Emirates NBD

Q1 2011 Results Presentation

April 26, 2011

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Q1 2011 Financial Results Highlights

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- **Net profit of AED 1.4 billion**, +27% vs. Q1 2010 and +251% vs. Q4 2010
- **Gain on Network International transaction** of **AED 1.8 billion**
- Continued **de-risking** of balance sheet:
  - Further reduction in book value of investment in **Union Properties of AED 500 million**
  - Increased **Portfolio Impairment Allowances by AED 628 million,** substantially to cover future contingencies
- **Margin decline** evident during 2010 **arrested** with **NIM stable** at 2.41% vs. Q4 2010; growth in assets driving **2% growth in net interest income** from Q4 2010
- **Non-interest income declined** by 26% y-o-y and 5% q-o-q due to lower investment securities income and deconsolidation of Network International; **core fee income grew 7% and 19% respectively**
- **Costs declined by 6% from Q1 2010;** increased by 7% from Q4 2010 due to **investment in future growth**
- Signs of **pickup in new underwriting**
- **Strong 6% deposit growth** despite downward re-pricing during Q1 2011

Key Performance Indicators

AED million	Q1 2011	Q1 2010	Change (%)	Q4 2010	Change (%)
Net interest income	1,648	1,729	-5%	1,620	+2%
Non-interest income	612	827	-26%	642	-5%
Total income	**2,260**	**2,556**	**-12%**	**2,262**	**-0%**
Operating expenses	(808)	(862)	-6%	(758)	+7%
Operating profit before impairment allowances	**1,452**	**1,694**	**-14%**	**1,504**	**-3%**
Impairment allowances	(1,369)	(555)	+147%	(201)	+581%
Operating profit	**83**	**1,139**	**-93%**	**1,303**	**-94%**
Amortisation of intangibles	(23)	(23)	-	(23)	-
Associates	(477)	(2)	n/a	(869)	-45%
Gain on subsidiaries	1,835	-	-	-	-
Taxation charge	(5)	(4)	+16%	(8)	-42%
Net profit	**1,413**	**1,110**	**+27%**	**403**	**+251%**
Cost: income ratio (%)	35.7%	33.7%	+2.0%	33.5%	+2.2%
Net interest margin (%)	2.41%	2.59%	-0.18%	2.41%	+0.00%
EPS (AED)	0.24	0.19	+29%	0.06	+306%

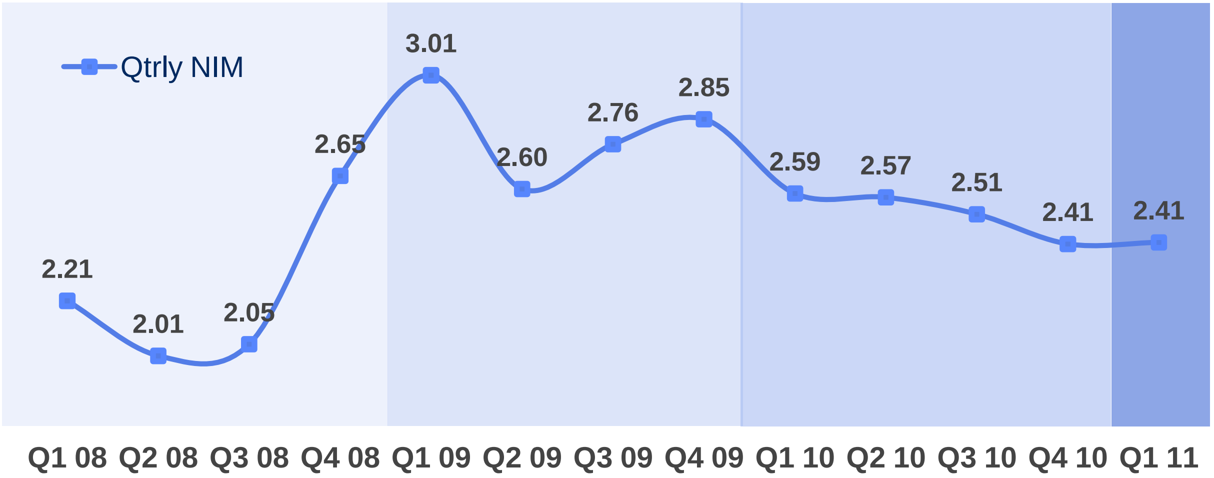
AED billion	31 Mar 2011	31 Mar 2010	Change (%)	31 Dec 2010	Change (%)
Loans	194.4	212.0	-8%	197.1	-1%
Deposits	212.0	191.3	+11%	200.0	+6%

