 BME Industry Awards, these achievements marked the fourth consecutive year that NBF has retained the former award and the first time win on the latter. These two awards, also added onto NBF's record haul of five trophies at the BME Product Awards, a sister event held earlier this year: Best Corporate Advisory Service; Best SME Customer Service; Best SME Trade Finance Offering; Best SME Internet Banking Service and Best Treasury Management. This proves NBF has remained true to its traditional values of ensuring customers are always positioned at the centre of the business.

- Owing to our continuous efforts to improve the Bank's position, The Banker magazine's Top 1,000 World Banks listing reflected NBF's ongoing success:

Ranking on The Banker's Top 1,000 World Banks list	2015	2014	2013
Soundness (capital assets ratio)	84	119	166
Return on Assets	139	197	248
Return on Capital	419	433	420
Size (Assets)	851	887	902
Tier 1 Capital	688	764	837



Vince Cook
Chief Executive Officer



Adnan Anwar
Chief Financial Officer