Emirates NBD

Q1 2012 Results Presentation

April 25, 2012

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Q1 2012 Financial Results Highlights

Highlights

- **Net profit of AED 641 million**, +322% vs. Q4 2011 and -55% vs. Q1 2011
- **Net interest income down 8% q-o-q and grew by 8% y-o-y** to **AED 1,777 million** due to net interest margin movements
- **Non-interest income grew** by 62% q-o-q and 49% y-o-y aided by impact of non-core items; **core fee income grew 14% q-o-q** and **17% y-o-y**
- **Costs improved by 8% q-o-q** to AED 942 million resulting from reductions in non-staff costs
- Continuation of balance sheet **de-risking** and **conservatism on provisioning** resulted in **impairment allowances of AED 1,101 million**
- **New underwriting remains modest** with net loans stable q-o-q and up 5% y-o-y
- **Deposits increased 8% q-o-q** due to balance sheet optimisation initiatives; **Headline LTD ratio at 98%** vs. 105% at Q4 2011

Key Performance Indicators

AED million	Q1 2012	Q1 2011	Change (%)	Q4 2011	Change (%)
Net interest income	1,777	1,648	+8%	1,929	-8%
Non-interest income	909	612	+49%	562	+62%
Total income	**2,686**	**2,260**	**+19%**	**2,491**	**+8%**
Operating expenses	(942)	(808)	+17%	(1,025)	-8%
Operating profit before impairment allowances	**1,744**	**1,452**	**+20%**	**1,466**	**+19%**
Impairment allowances	(1,101)	(1,369)	-20%	(1,056)	+4%
Operating profit	**643**	**83**	**+673%**	**410**	**+57%**
Amortisation of intangibles	(20)	(23)	-13%	(23)	-13%
Associates	24	(477)	n/a	(228)	n/a
Gain on subsidiaries	-	1,835	-100%	-	n/a
Taxation charge	(6)	(5)	+19%	(7)	-17%
Net profit	**641**	**1,413**	**-55%**	**152**	**+322%**
Cost: income ratio (%)	35.1%	35.7%	-0.6%	41.1%	-6.0%
Net interest margin (%)	2.63%	2.41%	+0.22%	2.85%	-0.22%
EPS (AED)	0.10	0.24	-57%	0.02	+333%

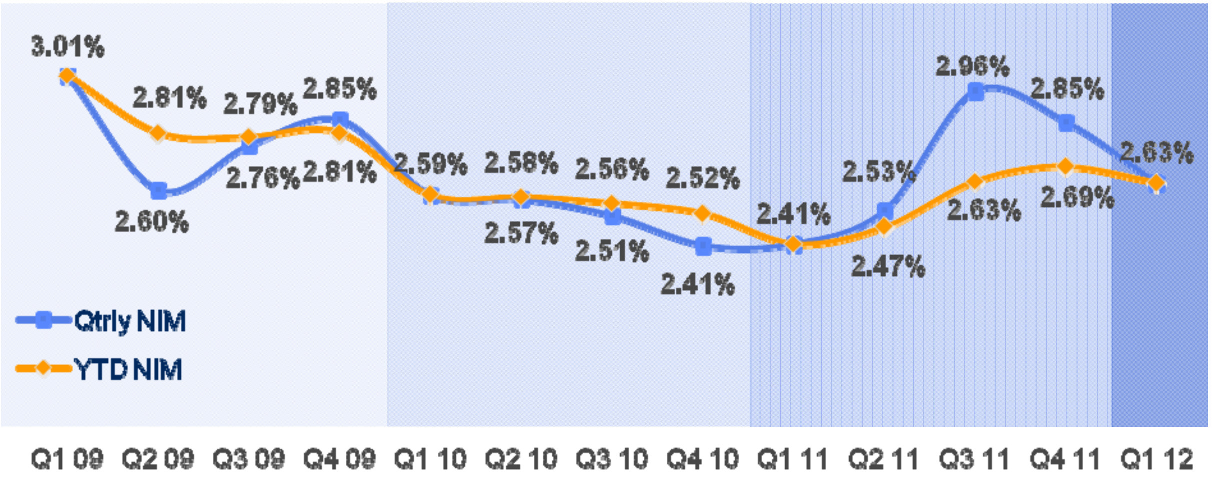
AED billion	31 Dec 2012	31 Mar 2011	Change (%)	31 Dec 2012	Change (%)
Loans	204.1	194.4	+5%	203.1	+0%
Deposits	208.5	212.0	-2%	193.3	+8%

