



Best Domestic Commercial Bank
Best Foreign Exchange Service
Best SME Trade Finance Offering
Best Treasury Management

In good hands

www.nbf.ae

Disclaimer

This document has been prepared by National Bank of Fujairah (“NBF”) for information purposes only. The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. This document shall not be reproduced, distributed or transmitted without the consent of NBF and is not intended for distribution in any jurisdiction in which such distribution would be contrary to local law or regulation.

The material contained in this presentation is intended to be general background information on NBF and its activities and does not purport to be complete. It may include information derived from publicly available sources that have not been independently verified and inconsistencies between sub-totals and totals due to rounding errors. No representation or warranty is made as to the accuracy, completeness or reliability of the information. It is not intended that this document be relied upon as advice to investors or potential investors, who should consider seeking independent professional advice depending on their specific investment objectives, financial situation or particular needs.

Without prejudice to the foregoing, we do not accept any liability whatsoever for any loss howsoever arising, directly or indirectly, from the use of this presentation or its contents or otherwise arising in connection with this presentation.

It is possible that this presentation could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the NBF plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements such as changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

NBF undertakes no obligation to revise or update any forward looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Engaging our shareholders and stakeholders more closely for the development of National Bank of Fujairah

NBF has established a solid platform for future growth and as it begins the next leg of its growth journey an advanced focus on investor relations is being established to regularly engage the investor community. Not only will this platform give us the opportunity to provide greater insight on the bank's performance and long-term objectives, it will also foster a greater understanding of the perspectives of our shareholders and key stakeholders, feedback that will prove invaluable as the bank strives to improve its financial results, shareholder returns and market reputation.

As NBF progresses towards becoming the UAE's business partner of choice and the pride of Fujairah, your support will be instrumental for our continued success.

Highlights

Operations

- Among top five fastest growing banks in the UAE in the last three years
- 11th largest in terms of Market Capitalisation in UAE.
- Out of 1,000 banks THE BANKER ranked NBF at 166th in terms of Soundness, 248th in terms of Return on Assets and 420th in terms of Return on Capital, despite having an asset base ranking of 902 which speaks of our robust performance and underlying strength.

Flagship

- Flagship bank of Fujairah Government
- An Emirate of strategic importance
- Second largest bunkering hub globally

Ownership

- 39.42% owned by Dep't of Industry and Economy – Gov't of Fujairah
- 20.00% by Easa Saleh Al Gurg Company LLC
- 9.78% by Investment Corporation of Dubai – Gov't of Dubai

Profitability

- Good profitability ratios reflect strong performances by key businesses

Diversification

- Corporate Banking, Retail Banking, Trade, Treasury, Advisory and Asset and Liability Management

Presence

- Total of 14 Branches UAE wide

Offerings

- Fully fledged and diversified financial services offerings



Operating Environment

United Arab Emirates – macroeconomic brief

Economic Growth

- As per IMF estimates, UAE GDP growth equaled 4.3% in 2012 on the back of investor friendly environment & safe-haven status, improved tourism, higher demand from expatriates and greater capital inflows

Oil Fundamentals

- UAE's oil production expanded 5.20% in 2012 and continued to expand by 2.50% yoy in 1Q2013. The government intends to increase oil production capacity to 3.50mbpd by 2018 from current levels of 2.73mbpd

Economic diversification

- Continued diversification as **Non-oil Growth** equaled 3.80% in 2012. Given positive recovery in real estate and high growth in tourism and service related sectors, non-oil growth is forecasted to reach 4.30% in 2013

Expo 2020

- Dubai is a candidate city for World Expo 2020 and successful bid will further accelerate non-oil GDP growth



United Arab Emirates – macroeconomic brief

UAE: Main Economic and Financial Indicators

	2007	2008	2009	2010	2011	2012e	2013f	2014f	2015f
Economic Activity									
Nominal GDP, \$ billion	258.2	314.4	259.7	283.9	345.3	371.9	386.6	408.3	432.1
Real GDP, % change	5.8	4.5	-4.8	1.4	4.4	4.8	3.6	3.5	3.5
Hydrocarbon (mainly Abu Dhabi)	-0.7	1.1	-7.3	0.9	6.7	6.3	1.5	1.3	1.3
Nonhydrocarbon (UAE)	9.5	6.3	-3.6	1.7	3.4	4.0	4.5	4.6	4.6
Abu Dhabi	8.7	7.3	1.0	3.0	3.2	3.8	4.5	4.6	4.6
Dubai	9.4	5.9	-7.3	0.6	3.5	4.3	4.5	4.6	4.6
Prices, Credit, and Money									
Oil Export price, \$/barrel	71.1	96.3	62.8	78.2	108.9	109.7	106.0	106.0	106.0
CPI inflation, average, %	11.1	12.3	1.8	0.6	0.9	0.7	1.6	2.7	3.0
Credit to the economy, % change	39.9	47.5	2.9	2.2	5.3	3.3	5.8	7.3	8.2
Public nonfinancial enterprises	37.5	23.6	37.8	13.3	36.9	10.9	17.0	16.0	15.0
Private sector	40.1	49.3	0.7	1.2	2.2	2.3	4.2	6.0	7.0
M2= Broad money, % change	41.7	19.2	9.8	6.2	5.0	4.4	6.3	7.3	7.0
Banking Soundness indicators									
Capital adequacy ration, %	14.4	13.0	19.2	20.8	20.8	21.0	21.0	21.0	21.0
NPLs to total loans, %	2.9	2.3	5.2	6.6	7.6	8.4	8.2	7.8	7.5
Provisions to NPLs, %	100.0	109.4	81.8	83.4	88.0	92.5	94.8	99.6	103.6
Return on assets, %	2.0	1.8	1.4	1.4	1.5	1.6	1.7	1.8	2.0
Loans to deposits ratio, %	95.0	108.2	103.6	98.3	100.1	92.4	92.0	92.0	92.0

Emirate of Fujairah – strategic and regional importance

- **Fujairah** is one of the seven emirates that makes up the United Arab Emirates (UAE). Given its growing status as hub for oil storage and refining, the Emirate is of strategic importance to the country
- Fujairah is the world's 2nd largest bunkering port after Singapore and the emirate boasts one of the world's top tanker refueling and oil storage facilities
- Significantly, the Emirate provides direct access to the Indian Ocean for crude oil and oil product exports from UAE, thereby opening up an alternative shipping route to the Strait of Hormuz

Highlights of strategic projects in Fujairah includes:

- 370 Km pipeline from Abu Dhabi to Fujairah that was commissioned in 2012; pipeline carries 1.5M barrels of oil per day from Abu Dhabi's Habshan field to Port of Fujairah for exports.
- A \$3.3 Billion, 200,000 barrel per day refinery is forecasted to be commissioned in Fujairah by 2016. The refinery will be near the outlet of the above mentioned pipeline.



