Emirates NBD

FY 2011 Results Presentation

February 15, 2012

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Q4 2011 Financial Results Highlights

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- **Net profit of AED 152 million**, -13% vs. Q3 2011 and -62% vs. Q4 2010
- **Net interest income broadly stable q-o-q and grew 19% y-o-y** to **AED 1,929 million** due to net interest margin improvement to 2.85% in Q4 2011 from 2.41% in Q4 2010
- **Non-interest income declined** by 14% q-o-q and 13% y-o-y due to impact of non-core items; **core fee income grew 2% q-o-q** and **22% y-o-y**
- **Costs increased by 21% q-o-q and 35% y-o-y** to AED 1,025 million in Q4 2011 resulting from **consolidation of Dubai Bank, additional depreciation** on buildings commissioned and **additional staff costs** in Q4 2011
- Continuation of balance sheet **de-risking** and **conservatism on provisioning** resulted in **impairment allowances of AED 1,056 million** and **additional write-down** in book value of **Union Properties investment of AED 250 million**
- Signs of modest **pickup in new underwriting** with 3% q-o-q and 4% y-o-y growth in net loans
- **Deposits increased 5% q-o-q** due to balance sheet management initiatives; **Headline LTD ratio at 105%** vs. 107% at Q3 2011

Key Performance Indicators

AED million	Q4 2011	Q4 2010	Change (%)	Q3 2011	Change (%)
Net interest income	1,929	1,620	+19%	1,950	-1%
Non-interest income	562	642	-13%	655	-14%
Total income	**2,491**	**2,262**	**+10%**	**2,605**	**-4%**
Operating expenses	(1,025)	(762)	+35%	(850)	+21%
Operating profit before impairment allowances	**1,466**	**1,500**	**-2%**	**1,755**	**-16%**
Impairment allowances	(1,056)	(201)	+425%	(1,571)	-33%
Operating profit	**410**	**1,299**	**-68%**	**184**	**+122%**
Amortisation of intangibles	(23)	(23)	-	(23)	-
Associates	(228)	(869)	-74%	19	n/a
Taxation charge	(7)	(4)	+49%	(5)	+30%
Net profit	**152**	**403**	**-62%**	**175**	**-13%**
Cost: income ratio (%)	41.1%	33.7%	+7.4%	32.6%	+8.5%
Net interest margin (%)	2.85%	2.41%	+0.44%	2.96%	-0.11%
EPS (AED)	0.02	0.06	-61%	0.02	+22%
DPS (AED)	0.20	0.20	-	-	n/a

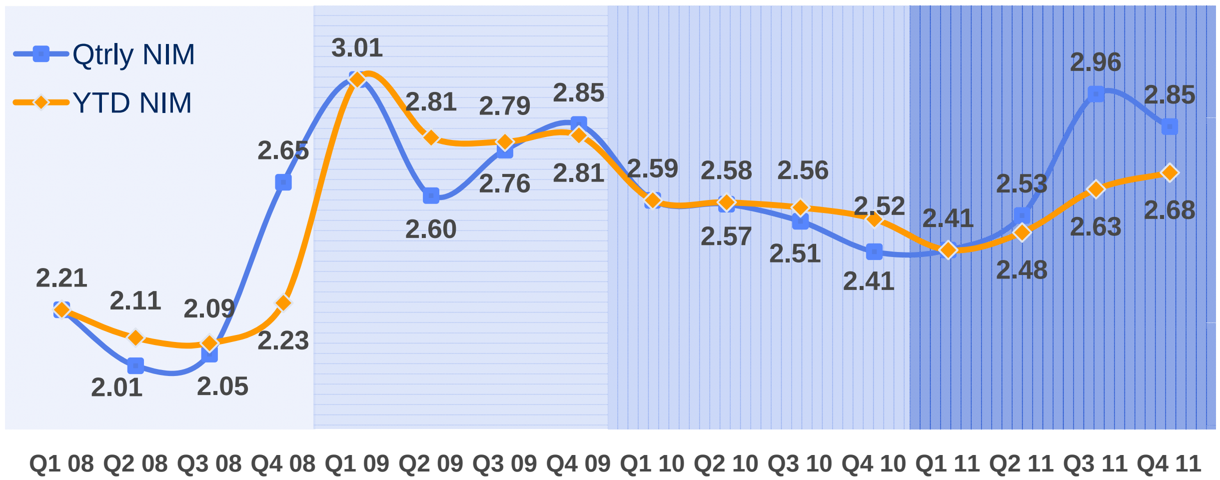
AED billion	31 Dec 2011	31 Dec 2010	Change (%)	30 Sep 2011	Change (%)
Loans	203.1	196.2	+4%	196.4	+3%
Deposits	193.3	200.0	-3%	183.6	+5%