Net Interest Income

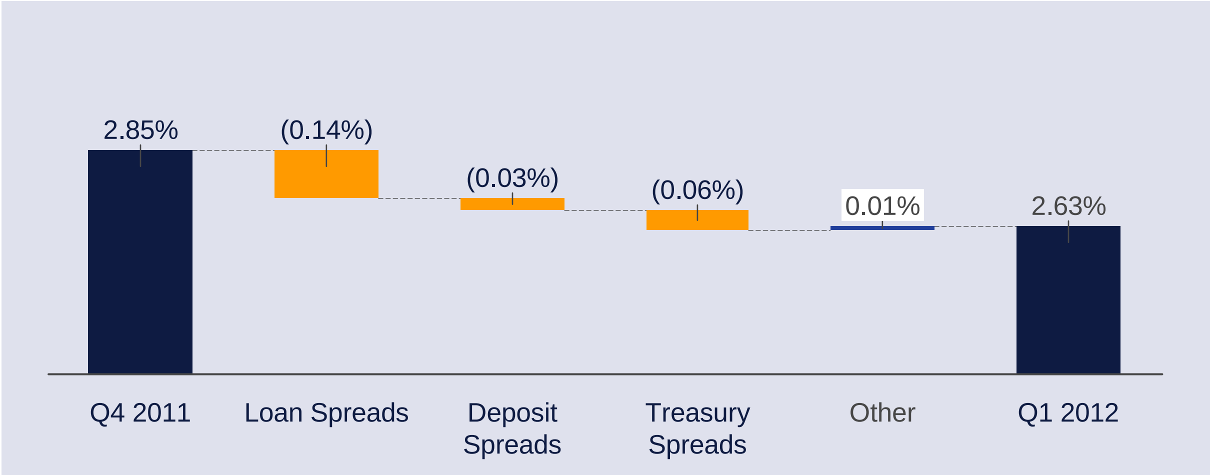
Highlights

- **NIM of 2.63%** for Q1 2012 **declined by 22 bps** from 2.85% in Q4 2011 resulting in an 8% q-o-q drop in net interest income to AED 1,777 million; NIM reduction driven by:
  - lower loan spreads resulting from re-pricing to lower EIBOR rates
  - lower deposit spreads due to balance sheet optimisation initiatives
  - negative mix impact of improved liquidity position reflected in a reduction in Treasury spreads

Net Interest Margin (%)



Net Interest Margin Drivers (%)