Net Interest Income

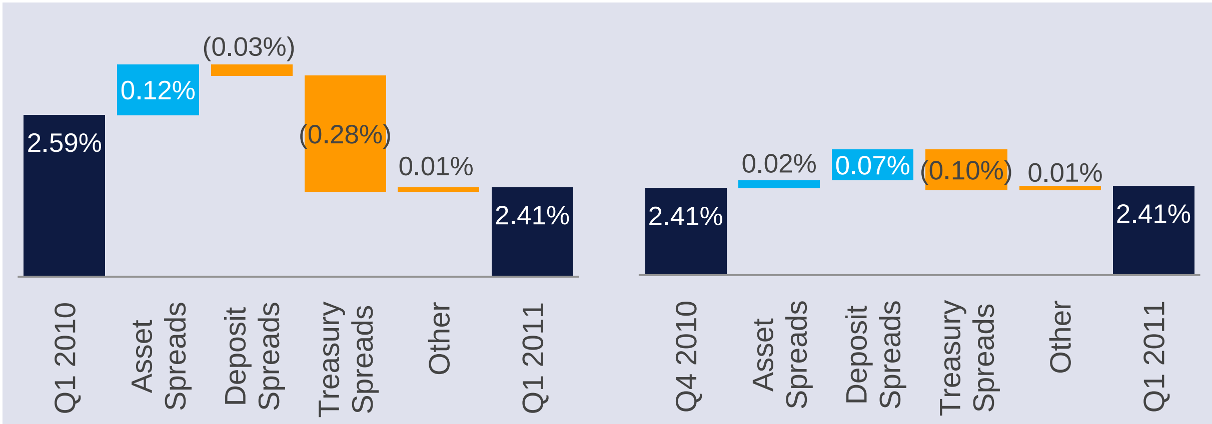
Highlights

- NIM of 2.41% at Q1 2011 declined by 18 bps from 2.59% in Q1 2010:
  - o Negative mix impact of deployment of increased liquidity in lower yielding interbank and cash-equivalent assets
  - o Partly offset by continued selective re-pricing of loans
- **Margin decline** evident during 2010 **arrested** with **NIM stable** at 2.41% vs. Q4 2010:
  - o Increase in deposit spreads due to active downward re-pricing of deposits
  - o Offset by continued negative mix impact of increased liquidity
- Growth in assets driving **2% growth in net interest income** from Q4 2010 to AED 1.6 billion in Q1 2011

Net Interest Margin (%)



Net Interest Margin Drivers (%)



Non Interest Income

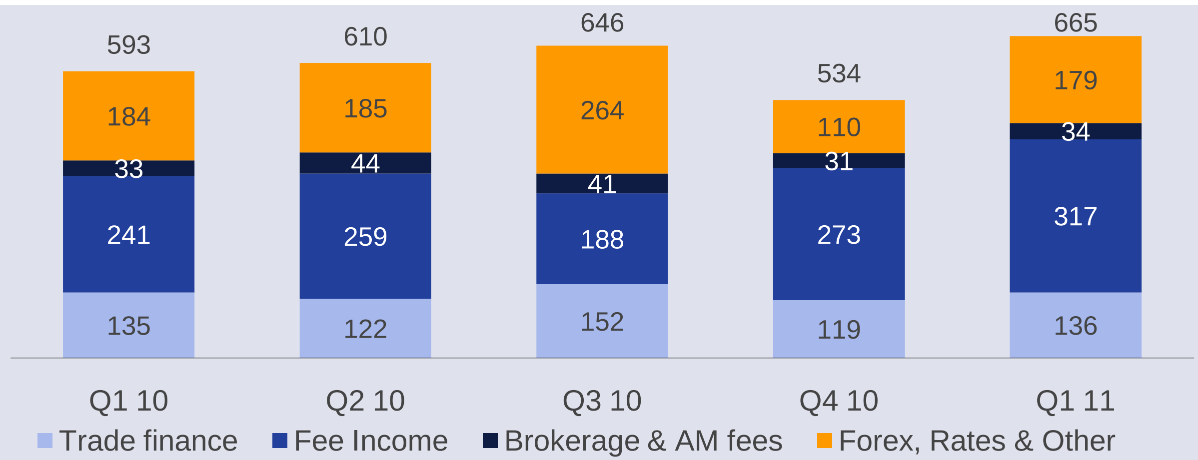
Highlights

- **Non-interest income declined** by 26% y-o-y and 5% q-o-q due to:
  - o lower investment securities income given impact on regional investment valuations due to regional geopolitical issues, and
  - o deconsolidation of Network International
- **Core fee income grew 7% and 19%** from Q1 2010 and Q4 2010 respectively, driven by:
  - o pickup in trade finance income (+14% q-o-q and +1% y-o-y)
  - o increase in banking fee income (+16% q-o-q and +32% y-o-y)

Composition of Non Interest Income (AED million)

AED million	Q1 2011	Q1 2010	Change (%)	Q4 2010	Change (%)
Core gross fee income	665	593	+12%	534	+25%
Fees & commission expense	(65)	(35)	+88%	(32)	+111%
Core fee income	**600**	**558**	**+7%**	**502**	**+19%**
Investment properties	0	(74)	-101%	(45)	-101%
Investment securities	12	243	-95%	110	-89%
Network International	-	100	-100%	75	-100%
Total Non Interest Income	**612**	**827**	**-26%**	**642**	**-5%**

Composition of Core Gross Fee Income (AED million)