Emirate of Fujairah – strategic and regional importance

- Infrastructure projects underway also include the country's biggest power and water treatment plant and a facility to store imported grain. The emirate is a major beneficiary of a 1,500 km, AED 30 bil rail project announced by the Abu Dhabi government that would carry primarily freight and support industries ranging from concrete, steel to petrochemicals
- Fujairah also has a thriving free-trade zone (which is being developed further) and an international airport. Mining and tourism are its other major industries. Fujairah has grown rapidly over the last few years, fuelled by a real estate boom and rising tourism-related activities. Recently, a new Al Hilal City project, which will include residential, business and shopping facilities, has been announced. Fujairah Municipality has also completed the blueprint for a full-fledged labor village for more than 35,000 workers. Similarly, the Emirate's Ministry of Health has announced four new government hospitals to provide world class health care to the growing population
- In 2012, the Fujairah retail scene added another jewel to its crown with the launch of the Fujairah City Centre Mall. In addition, its manufacturing sector saw the opening of the United Textiles factory, the largest of its kind in the GCC and the Middle East, while the Fujairah International Airport started receiving flights from Abu Dhabi International Airport last year, with further expansion plans in the works



Overview of National Bank of Fujairah

National Bank of Fujairah at a glance

Overview

- Incorporated in 1982, NBF has a long established reputation for excellence
- A Bank born and bred in the UAE (Fujairah) commenced operations on 20 September 1984
- Started with three branches and now reached total of 14 branches across UAE
- Listed on Abu Dhabi Securities Exchange

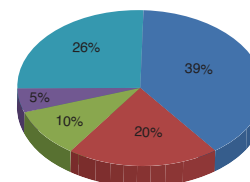
Rating by Capital Intelligence

Sovereign	2013	2012
Long Term:	AA-	AA-
Short Term:	A1+	A1+
Outlook:	Stable	Stable
Foreign Currency		
Long Term:	A-	A-
Short Term:	A2	A2
Financial Strength:	BBB	BBB
Outlook		
Foreign Currency:	Stable	Stable
Financial Strength:	Positive	Stable

Ownership

- NBF's Principal shareholders are:
 - The Government of Fujairah
 - Easa Saleh Al Gurg Company LLC
 - The Government of Dubai
- Citizens of UAE also have 25.58% shareholding in NBF

NBF Shareholding



- Govt of Fujairah
- Easa Saleh Al Gurg Company LLC
- Govt of Dubai
- AI Fujairah Investment Company
- Citizens of UAE

Key subsidiaries

Subsidiaries in Dubai International Financial Centre (DIFC) and Hong Kong complement NBF's core business activities

NBF Capital Limited

- Based in DIFC, NBF Capital is engaged in providing financial advisory services to its target customer base
- NBF Capital commenced operations in May 2013

NBF Trade Services (HKG) Limited

- A non-banking financial entity based in Hong Kong, the subsidiary is responsible for the reissuance of Letters of Credit and liaising with beneficiaries based in Far East Asia
- Hong Kong entity commenced operations in July 2013



Industry recognition

Well recognised in UAE and GCC for delivering excellence, value and commitment to its clients

Banker Middle East Awards 2013

- Best Domestic Commercial Bank
- Best Treasury Management
- Best SME Trade Finance Offering
- Best Foreign Exchange Service

Banker Middle East Awards 2012

- Best Trade Finance
- Best Treasury Management
- Best Commercial Bank



NBF key strengths

Government Support

- Fujairah Government is largest shareholder
- Strategic holding by Government of Dubai

Diversified Business Model

- Corporate
- Retail
- Commercial
- Trade Finance
- Treasury

Healthy Ratios

- Strong Profitability ratios
- Solid Capital Adequacy Ratio
- Improved NPL and coverage ratios

Diversified business model

NBF has diversified into following business segments with following major divisions:

Corporate & Institutional Banking

- Corporate
 - Precious Metals
 - Marine and Energy
 - Services & Manufacturing
 - Large Corporate & Govt
 - Corporate(other)
 - Govt Entities
 - Financial Institutions
- Commercial

Retail

- Personal Loans
- Automotive loans
- Residential mortgages
- Credit cards
- Insurance
- Deposits
- Long term Savings

Treasury / ALM

- Treasury and Investments
 - FX
 - MM
 - Commodities
 - Fixed Income
 - Investments
- Asset & Liability Management



Financial performance

Features of NBF's growth over the last three years

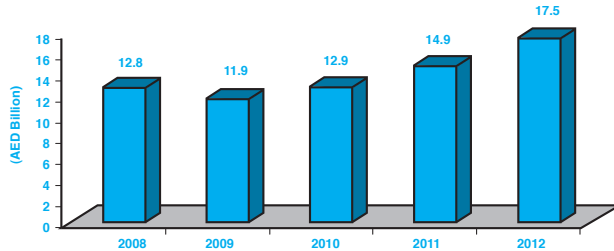
NBF responded strongly to the 2008 crisis and has now established a solid platform for future growth

Average Annual Growth Rates (2009 onwards)