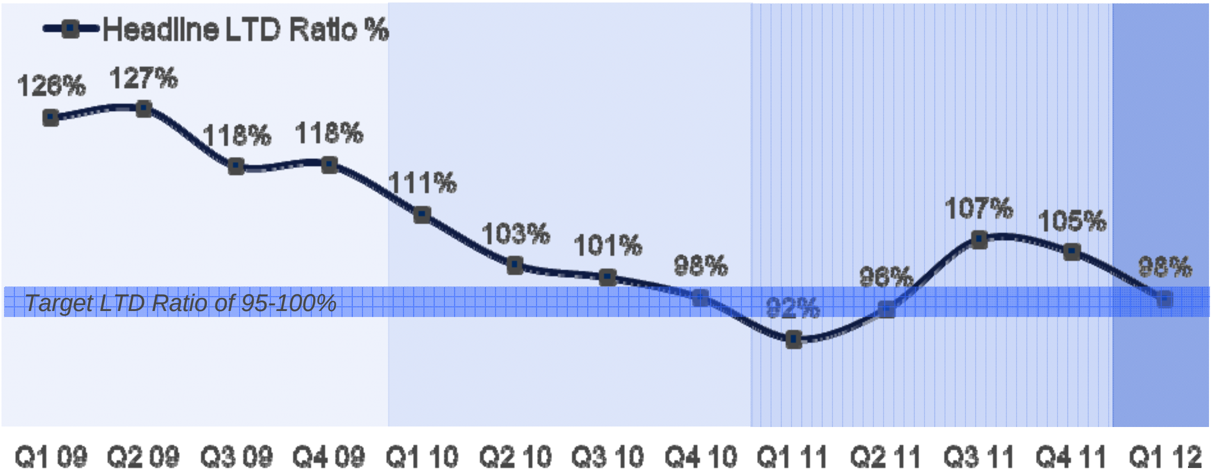


Funding and Liquidity

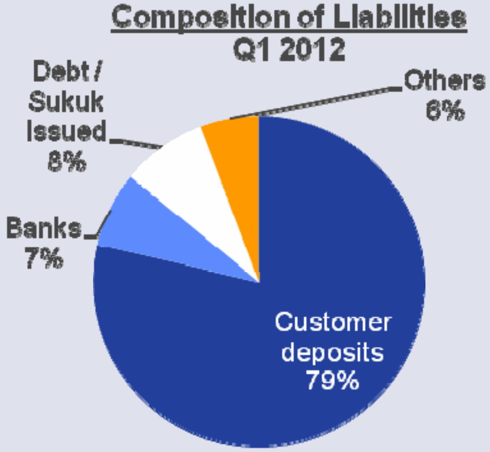
Highlights

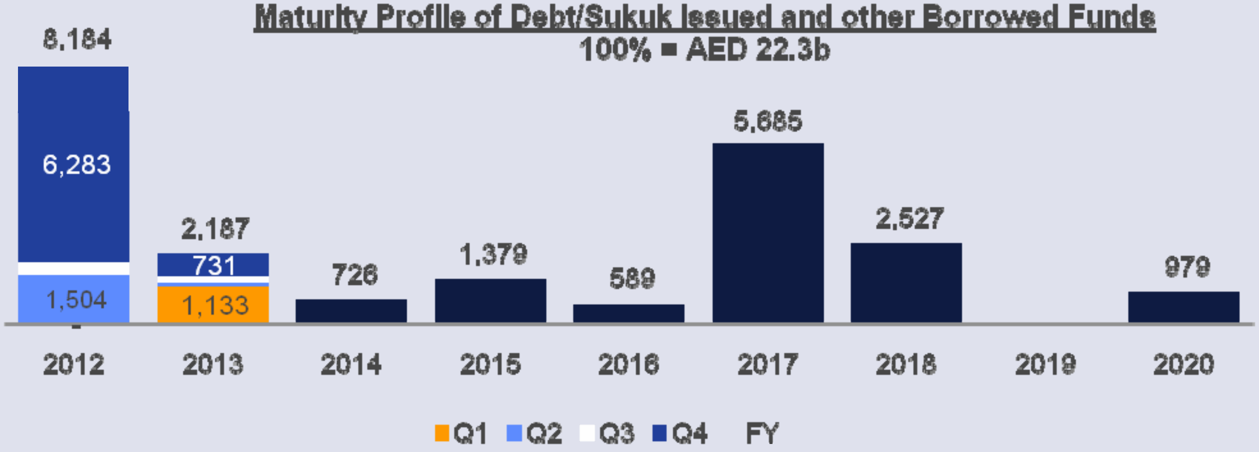
- Headline **LTD ratio of 98%** at Q1 2012 due to balance sheet optimisation initiatives
- The **LTD ratio is being managed** to the **target range of c.95%-100%**
- **Liquid assets** (excl. Investments) **of AED 52 billion** as at 31 March 2012 (18% of total assets);
- **Debt maturity profile** well **within** existing **funding capacity**
- **Issued AED 7.4 billion** medium term debt in Q1 2012

Loan to Deposit Ratios (%)



Liquid Assets and Maturity of Debt Issued (AED million)