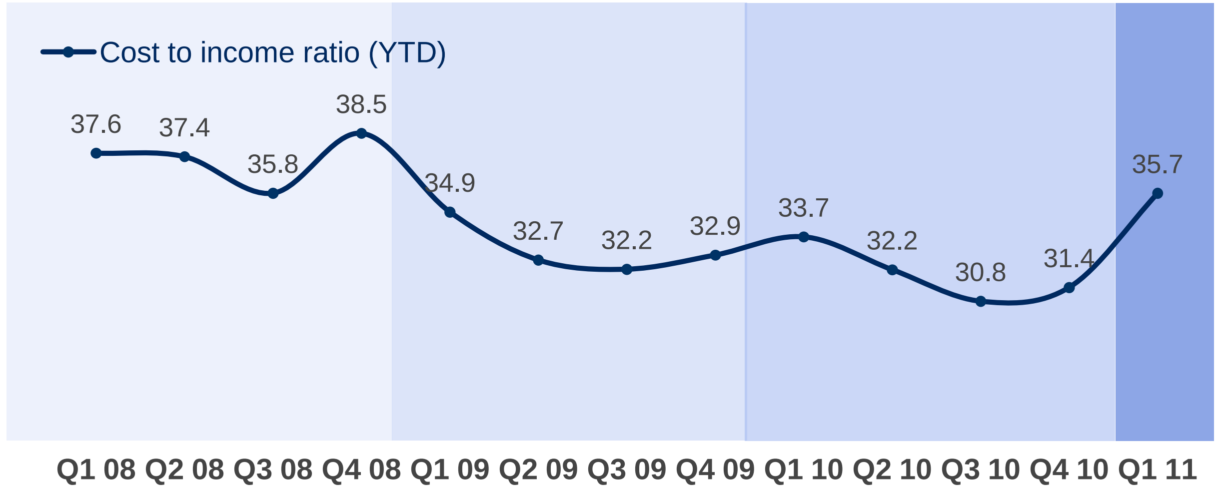


Operating Costs and Efficiency

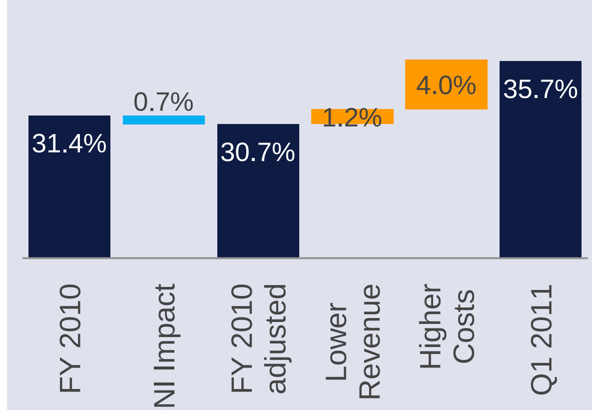
Highlights

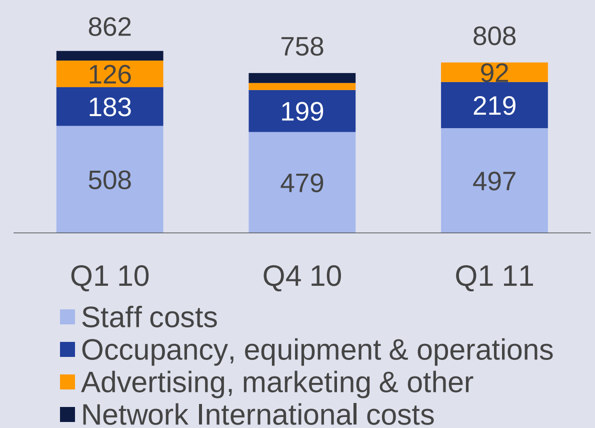
- **Costs declined by 6%** (AED 54 million) from Q1 2010 to AED 808 million principally due to deconsolidation of Network International in Q1 2011
- **Costs increased by 7%** (AED 50 million) from Q4 2010 resulting from acceleration of **investment in future growth** across advertising and marketing costs, and expansion of retail distribution and sales force
- The **cost to Income ratio increased by 4.3%** to 35.7% in Q1 2011 from 31.4% for 2010 due to:
  - o lower cost-insensitive non-core revenues
  - o Investment in future growth
  - o Partly offset by improvement due to deconsolidation of Network International
- The **cost to Income ratio is expected to be managed** during the remainder of 2011 **to the target range of c.32%-33%**

Cost to Income Ratio (%)



Cost to Income Ratio Drivers (%)