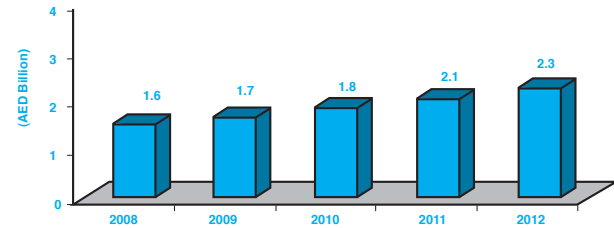
NBF	VS	Industry (20 Local Banks)
<ul style="list-style-type: none">• Net Profit By 43%• Operating Profit By 13.2%• Operating Income By 14.5%• Loan Portfolio By 16%• Deposits By 14%		<ul style="list-style-type: none">• Net Profit By 13.7%• Operating Profit By 5.7%• Operating Income By 5.4%• Loan Portfolio By 4%• Deposits By 8%

Snapshot of financial performance

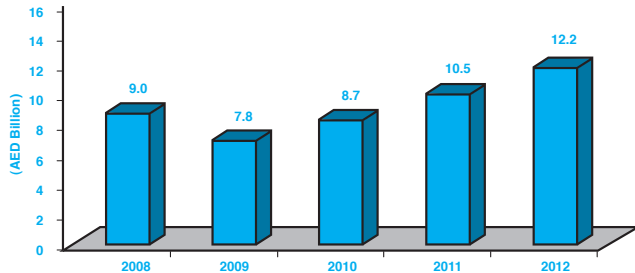
Assets



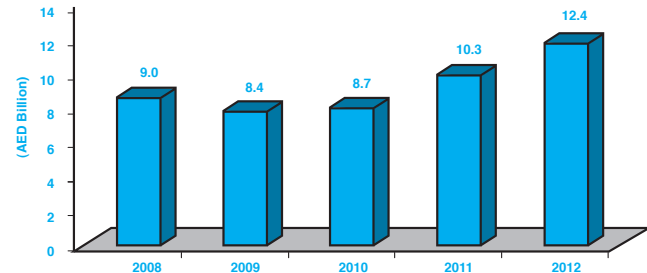
Shareholders' Equity



Loans and Advances

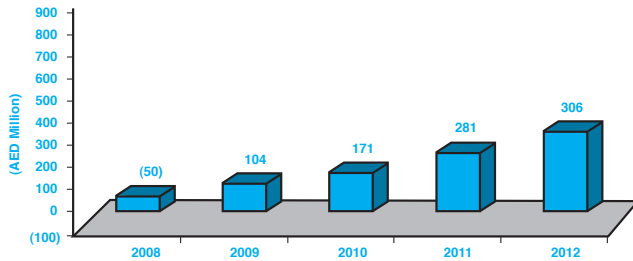


Customer Deposits

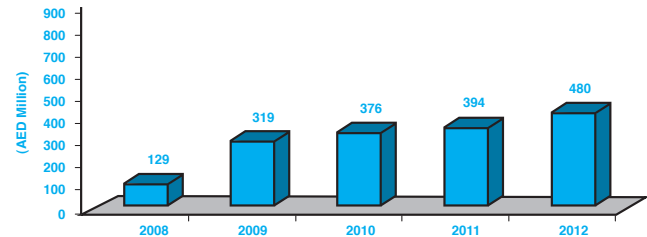


Snapshot of financial performance; Contd...