Net Interest Income

Highlights

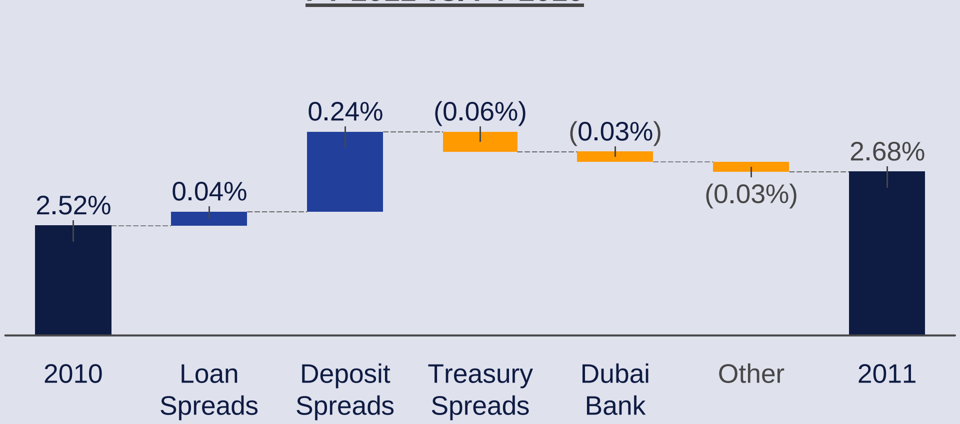
- **NIM of 2.85%** at Q4 2011 **declined by 11 bps** from 2.96% in Q3 2011 resulting in a 1% q-o-q drop in net interest income to AED 1,929 million; NIM reduction driven by lower loan spreads and impact of Dubai Bank consolidation, partly offset by higher deposit and Treasury spreads;
- **NIM of 2.68%** for FY 2011 **improved by 16 bps** from 2.52% for FY 2010 resulting in a 7% y-o-y increase in net interest income to AED 7,258 million; Increase in NIM primarily driven by lower deposit spreads

Net Interest Margin (%)

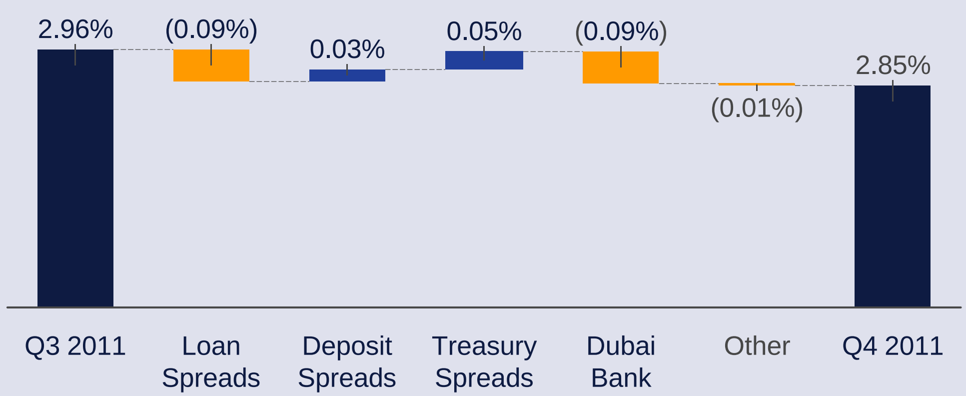


Net Interest Margin Drivers (%)