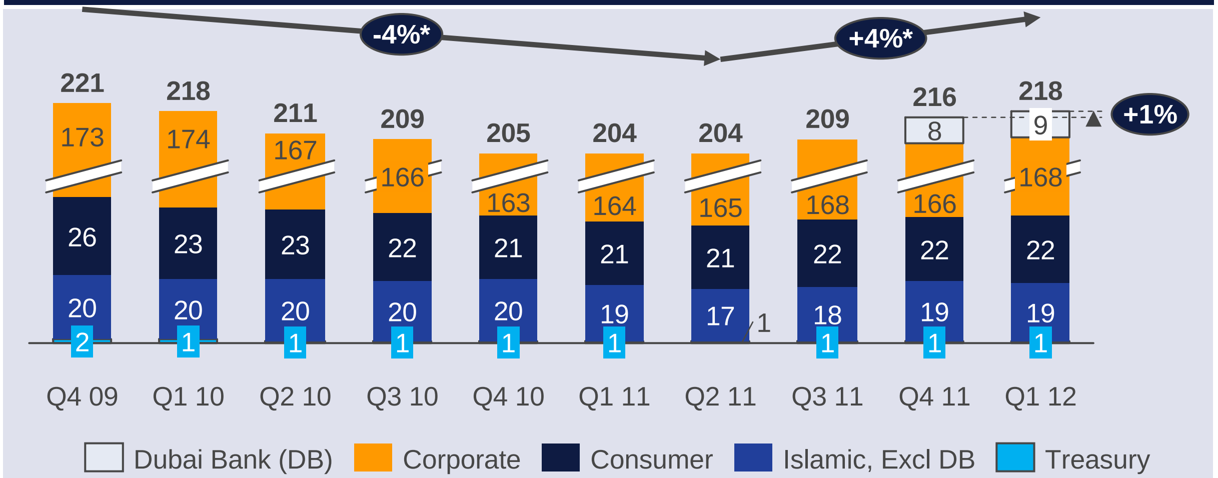


Loan and Deposit Trends

Highlights

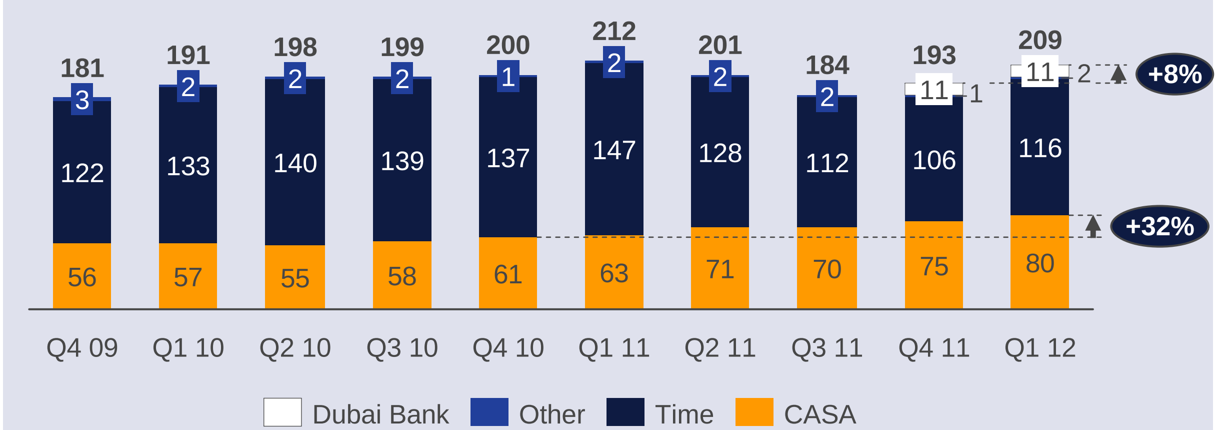
- **Signs of pickup in new underwriting from H2 2011:**
  - Annualised decline in gross loans of 4% from Q4 2009 to Q2 2011
  - Annualised organic growth in gross loans of 4% from Q2 2011 to Q1 2012 (excl. Dubai Bank Impact)
- **Balance sheet optimisation initiatives successful in improving deposit mix:**
  - CASA organic growth of AED 19 billion from end-2010 (excl. Dubai Bank Impact)
  - CASA % age of total deposits 41% at Q1 2012 vs. 31% at end-2010
  - Time deposits increased by AED 10 billion in Q1 2012 due to balance sheet optimisation initiatives and seasonal factors

Trend in Gross Loans by Type (AED billion)



** Annualised CAGR, excluding impact of Dubai Bank in Q4 2011*

Trend in Deposits by Type (AED billion)



Non Interest Income

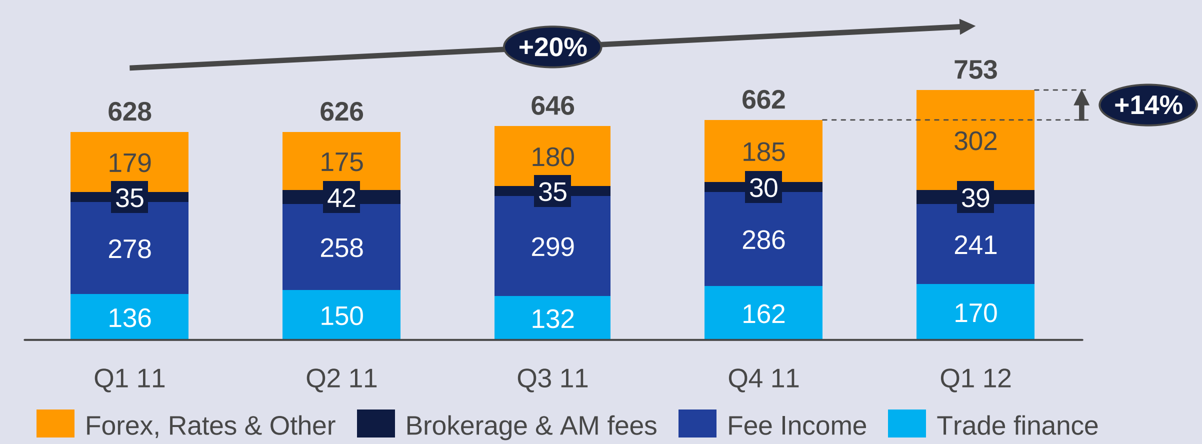
Highlights

- **Non-interest income improved** by 62% q-o-q and 49% y-o-y; impacted by non-core items:
  - AED 248 million loss on properties in Q4 2011 reverting to AED 14 million income in Q1 2012
  - Higher investment securities income in Q1 2012 of AED 194 million
  - AED 158 million non-recurring Treasury position gain in Q4 2011
- **Core gross fee income grew 14% q-o-q** and **20% y-o-y**, key trends being:
  - pickup in trade finance income (+5% q-o-q and +26% y-o-y)
  - increase in brokerage and asset management fee income (+33% q-o-q and +13% y-o-y)
  - pickup in forex, rates, derivatives and other income (+64% q-o-q and +69% y-o-y)
  - decline in banking fee income (-16% q-o-q and -13% y-o-y)
  - Dubai Bank contribution to core fee income AED 15 million in Q1 2012 and AED 14 million in Q4 2011

Composition of Non Interest Income (AED million)

AED million	Q1 2012	Q1 2011	Change (%)	Q4 2011	Change (%)
Core gross fee income	753	628	+20%	662	+14%
Fees & commission expense	(52)	(29)	+79%	(48)	+7%
Core fee income	**701**	**599**	**+17%**	**614**	**+14%**
Property income / (loss)	14	0	n/a	(248)	n/a
Investment securities	194	13	n/a	38	n/a
Non-recurring Treasury gain	-	-	n/a	158	n/a
Total Non Interest Income	**909**	**612**	**+49%**	**562**	**+62%**