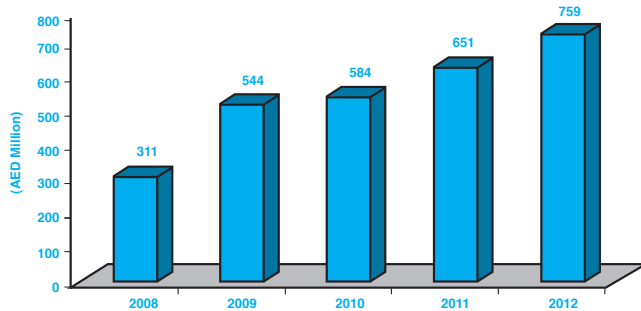
Net Profit



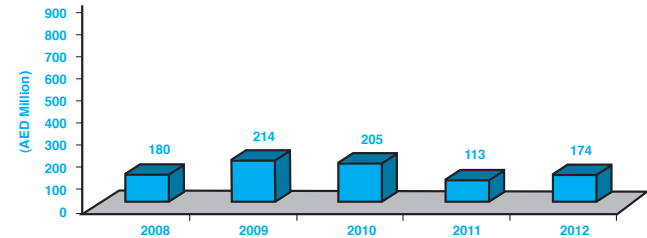
Operating Profit



Operating Income

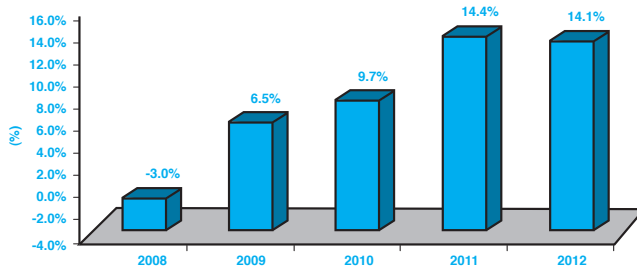


Loan Loss Charge

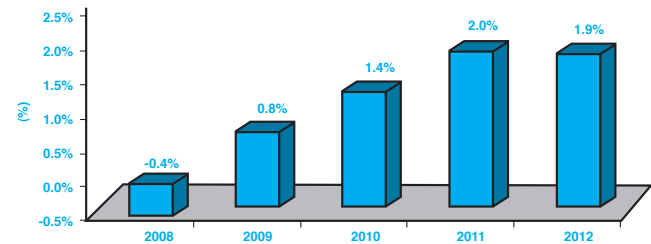


Profitability ratios

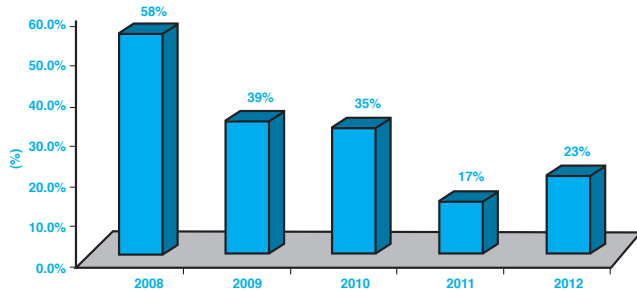
Return on Average Equity



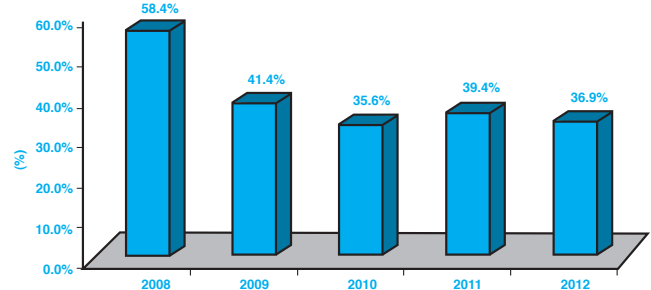
Return on Average Assets



Loan Loss to Income Ratio

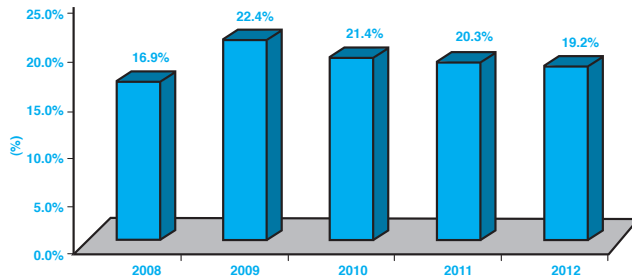


Cost to Income Ratio

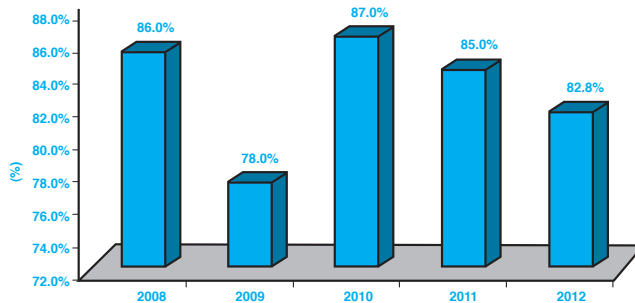


Strong capital adequacy and liquidity

Capital Adequacy Ratio



Advances to Deposits Ratio

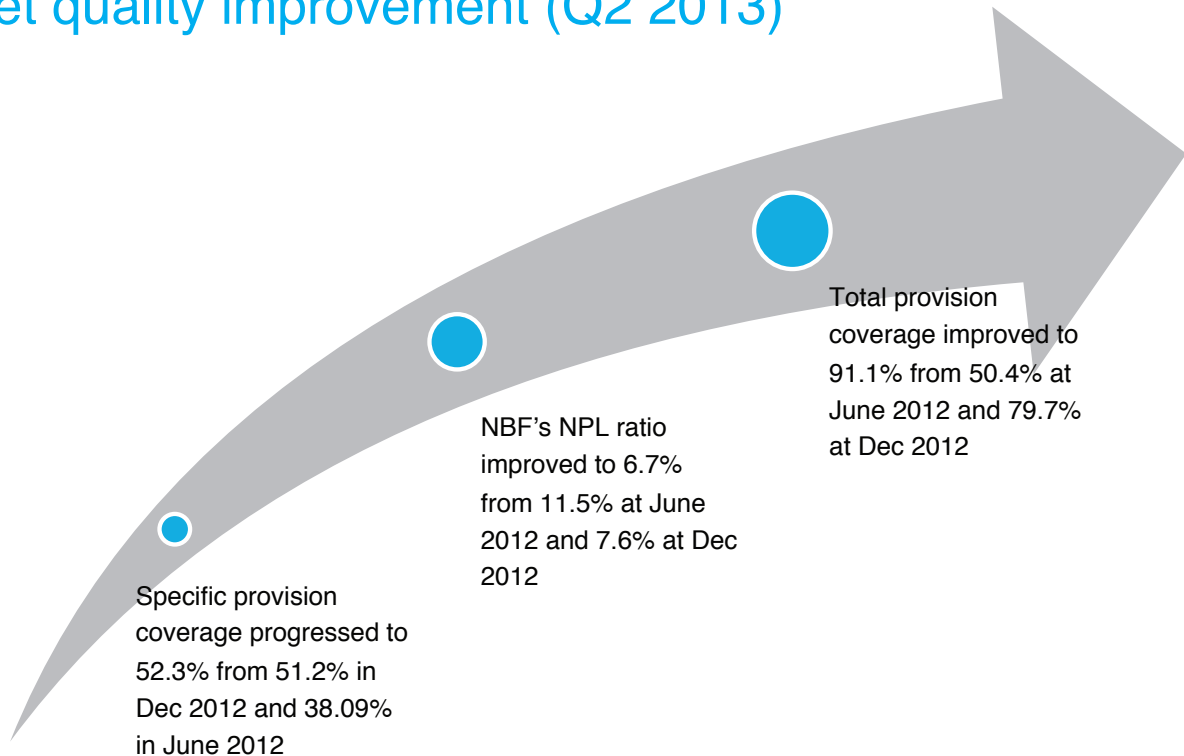


- NBF continues to be strongly capitalised
- NBF issued Tier 1 capital notes of AED 500m in March 2013

Salient features of Q2 2013 results

1	Net profit grew by 35% to AED 183.5 million, up from AED 135.5 million in the same period of 2012
2	Operating profit of AED 260.3 million compared to AED 219.0 million in the same period of 2012
3	Loans and advances of AED 13.3 billion were up 9.2% from AED 12.2 billion at year end and up 15.7% from 30 June 2012
4	NBF remained well capitalised in H1 2013 with a capital adequacy ratio of 18.7% and tier 1 ratio of 15.2%. During the first half of 2013, the bank increased its Tier 1 capital by issuing perpetual capital notes amounting to AED 500 million. NBF also pre-settled Ministry of Finance's subordinated debt amounting to AED 643 million, further demonstrating its financial stability and strong shareholder support
5	Advances to deposits ratio of 89.3% and high quality liquid assets ratio of 20.1%, underscoring the bank's strong liquidity levels
6	Cost to Income ratio improved to 36.4% ,compared to 38.3% in the same period of 2012
7	Operating income grew by 15.4% to AED 409 million; operating expenses increased by 9.7% to AED 148 million