FY 2011 vs. FY 2010



Q4 2011 vs. Q3 2011



Non Interest Income

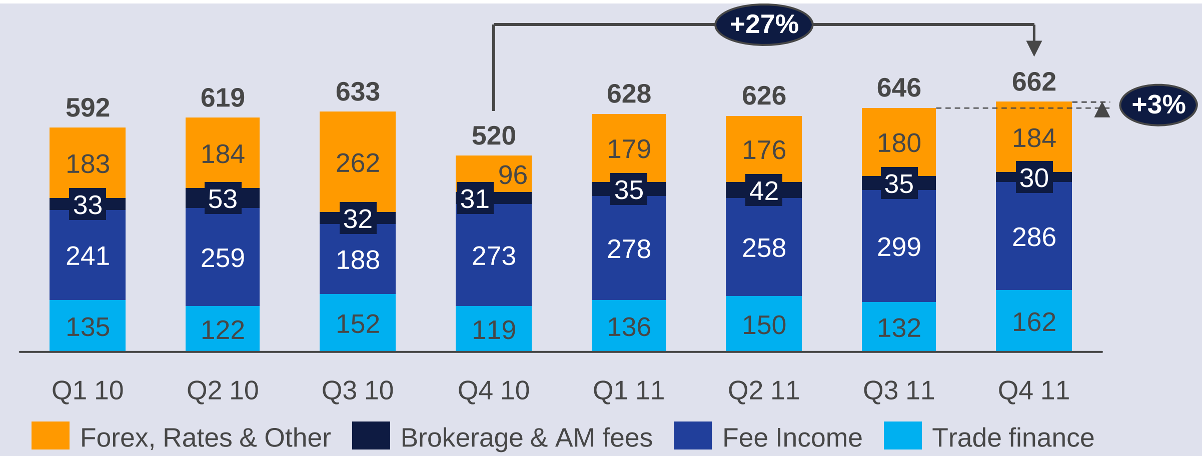
Highlights

- **Non-interest income declined** by 13% y-o-y and 14% q-o-q ; impacted by non-core items:
  - AED 248 million loss on properties in Q4 2011
  - lower investment securities income in Q4 2011
  - AED 77 million contribution from Network International in Q4 2010
  - AED 158 million non-recurring Treasury position gain in Q4 2011
- **Core fee income grew 26% y-o-y** and **2% q-o-q**, key trends being:
  - pickup in trade finance income (+36% y-o-y and +23% q-o-q)
  - pickup in forex, rates and other income (+67% y-o-y and +2% q-o-q)
  - Mixed trends in banking fee income (+5% y-o-y and -4% q-o-q)
  - Dubai Bank contribution to core fee income AED 14 million in Q4 2011

Composition of Non Interest Income (AED million)

AED million	Q4 2011	Q4 2010	Change (%)	Q3 2011	Change (%)
Core gross fee income	662	520	+27%	646	+3%
Fees & commission expense	(48)	(31)	+54%	(45)	+7%
Core fee income	**614**	**489**	**+26%**	**601**	**+2%**
Property (loss) / income	(248)	(47)	+428%	0	n/a
Investment securities	38	110	-66%	54	-30%
Network International	-	91	-100%	-	-
Non-recurring Treasury gain	158	-	n/a	-	n/a
Total Non Interest Income	**562**	**642**	**-13%**	**655**	**-14%**

Composition of Core Gross Fee Income (AED million)