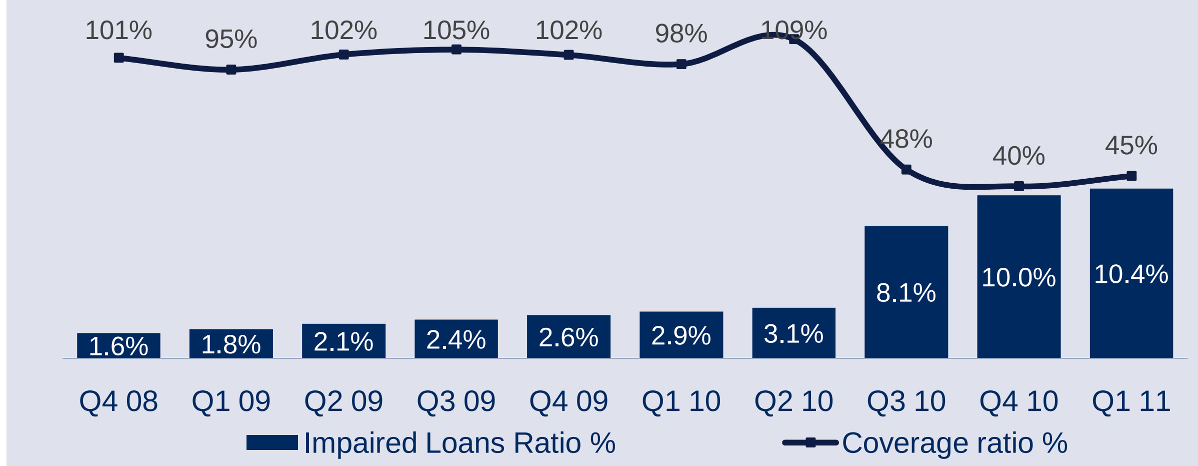


Credit Quality

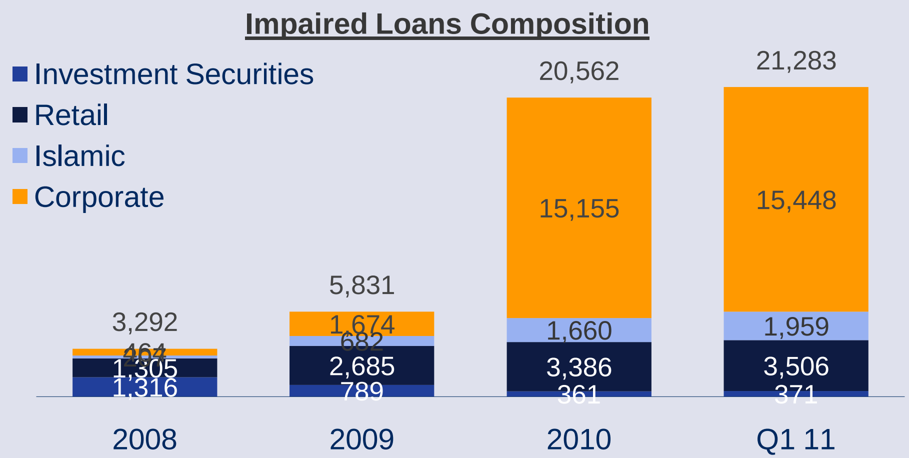
Highlights

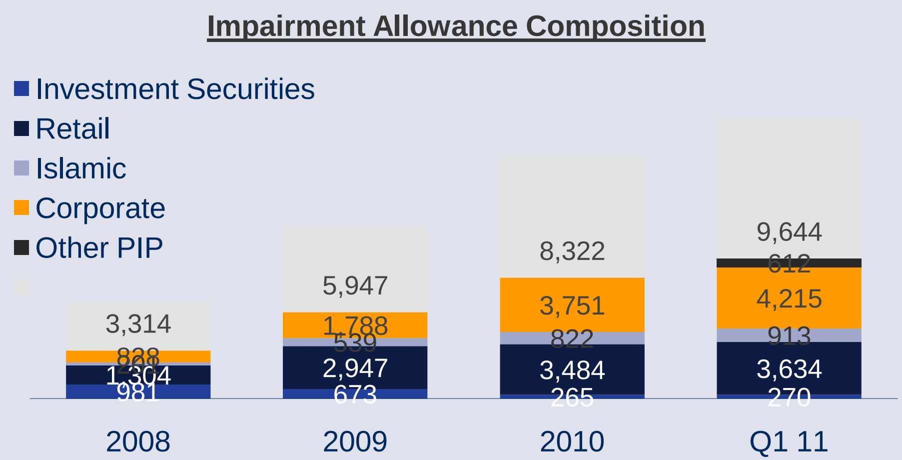
- The **impaired loans ratio increased in line with expectations** by 0.4% in Q1 2011 to 10.4%
- **Portfolio impairment allowances increased by AED 628 million** in Q1 2011, substantially to cover future contingencies
- Total Portfolio Allowances of AED 2.8 billion or **1.8% of credit Risk Weighted Assets**
- Fully compliant with CB provisioning circular
- **Provision coverage** of impaired loans **improved to 45%** from 40% at the end of 2010

Impaired Loans & Coverage Ratios (%)



Impaired Loans & Impairment Allowance Composition (AED million)



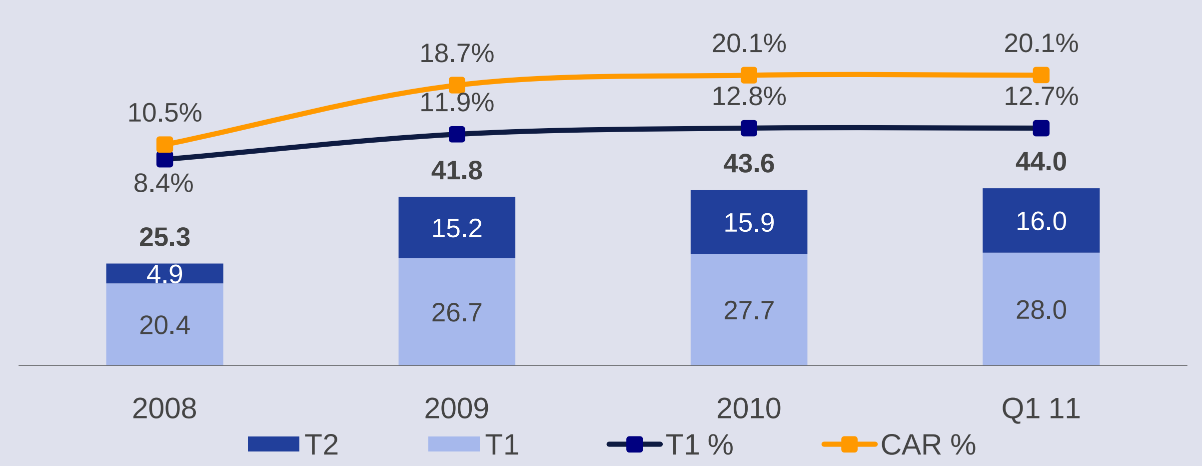


Capital Adequacy

Highlights

- **Capital adequacy remained stable** at very strong levels of CAR 20.1% and T1 12.7%
- **Total capital increased by AED 0.4 billion** in Q1 2011 as net profit generation partly offset by dividend payable in respect of 2010 financial year
- **Risk Weighted Assets rose by 1%** from Q4 2010 to AED 219.5 billion at Q1 2011

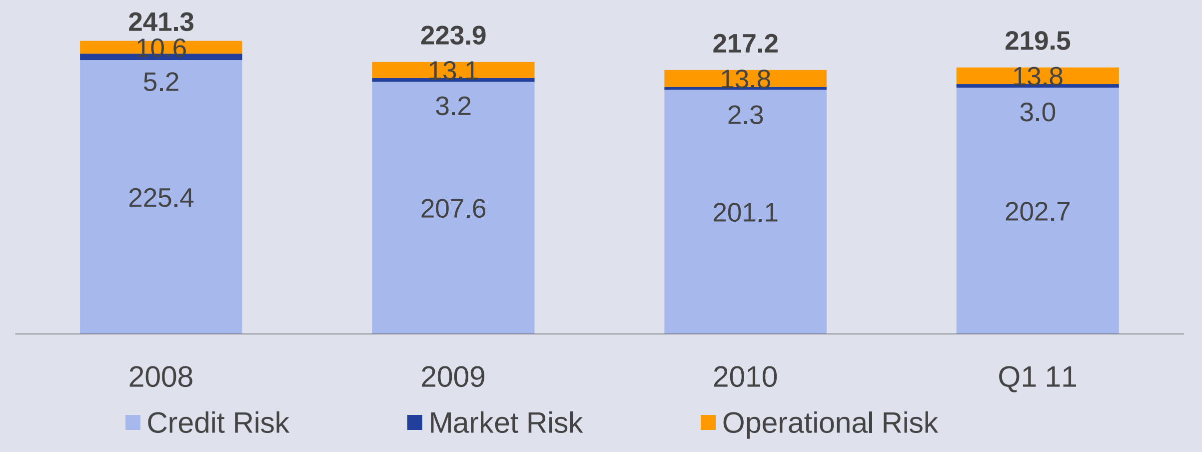
Capital Ratios - Basel II (AED billion)