Asset quality improvement (Q2 2013)





Segment performance

Segment performance

Corporate and Institutional Banking

- NBF's corporate and institutional banking segment comprises corporate, commercial and financial institution businesses
- June 2013: The segment recorded a strong growth of 15.7% in operating income to AED 356 million, up from AED 308 million in June 2012.
- NBF collected Best Domestic Commercial Bank and Best SME Trade Finance Offering awards at the Banker Middle East Awards 2013
- NBF's expertise in trade finance and commercial banking was also recognised as best in class at 2012 Banker Middle East Awards
- December 2012: The segment represents 84.9 per cent of the bank's operating income. The segment recorded a strong growth of 16.1 per cent in operating income to AED 644.5 million, up from AED 555.2 million in 2011. Growth in segment assets outpaced the industry average at AED 12,433.6 million, 13.5 per cent higher than 2011's AED 10,957.7 million.
- The bank's corporate banking business grew operating income by 11.7 per cent while commercial banking, comprising of small and medium-sized businesses, grew operating income by 26.7 per cent.
- Trade finance comprises 27.4 per cent of the bank's lending assets and 46.4 per cent of operating income. It is a principal driver of our corporate and commercial banking business.

Segment performance; contd...

Retail Banking	<ul style="list-style-type: none"> NBF's retail presence in Fujairah region is undergoing expansion across the UAE in line with its diversification strategy December 2012: The bank's retail base outside Fujairah grew by 69 per cent and comprises mainly affluent customers and employees of the bank's corporate customers. A full suite of retail banking products and services has been introduced and its NBF Direct online banking facility was made available to personal banking customers. NBF's banking infrastructure and services are undergoing enhancement to increase its market share in the consumer banking business. Operating income from this segment increased by 14.5 per cent despite a number of regulatory changes, while deposit and loan growth grew progressively by 57.3 per cent and 46.3 per cent respectively
Treasury and ALM	<ul style="list-style-type: none"> NBF collected the Best Treasury Management award at the Banker Middle East Awards 2013 and 2012. Furthermore, NBF's expertise in foreign exchange service was recognised as best in class at 2013 Banker Middle East Awards December 2012: The business saw a growth in foreign exchange income of 11.6 per cent to a record AED 55.8 million (2011: 50.0 million). Sophisticated derivative transactions undertaken by the bank last year also underscored the increasing importance of the bank's treasury offerings to its continued growth During 2012, NBF was appointed onto the EIBOR panel by the Central Bank of the UAE, further reflecting the high regard accorded by the industry to the NBF's treasury division. NBF's enhanced focus on asset and liability management during the year also resulted in a strong net interest growth of 18.4 per cent (2011: 18.4 per cent)



Risk Management and Corporate Governance

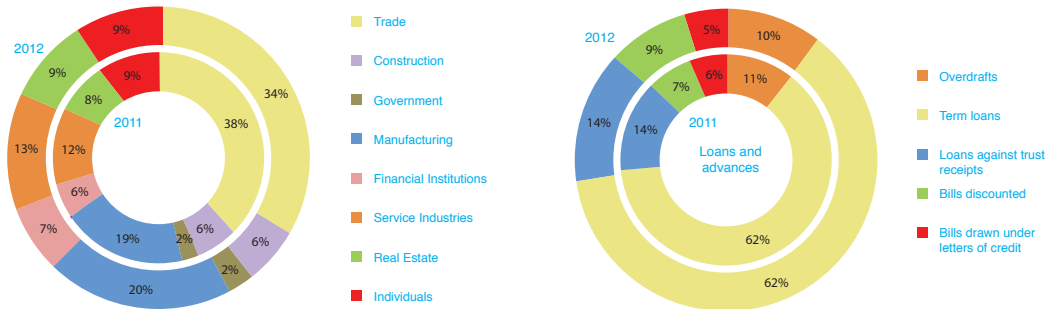
Risk management

- Risk management and corporate governance underpinned by transparency and fair business practices lies at the heart of everything we do, and are a key pre-requisite for NBF's high quality earnings, consistent results and shareholder confidence
- During the year, NBF adopted a more robust and granular approach towards the quantification of risk and measurement of associated capital. This was achieved through an augmentation of predictive accuracy rating models, institutionalisation of a risk-adjusted returns concept and adoption of an elaborate and effective ICAAP regime alongside a rigorous stress-testing framework
- The bank continues to be solidly capitalised, as seen in its healthy capital adequacy ratio of 18.74 per cent and Tier 1 capital ratio of 15.24 per cent, both of which position NBF strongly to meet evolving regulatory requirements. The Board of Directors approved NBF's three-year strategic plan, which included measures to keep the bank's capital structure in line with its growth strategy and risk appetite
- The bank has also significantly improved its liquidity risk profile over the last three years. The bank's balance sheet is well-diversified and its liquidity is of a high quality; its advances-to-deposits ratio was 89.3 per cent (2012: 82.8 per cent) as at 30 June 2013 and liquid asset ratio 20.1 per cent over the same period (2012: 22.7 per cent). Similarly, the bank has also improved the duration of its liabilities. It has implemented mark-to-market transfer pricing which has resulted in more accurate reflections of market cost in the measurement of performance and risk-adjusted returns

Risk management; contd...