Composition of Core Gross Fee Income (AED million)

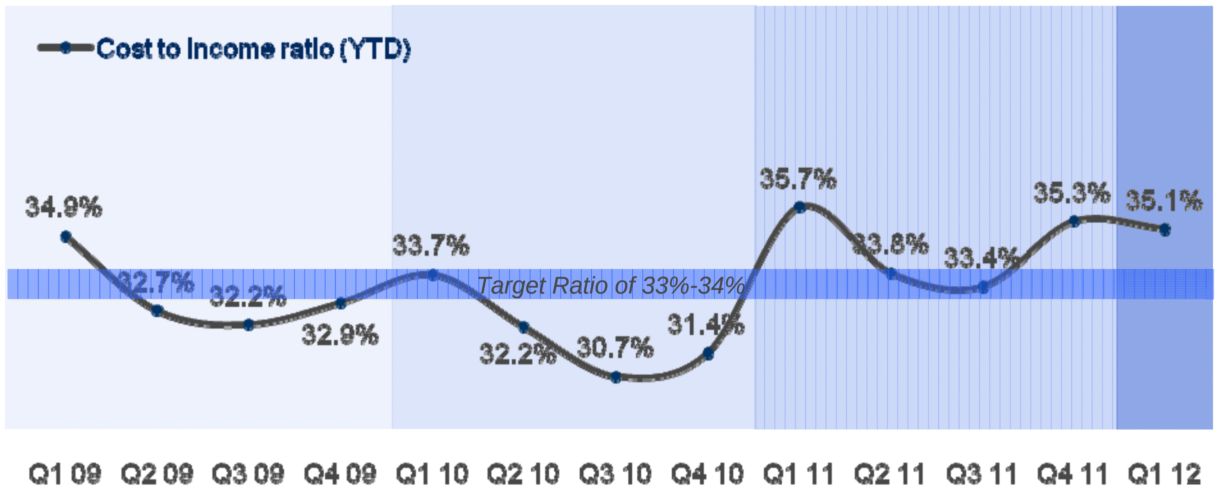


Operating Costs and Efficiency

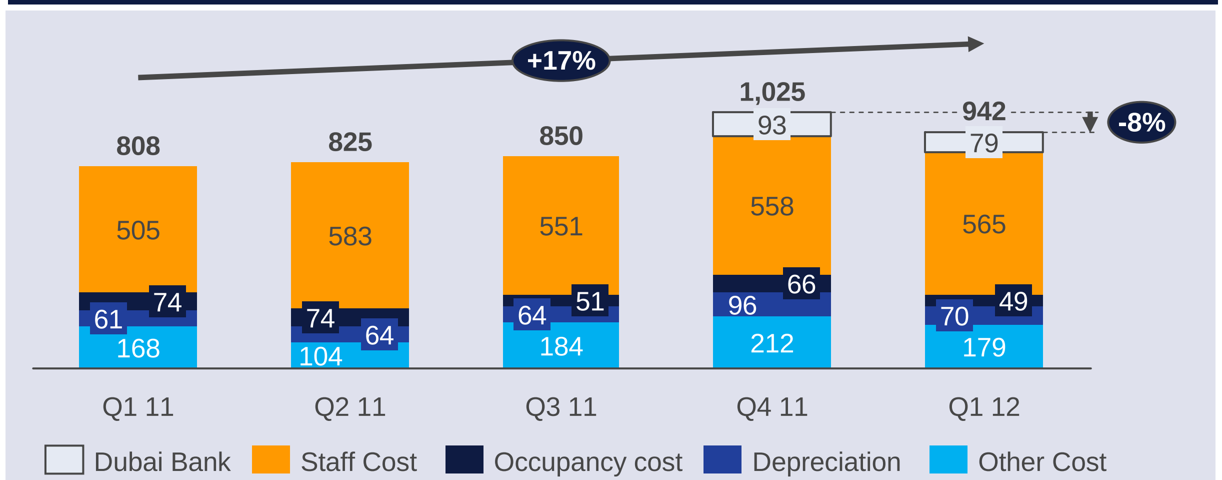
Highlights

- **Costs improved by AED 83 million or 8% q-o-q** to AED 942 million in Q1 2012 resulting from:
  - AED 14 million cost reduction in Dubai Bank
  - AED 26 million lower depreciation charge
  - AED 17 million reduction in occupancy costs
  - AED 33 million reduction in other costs
- The **cost to Income ratio for Q1 2012** improved to 35.1% from 35.3% in 2011
- In 2012, the **cost to Income ratio** is expected to be **managed** to the **target range of c.33%-34%**

Cost to Income Ratio (%)



Cost Composition (%)