Capital Movements (AED billion)

31 Dec 2010 to 31 Mar 2011	Tier 1	Tier 2	Total
Capital as at 31 Dec 2010	**27.7**	**15.9**	**43.6**
Net profits generated	1.4	-	1.4
FY 2010 dividend payable	(1.1)	-	(1.1)
Interest onT1 securities	(0.1)	-	(0.1)
Change in general provisions	-	0.2	0.2
Other	0.1	(0.1)	0.0
Capital as at 31 Mar 2011	**28.0**	**16.0**	**44.0**

Risk Weighted Assets – Basel II (AED billion)

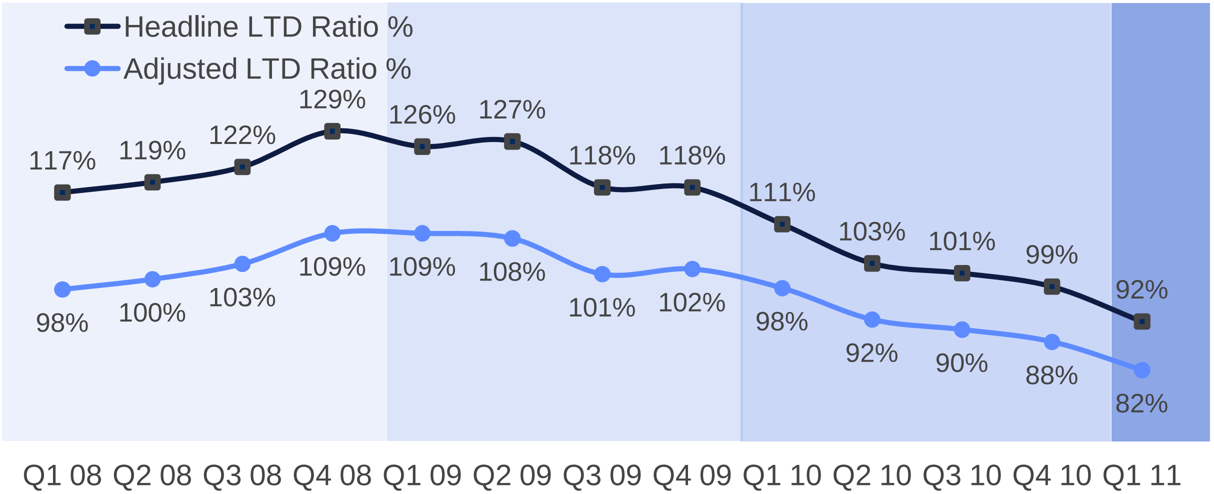


Funding and Liquidity

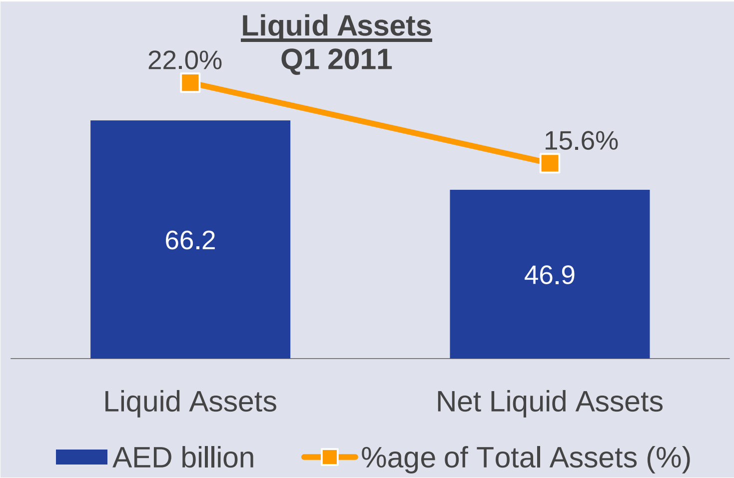
Highlights

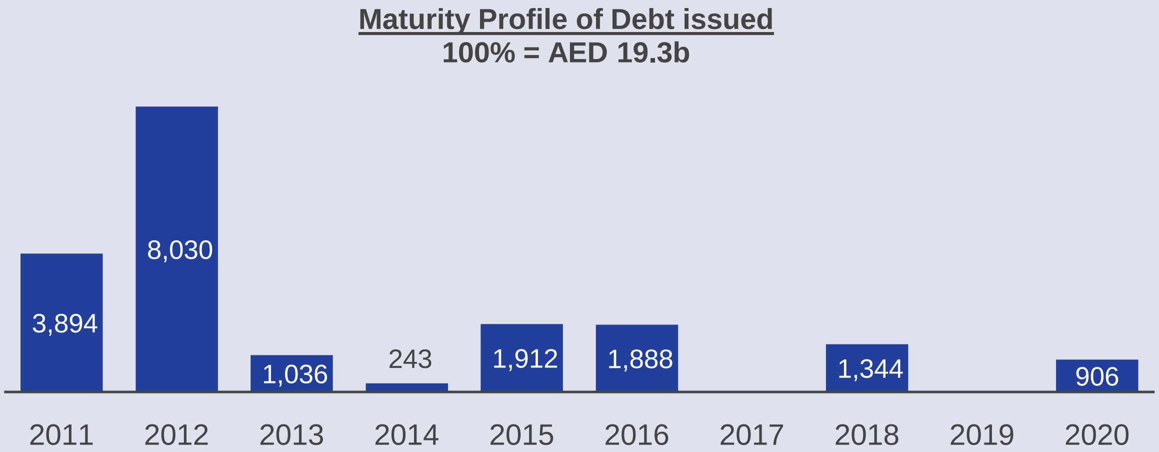
- **Liquidity continued to improve** with headline **LTD ratio of 92%** at Q1 2011
- Target headline LTD ratio of 95%-100% for 2011
- **Liquid assets of AED 66.2 billion** as at 31 March 2011 (22% of total assets); AED 46.9 billion (15.6% of total assets) after netting of interbank liabilities
- **Backstop facilities** of AED 40.9 billion **unused**
- **Debt maturity profile** well **within** existing **funding capacity**