- The bank manages its concentration risk from multiple perspectives which is evident from its comprehensive array of products, customer segments and sectors:

Sector analysis – Loans and advances



- NBF has maintained prudent market risk limits and its trades are executed predominantly to support customer activities. NBF's investment portfolio is held with the principal objective of liquidity management in mind and comprises mostly of debt securities, with 88.1 per cent of the debt securities portfolio rated "BBB+" and above
- The bank is fully committed to protecting the UAE financial system from money laundering and terrorist financing. It has strengthened its anti-money laundering policy, procedures and system in line with the latest recommendations from FATF, the international anti-money laundering regulatory body. Annual learning programs have also been implemented to enable staff to stay at the vanguard of the NBF's compliance efforts

Corporate governance

- The NBF Board of Directors and management are committed to complying with the highest corporate governance standards and international best practices
- The Board of Directors' primary responsibility is to provide effective governance over the bank's affairs for the benefit of its shareholders, and to balance the interests of its diverse constituencies, including its regulators, customers, employees, suppliers and the local communities in which it operates
- The Board plays a key role in the approval and oversight of the organisation's strategy, directional policies, risk appetites, senior appointments and supervision and remuneration of senior executives. The bank has clearly defined the responsibilities of the Board of Directors, its corporate governance structure and delegated authorities so as to enable the effective and efficient implementation of all activities
- The bank's corporate governance structure not only ensures that high levels of transparency and accountability are maintained, but also provides an appropriate functional independence and control environment from which to carry out its business activities. Also in place is a code of conduct and whistle blowing policy that encourages communication, transparency, issue escalation and fair business practices
- The bank has included a separate section on corporate governance on its website which includes information pertaining to its Board of Directors, board & management committees and organisation structure, which testifies to the bank's commitment towards honest disclosures and the maintenance of transparency in its operations

Corporate governance; contd...

- The Board has approved the bank's formal disclosure policy and note two in our annual consolidated financial statements details NBF's compliance with all applicable laws and regulations. The annual report 2012 is available on the bank's website and incorporates the bank's corporate governance report. For accounting policies, please refer to note three of the consolidated financial statements. Note four in our annual consolidated financial statements explains our financial risk management practices and can be referred to for further information on NBF's governance and risk management framework
- The bank has launched an employee wellbeing programme in conjunction with AXA ICAS to improve staff work life balance. This service includes a free and confidential counselling service available to staff and their families and is the first of its kind for any local bank in the UAE
- The Bank has also established a corporate social responsibility (CSR) committee to spearhead community building efforts focused predominantly in the emirate of Fujairah. These included a financial donation to the Fujairah Higher Colleges of Technology for the purchase of laptops and i-Pads for needy Emirati students and sponsorship of the seafarers support group Angel Appeal. In 2012, NBF staff participated in a Ramadan gift donation drive for seamen stationed off the Eastern coasts of the UAE. Other initiatives included a donation of 940 kg of biodegradable plastic bags to the Fujairah Ministry of Health and the bank's first-ever blood donation drive held in support of the Dubai Blood Donation Centre



Investor Relations

Investor relations

Engagement

- Regular meetings bi-annual after Q1 and Q3
- Significant updates to be directly provided
- Frequently asked questions

Dealing in Shares

- A guide on how to trade in shares through brokers on ADX.
- A dividend mandate form is being introduced to facilitate dividend distribution.
- Share price and dividend trends to be published
- Dematting of shares

Platform

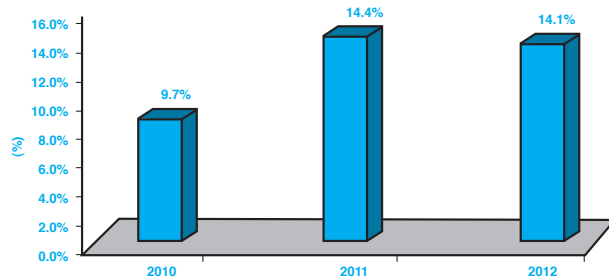
- Dedicated Helpdesk (NBFinvestorrelations@nbf.ae) in place
- Dedicated investor relations page on NBF website is being introduced

Investor Value

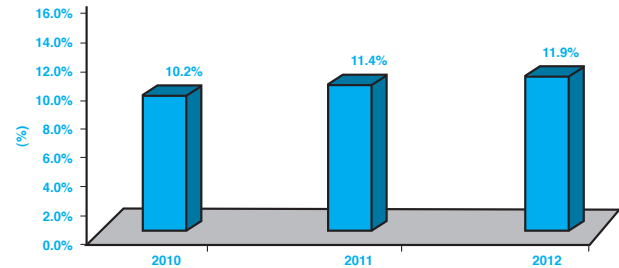
- Investor value has been improving consistently on the back of stronger results, consistent dividends, stable market price and book value per share and higher than Industry growth
- Superior quality of earnings on the back of improving asset quality and operating income from core business
- Improving brand and market reputation, governance and investors rights

Return on average equity

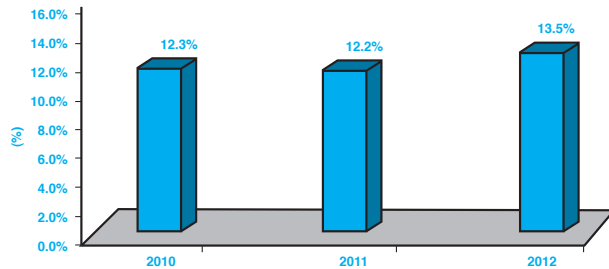
NBF



INDUSTRY

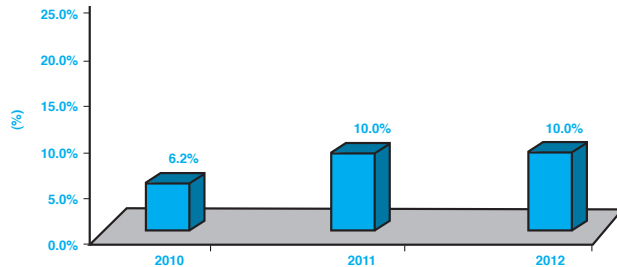


PEERS

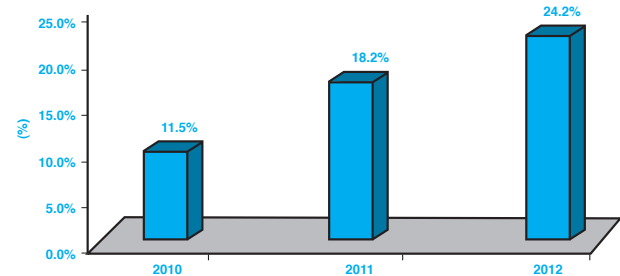


Dividend pay-out (paid-up capital based)