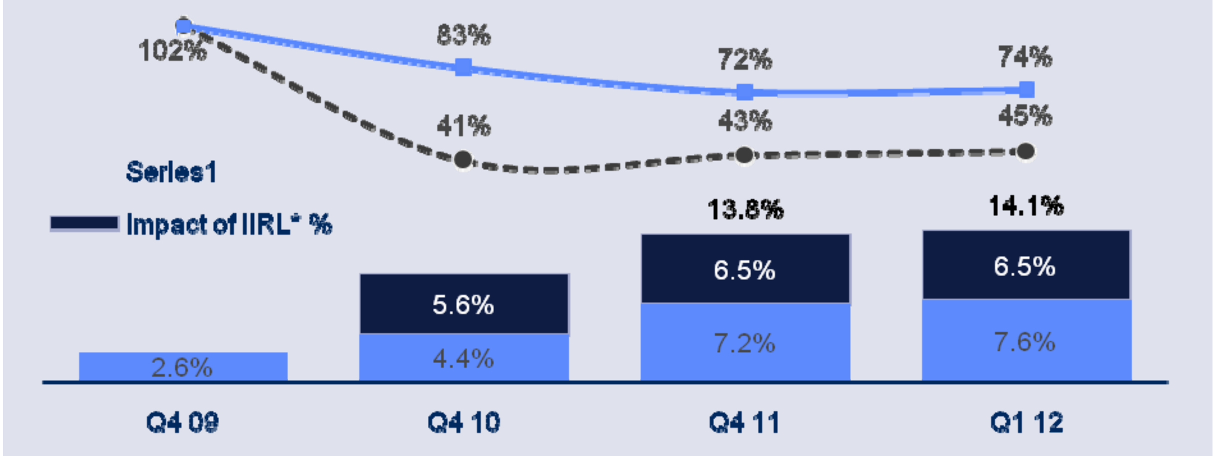


Credit Quality

Highlights

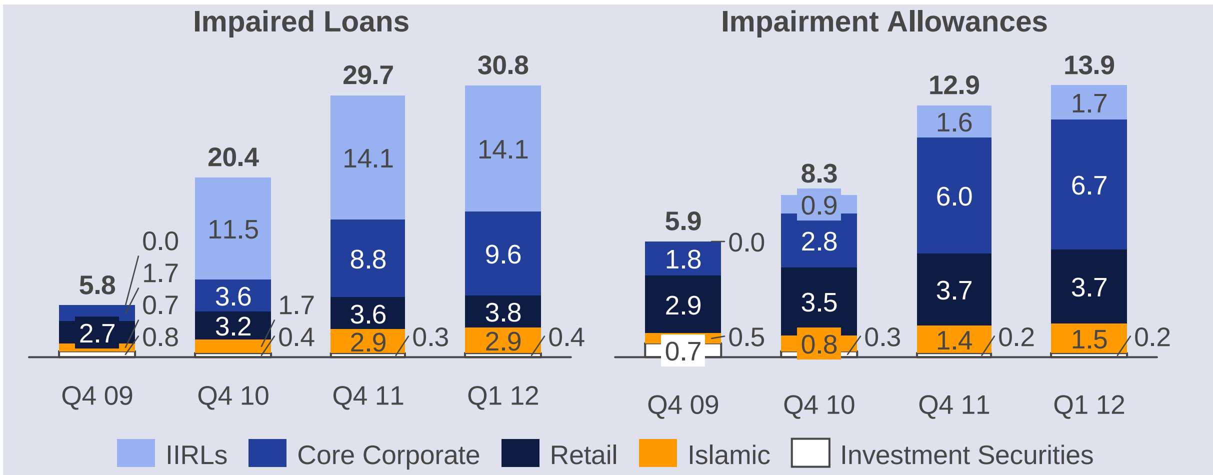
- **Q1 2012 impairment charge** of **AED 1,101** million driven by:
  - Specific provisions of AED 671 million, AED 105 million and AED 69 million made in relation to the Corporate, Retail and Islamic financing portfolios respectively
  - AED 234 million portfolio impairment allowances taking the total allowance to AED 4.0 billion or 2.7% of credit RWAs
- Management **targets for impaired loan coverage ratios:**
  - 80%-85% on underlying NPL portfolio
  - 55%-60% on overall impaired loans to be achieved by 2013
- Target coverage ratios to be achieved through **more conservative** provisioning for and recognition of impaired loans

Impaired Loan & Coverage Ratios (%)



** IIRL = Interest Impaired Renegotiated Loans at Q1 2012 comprises D1 (exposure AED 9.2 billion ; provision AED 618 million) and D2B (exposure AED 4.9 billion; provision AED 1.1 billion)*

Impaired Loans and Impairment Allowances (AED billion)



Capital Adequacy

Highlights

- **CAR declined 1.4% q-o-q to 19.1%** and T1 declined 0.5% q-o-q to 12.5% resulting from a reduction in capital:
  - **Tier 1 capital** decreased by AED 0.5 billion in Q1 2012 due to net profit generation for the quarter being more than offset by the dividend payable in respect of 2011
  - **Tier 2 capital** decreased by AED 1.8 billion in Q1 2012 as the amortisation of the MOF T2 deposits commenced, partly offset by higher capital eligibility of general provisions