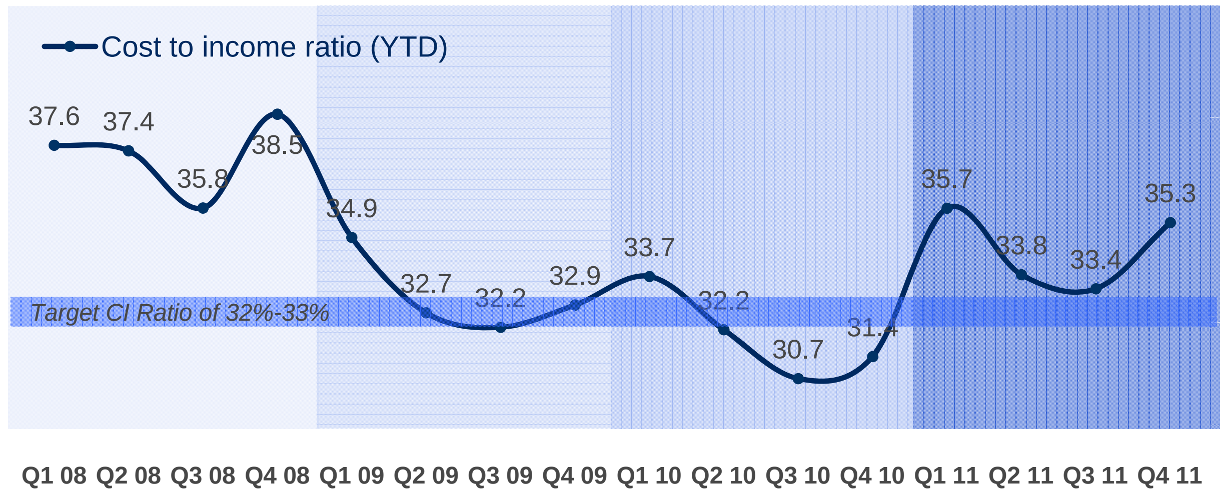


Operating Costs and Efficiency

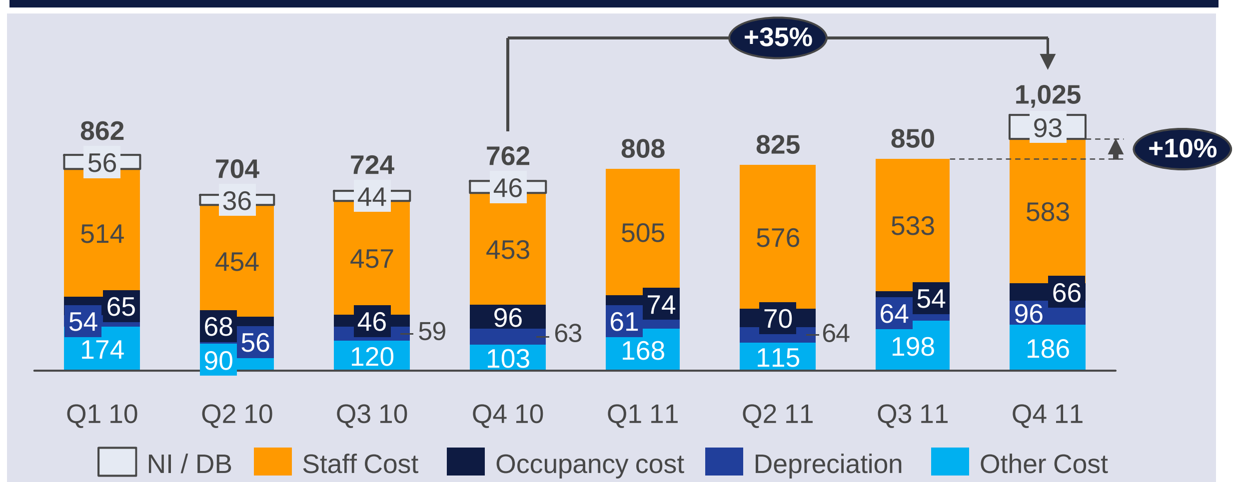
Highlights

- **Costs increased by 21% q-o-q and 35% y-o-y** to AED 1,025 million in Q4 2011 resulting from:
  - Consolidation of Dubai Bank costs amounting to AED 93 million in Q4 2011
  - Additional AED 29 million depreciation charged on properties commissioned during Q4 2011
  - Additional staff costs of AED 50 million
- The **cost to Income ratio for 2011** increased to 35.3% from 31.4% in 2010
- 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 (%)