Loan to Deposit Ratios (%)



Liquid Assets and Maturity of Debt Issued (AED million)



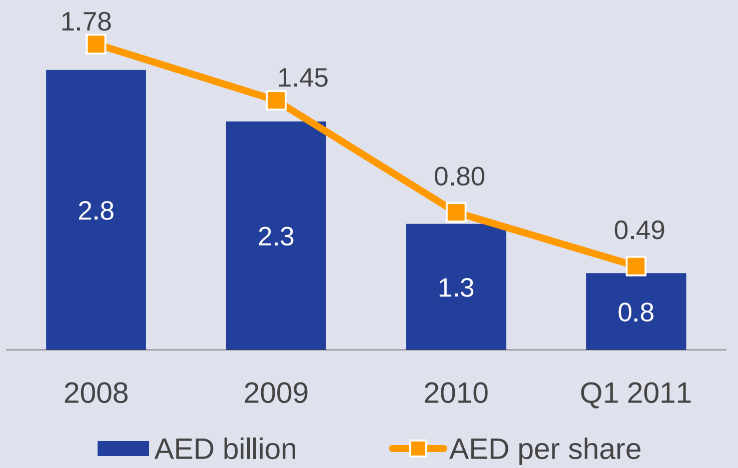


Associates and Joint Ventures
Composition of Balances

Highlights

- Additional **impairment** on investment in **Union Properties (UP) of AED 426 million**
- **Further downside risk on UP limited** as carrying value is now close to market value
- **Network International** accounted for as a **jointly controlled entity** from the start of 2011 with a carrying value of AED 1.3 billion at the end of Q1 2011

Investment in Union Properties



Composition of Associates & Joint Ventures (AED million)

Income Statement AED million	Q1 2011	Q1 2010	Change (%)	Q4 2010	Change (%)
Union Properties	(500)	(6)	n/a	(868)	-42%
- Share of losses*	(74)	(6)	n/a	(508)	-85%
- Impairment of investment	(426)	-	n/a	(360)	+18%
National General Insurance	4	5	-8%	(1)	n/a
Network International	19	(0)	n/a	0	n/a
Total	**(477)**	**(2)**	n/a	**(869)**	**-45**

Balance Sheet AED billion	Q1 2011	Q1 2010	Change (%)	Q4 2010	Change (%)
Union Properties	782	2,320	-66%	1,282	-39%
National General Insurance	121	121	-0%	130	-7%
Network International	1,300	3	n/a	-	n/a
Total	**2,203**	**2,443**	**-10%**	**1,412**	**+56%**

** Emirates NBD share of losses for Union Properties for Q1 2011 includes an amount of AED 74 million loss pertaining to the 2010 financial year*

Associates and Joint Ventures

Network International Strategic Partnership with Abraaj Capital

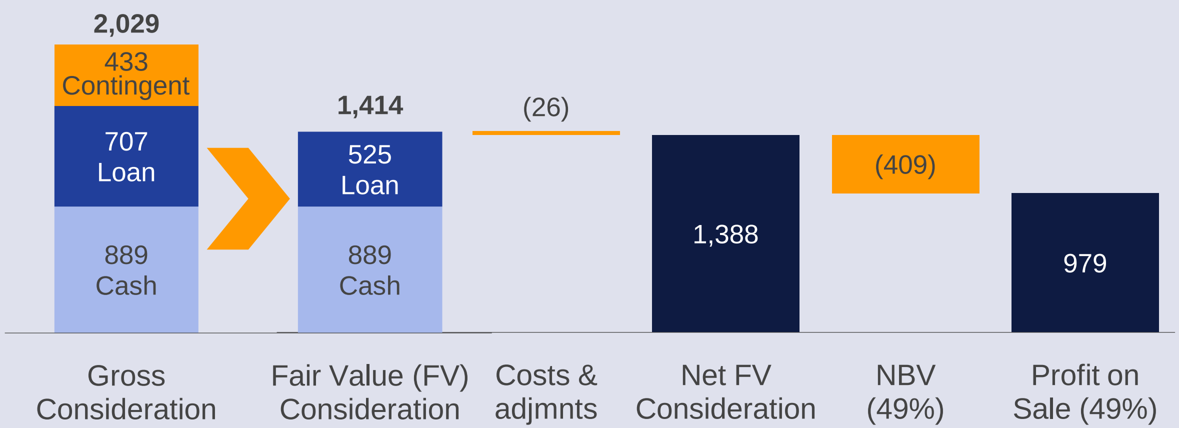
Highlights

- On 22 December 2010, **Network International** (NI) entered into a **strategic partnership with Abraaj Capital (Abraaj)** to accelerate expansion of the company
- **Abraaj acquired a 49% stake** in NI for a price of around **AED 2 billion** which includes a sum contingent upon attainment of profitability targets and a portion financed by Emirates NBD
- All **relevant regulatory approvals were obtained** during Q1 2011 and the **transaction closed on 31 March 2011**
- NI is at a **strategic junction** where **significant growth opportunities** are available both organically and inorganically and has developed a focused strategy to expand into other high-growth geographies in the Middle East and Africa and the Indian Subcontinent
- In this context, the strategic partnership with **Abraaj will bring significant expertise and value** to the business