Capital Ratios - Basel II (AED billion)

Capital Movements (AED billion)

31 Dec 2011 to 31 Mar 2012	Tier 1	Tier 2	Total
Capital as at 31 Dec 2011	**28.9**	**16.7**	**45.6**
Net profits generated	0.6	-	0.6
FY 2011 dividend payable	(1.1)	-	(1.1)
Interest on T1 securities	(0.1)		(0.1)
Cumulative changes in FV	-	0.1	0.1
Change in general provisions	-	0.7	0.7
Amortisation of MOF T2	-	(2.5)	(2.5)
Other	0.1	(0.1)	-
Capital as at 31 Mar 2012	**28.4**	**14.9**	**43.3**

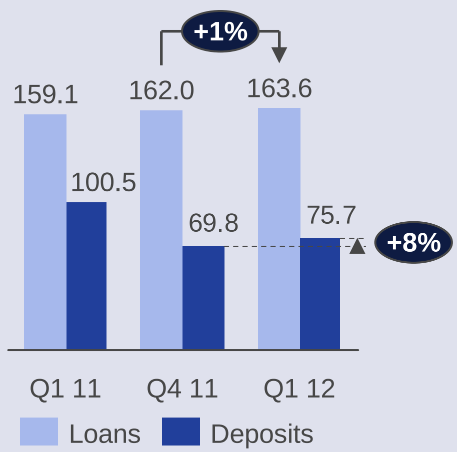
Risk Weighted Assets – Basel II (AED billion)

Divisional Performance

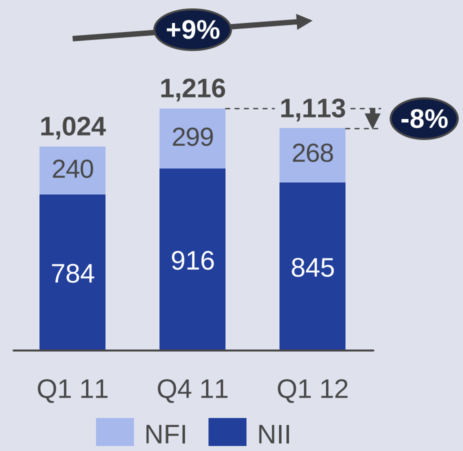
Wholesale Banking

- **Key focus** during Q1 2012 was on strategy re-alignment to ensure enhanced future customer service quality and share of wallet, increased cross-sell of Treasury and Investment Banking income and increased Cash Management and Trade Finance penetration
- **Revenue** declined 8% q-o-q but improved 9% y-o-y
- **Loans** rose by 1% from end-2011 as new underwriting more than offset normal loan repayments
- **Deposits** rose 8% from end-2011 due to balance sheet management initiatives

Balance Sheet Trends
AED billion



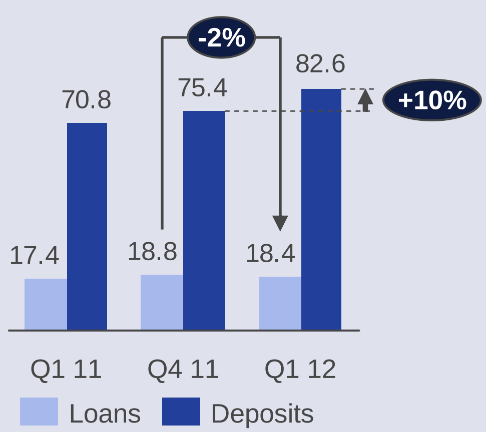
Revenue Trends
AED million



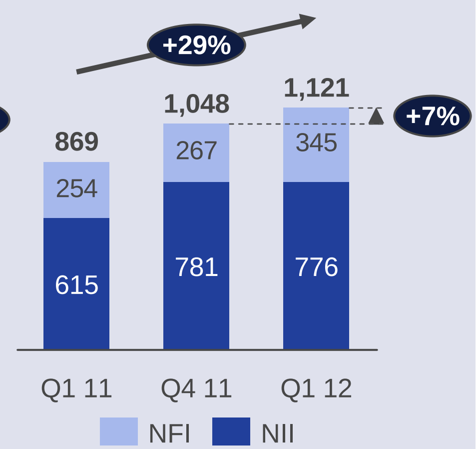
Consumer Banking & Wealth Management

- CWM **maintained its position** in challenging market conditions
- **Revenue** improved 7% q-o-q due to strong 29% growth in fee income
- **Deposits** grew 10% from end-2011
- **Loans** declined 2% from end-2011 as strong growth in personal loans was more than offset by declines in other retail portfolios
- **Channel optimization strategy** being pursued to enhance efficiency across all distribution channels, resulting in a reduction of 3 branches and 25 ATM/SDMs during Q1 2012 to 109 and 605 respectively