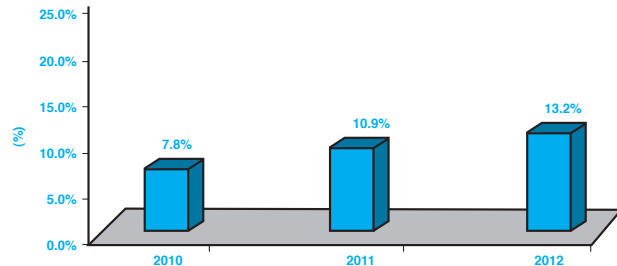
NBF



INDUSTRY



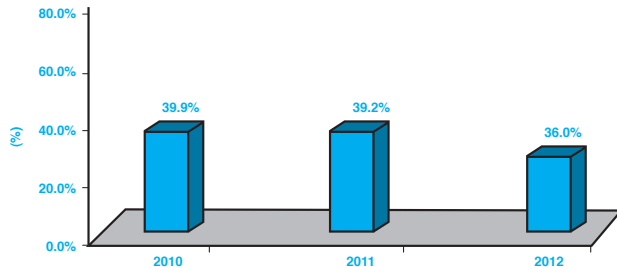
PEERS



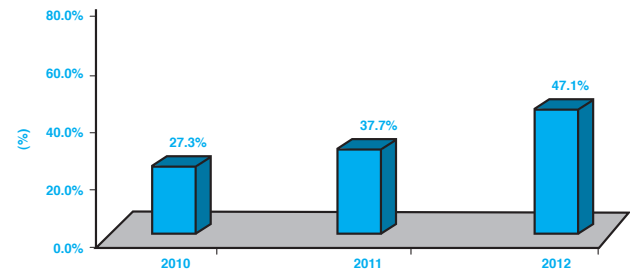
- NBF returned to dividends in 2010
- % Pay out reflects our higher paid-up capital to equity ratio and retention to support higher than industry average growth

Dividend pay-out (net profit based)

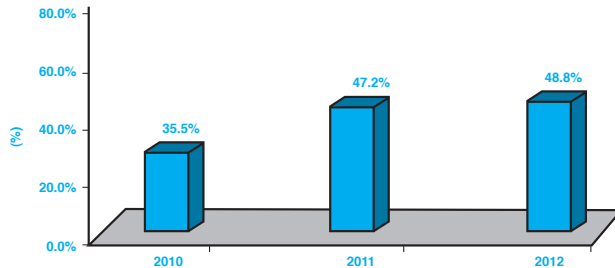
NBF



INDUSTRY



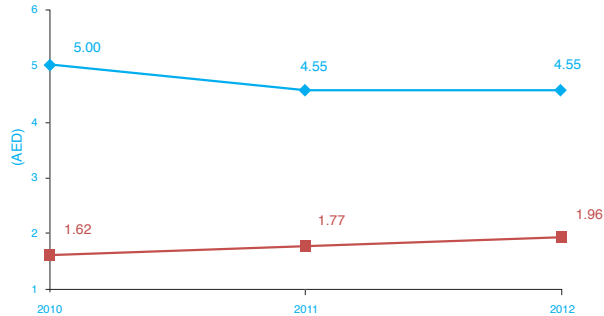
PEERS



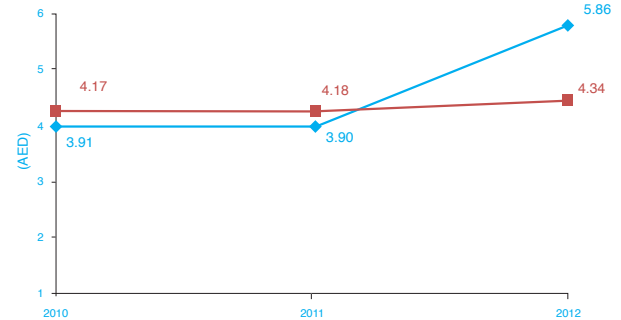
- Average Dividend pay out has been 38% of profit for the past three years, on par with the average payout of 20 local banks

Shareholder value - market / book value per share

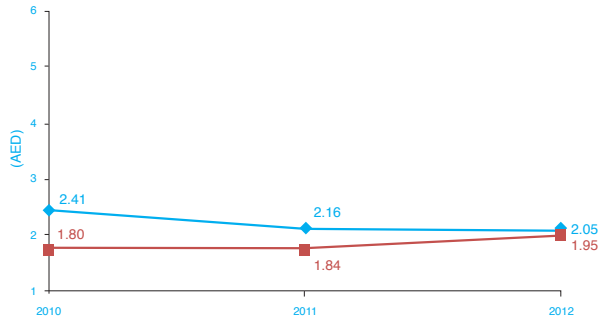
NBF



INDUSTRY



PEERS

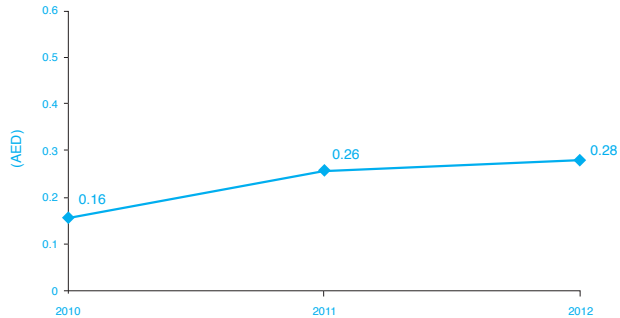


Market Value

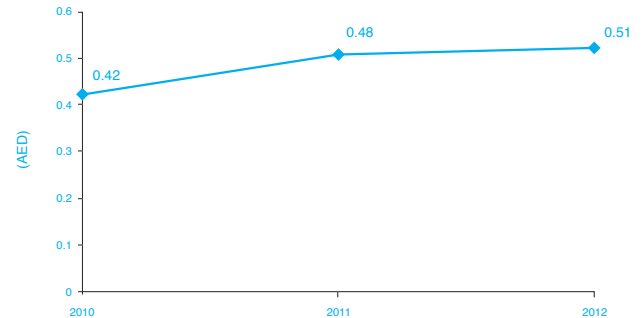
Book Value

Shareholder value – earnings per share (EPS)