Financial Impact

- In **2010**, the assets and liabilities were disclosed as **assets held for sale**
- **In Q1 2011**:
  - **Profit of AED 979 million on sale** of 49% stake recognised
  - Due to effective **joint control post-closing** NI ceases to be a subsidiary of the Group and is accounted **for as a jointly controlled entity**
  - The **remaining 51%** retained was **fair valued** at 31 March 2011, resulting in an **unrealised profit of AED 856 million**
  - **Contingent earn-out** will be **recognised as income once receipt is virtually certain**

Calculation of Initial Profit on the Transaction (AED million)

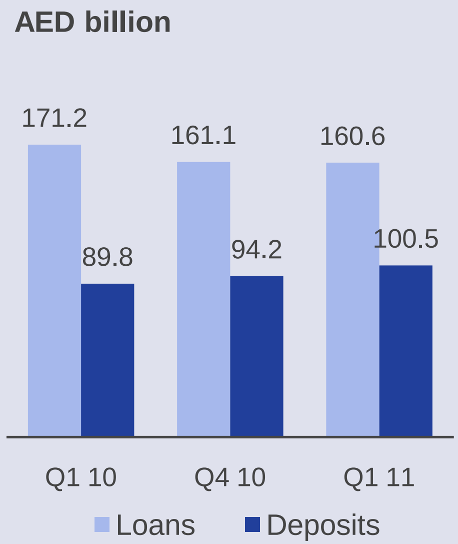


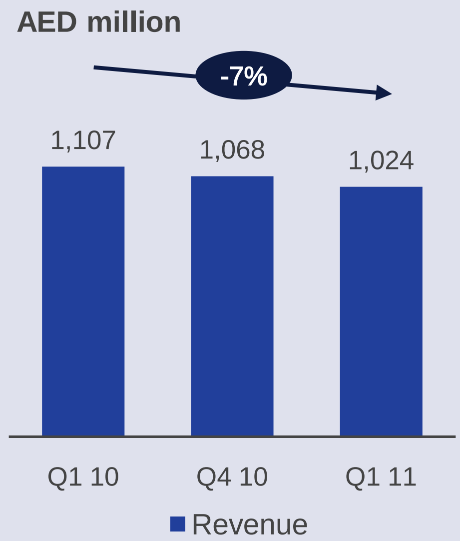
Emirates NBD

Divisional Performance

Wholesale Banking

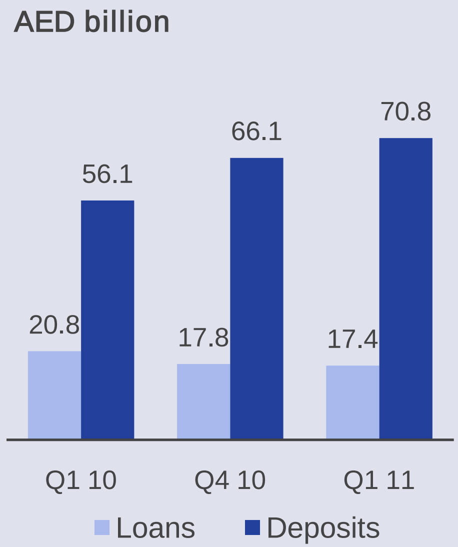
- Key focus during the period was on balance sheet optimisation, continued proactive management of credit quality, building non-risk based and fee generating businesses
- Revenue declined 7% year-on-year due to a decline in fee income
- Loans were stable from end-2010 as a pickup in new underwriting was evident in Q1 2011
- Dedicated focus on liquidity management resulting in strong 7% growth in deposits during Q1 2011

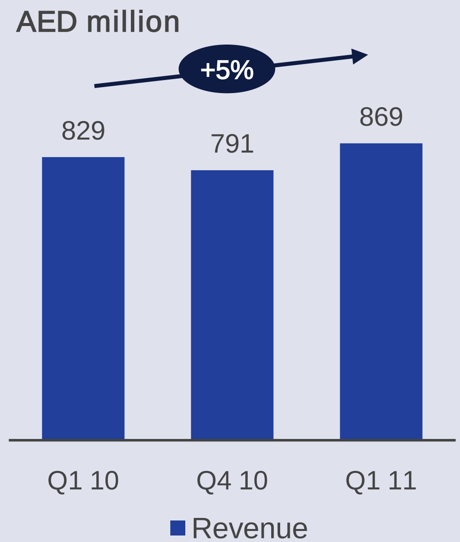




Consumer Banking & Wealth Management

- CWM maintained its position in challenging market conditions
- Continued expansion in Private Banking business; now 62 RMs; Private Banking customer deposits continued to grow
- Revenue improved 5% year-on-year due to a 19% growth in fee income and stable net interest income
- Deposits grew 7% from end-2010
- Total number of branches at Q1 2011 totaled 109 through the addition of 2 branches in Dubai and 2 branches in Abu Dhabi.
- The ATM & SDM network totals 626 at Q1 2011