Balance Sheet Trends
AED billion



Revenue Trends
AED million

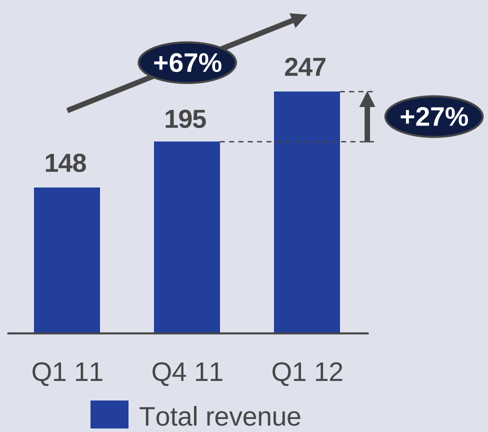


Divisional Performance

Global Markets & Treasury

- **Revenue** improved 27% q-o-q and 67% y-o-y to AED 247 million in Q1 2012 aided by higher investment income relative to previous quarters and a pick-up in foreign exchange and treasury sales business
- **Treasury sales** recorded a pickup in activity in Q1 2012 as customers exhibited greater demand for interest rate hedging products as well as through increased sales of floating rate notes and structured products
- The **foreign exchange flow business** improved during the quarter due to recent volatility in the foreign exchange market, seasonal demand and targeted marketing efforts

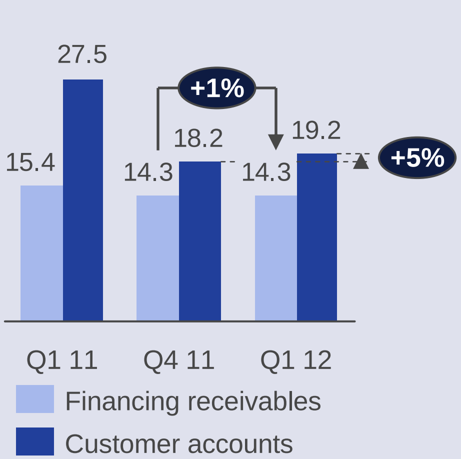
Revenue Trends
AED million



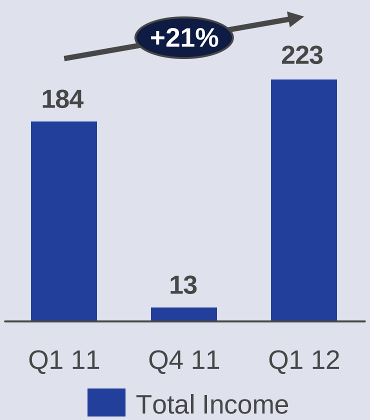
Emirates Islamic Bank

- EIB **revenue** improved 21% y-o-y to AED 223 million in Q1 2012 (net of customers' share of profit), due growth in both net interest and non-interest income lines
- **Financing receivables** rose 1% to AED 14.3 billion from end-2011
- **Customer accounts** increased by 5% to AED 19.2 billion from end-2011
- Total number of EIB **branches** remain at 33 while the ATM & SDM network totals 106

Balance Sheet Trends
AED billion



Revenue Trends
AED million



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

Outlook

- The **UAE economy proved relatively resilient** to global and regional developments in 2011, with estimated GDP growth of 4.6% for the year on the back of higher oil production and improving trends in non-oil trade and tourism
- During Q1 2012 the UAE economy continued to display resiliency and modest growth with oil output rising 3.5% and modest private sector expansion, particularly in Dubai's traditional trade, logistics, tourism and retail sales sectors
- For the remainder of 2012 the **external environment remains challenging** in the context of weaker expected global growth resulting from recessionary risks in the Eurozone, downgrades to US growth and an expected slowdown in Asia
- Nevertheless, the **UAE remains well-positioned** to enjoy modest GDP growth of 2.5% in 2012 underpinned by supportive fiscal policy
- **Despite a cautious and uncertain outlook, Emirates NBD is resilient and well placed** to take advantage of growth opportunities in selected areas

o Capitalisation and liquidity continue to be extremely strong, offering resilience and flexibility for the future

o Significantly de-risked and strengthened balance sheet offers strong platform for capturing future growth opportunities

o The Bank has a clear strategy in place and is focused on relentless execution

Summary

- **Strong operating performance** with 19% q-o-q and 20% y-o-y growth in pre-impairment operating profit to AED 1.7 billion
- **Top-line trends continue to improve** with 8% q-o-q and 19% y-o-y growth in total income
- **Operating expenses improved 8% q-o-q** and are being managed to a 33%-34% cost income ratio for 2012
- Continuation of balance sheet **de-risking** and **conservatism on provisioning** resulted in **impairment allowances** of AED 1.1 billion for Q1 2012
- **Capitalisation and liquidity** continue to be **extremely strong**, offering resilience and flexibility for the future
- The **outlook remains challenging** but Emirates NBD has a **clear strategy** in place to take advantage of of selected growth opportunities

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