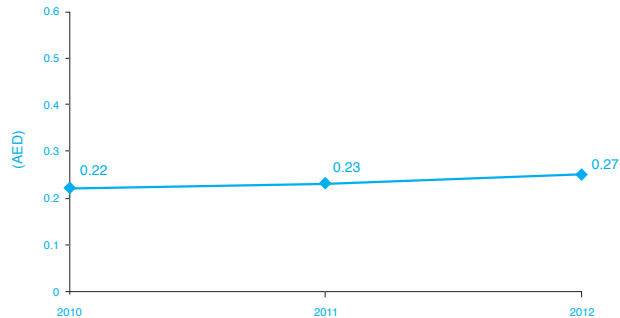
NBF



INDUSTRY

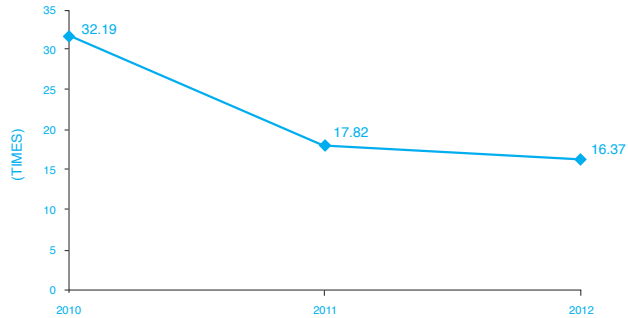


PEERS

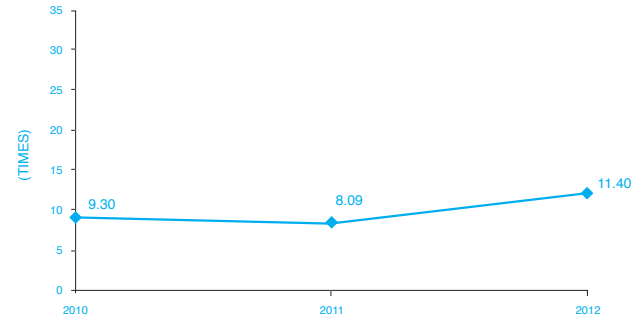


Shareholder value - price earning ratio

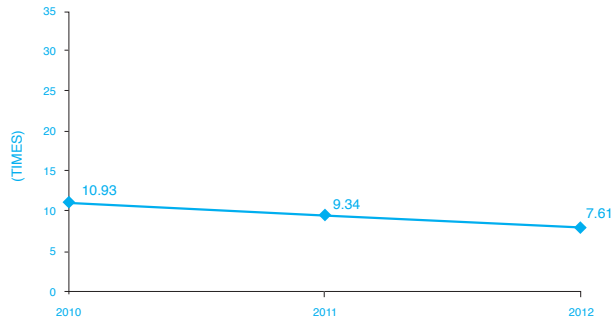
NBF



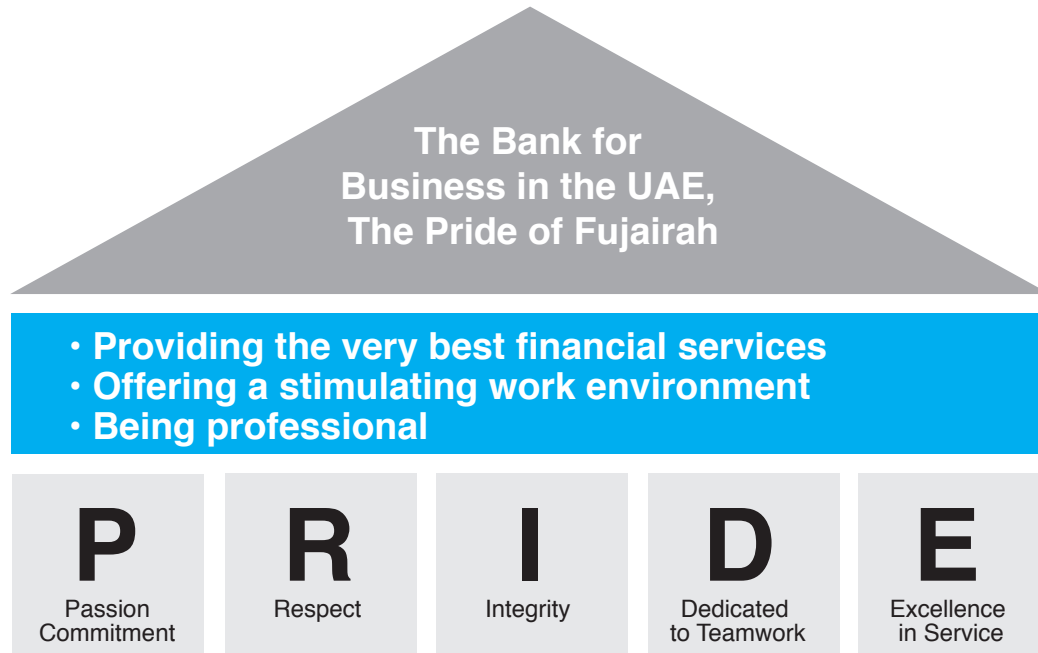
INDUSTRY



PEERS



NBF's Vision, Mission and Values underscore our commitment to the UAE economy and growth strategy



National Bank of Fujairah p.s.c.
PO Box 2979, Dubai, United Arab Emirates
Tel: +971 4 397 1700 Fax: +971 4 397 5385
www.nbf.ae