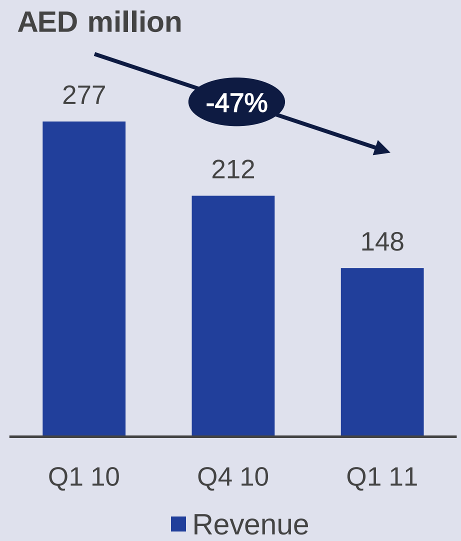




Divisional Performance

Global Markets & Treasury

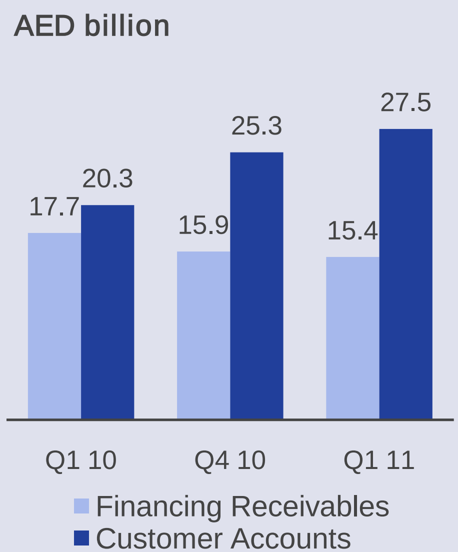
- Revenue declined by 47% in Q1 2011 to AED 148 million driven mainly by lower sales and trading income and lower gains on principal investments
- Trading business revenue was impacted by the regional geopolitical tensions, financial crisis in some European countries and the natural disaster in Japan resulting in increased volatility in global equity markets and lower foreign institutional interest in Regional markets
- Treasury Sales saw reduced income from sales of balance sheet hedging products as the low interest rate environment continued to affect clients' decisions to hedge their interest rate exposure; the foreign exchange flow business is showing signs of stabilisation though as regional trade flows pick up

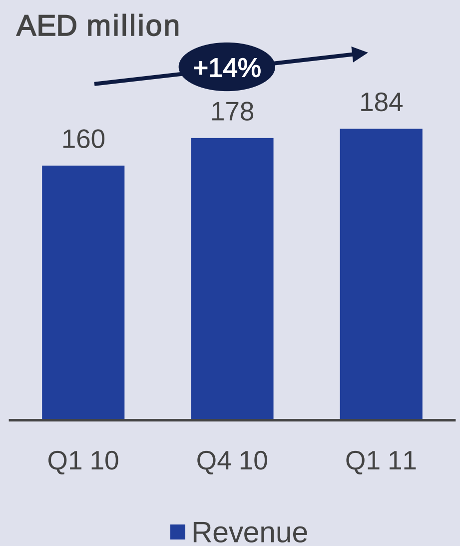


Emirates Islamic Bank

- EIB revenue increased by 14% year-on-year to AED 184 million in Q1 2011 (net of customers' share of profit), aided by a reduction in negative revaluations on investment properties
- Financing receivables declined 3% to AED 15.4 billion from end-2010
- Customer accounts grew by 9% to AED 27.5 billion from end-2009
- Total number of EIB branches at Q1 2011 totaled 31 with an ATM & SDM network of 91

__Note__: Stand-alone Financial Statements for Emirates Islamic Bank may differ from these results due to consolidation adjustments





Strategic Imperatives for 2011

	Objectives
Optimise Balance Sheet and Capital allocation	▪ **Increase lending activities in identified pockets of growth**, e.g. SME lending, cards, … ▪ **Further diversifying funding sources with a focus on reducing cost of funding** ▪ **Review all Group companies (subsidiaries and associate companies) and decide on divestment opportunities, increasing stakes or complementary acquisitions**
Drive Profitability	▪ Management focus on **yield optimisation** ▪ **Extending Key account planning** capturing a larger share of wallet of existing broad customer base through Cross-sell Treasury and Investment Banking services to corporate clients ▪ Increasing fee income through enhanced sales efficiency for FX, investment and banc-assurance products ▪ **Improve customer retention and deliver distinctive customer service** ▪ Continue implementation of revised **spend control processes** ▪ Capturing significant efficiency and process improvements through **Outsourcing**
Enhance Platforms	▪ **Further enhance employee proposition** through talent/leadership development as well as performance and retention management ▪ Continued **enhancement of the Group wide Risk strategy** and alignment of policies to defined risk appetite ▪ **Roll-out of Group wide service Excellence effort** as part of a change management program along all customer touch points
Measured Investment in Platforms for Growth	▪ **Exploit domestic opportunities** – Implementation of Private Banking growth plan and strengthening SME segment – Continued distribution network expansion/optimisation – Continued roll-out of Abu Dhabi growth plan ▪ **Exploit international opportunities** – Implementation of organic growth plan for KSA and detailing growth strategies for all other existing locations – Proactively pursuing inorganic regional expansion opportunities

Outlook

- Conditions in the local economy have continued to improve in Q1 2011:
  - Economic signals offer evidence of take-off in non-oil economy, particularly in trade, logistics and hospitality
  - Oil prices hold strong above USD 100 per barrel
- Regional unrest temporarily took a toll on local markets in Q1 2011 as global investors cut risk across MENA, although conditions have improved considerably since
  - Local equity markets rebounded considerably since early March from weakness in January and February
  - In fixed income, a rally that began in mid-March has pushed Dubai spreads tighter, with Dubai 5-yr CDS at just under 370 bps, their lowest level since late-2009
- UAE real GDP growth of 4% expected in 2011:
  - World trade is expected to continue to strengthen, benefitting Dubai in particular given its strong infrastructure, transport and logistics networks
  - The financial sector is slowly beginning to lend again with credit growth starting to pick up
  - High commodity prices are expected to continue to benefit the fiscal account and infrastructure development expenditure
  - Capital markets in the region are showing evident signs of thawing
- Emirates NBD is well placed to take advantage of the expected improved economic conditions
  - The Bank has a clear strategy in place to invest in and take advantage of growth opportunities
  - Liquidity is strong and greater visibility of and comfort with asset quality allows selective risk-taking

Summary

- Strong financial performance driven by gain on the Network International transaction, partly offset by continued pro-active de-risking of the balance sheet and acceleration of investment in growth opportunities
- Top-line trends encouraging with pickup in q-o-q net interest income, stable margins and growth in core fee income
- Moderate increase in impaired loans ratio in line with expectations

  Significant addition to portfolio impairment allowances, offering future absorption capacity
- Capitalisation and liquidity continued to improve and are extremely strong, offering flexibility to take advantage of growth opportunities
- Emirates NBD has a clear strategy in place to take advantage of the expected improved economic conditions and growth

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