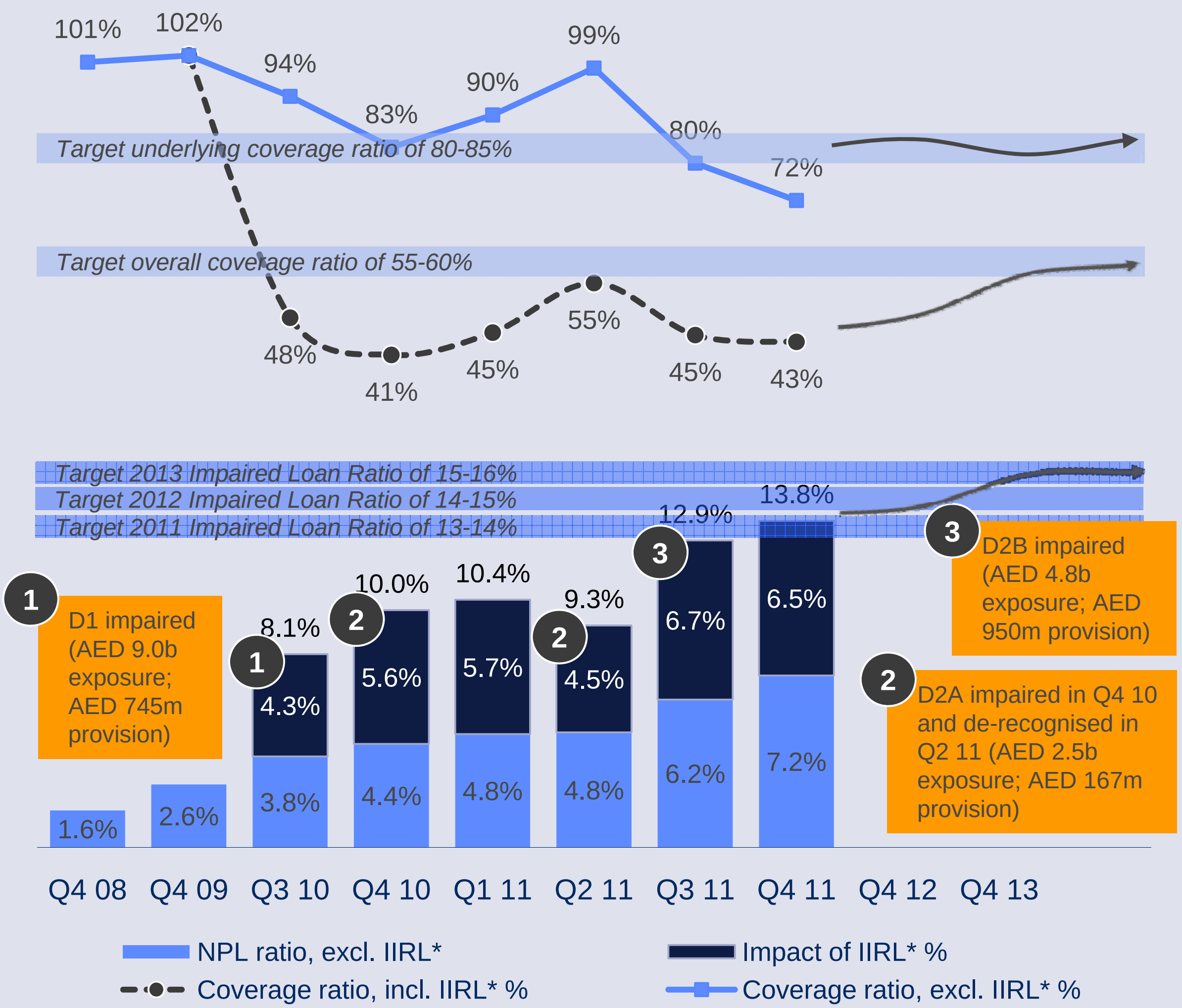


Credit Quality

Highlights

- **Q4 2011 impairment charge** of **AED 1,056** million driven by:
  - Specific provisions of AED 591 million, AED 28 million and AED 252 million made in relation the Corporate, Retail and Islamic financing portfolios respectively
  - AED 76m portfolio impairment allowances taking the total 2011 increase to AED 1.6 billion and the total allowance to AED 3.8 billion or 2.54% 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
  - Continued **build-up of portfolio impairment allowances**

Impaired Loans & Coverage Ratios (%)



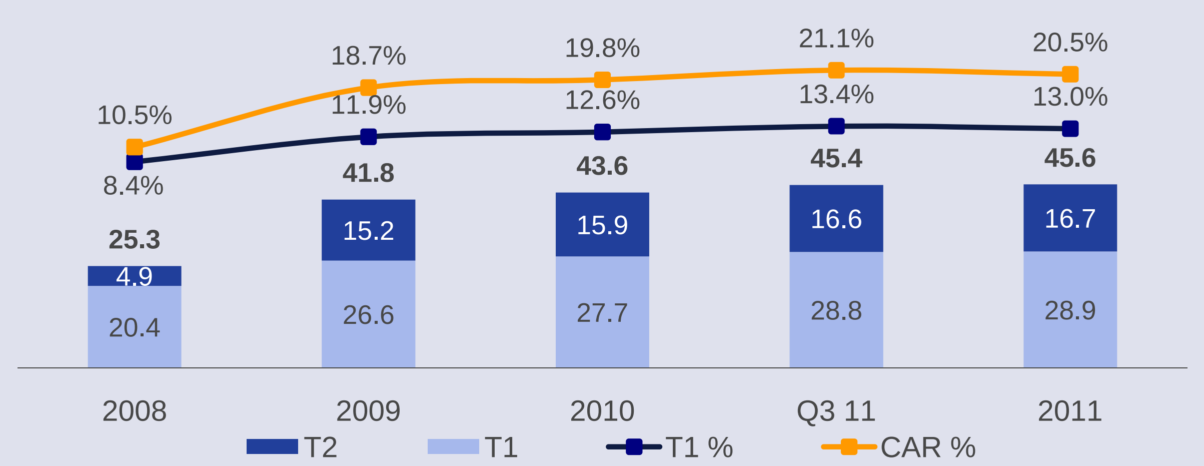
** IIRL = Interest Impaired Renegotiated Loans; Specific entities are referenced by number with the prefix "D"*

Capital Adequacy

Highlights

- **CAR declined 0.6% q-o-q to** 20.5% and T1 declined 0.4% q-o-q to 13.0% as retained earnings generation for the quarter was offset by the impact of Dubai Bank's good book RWAs (impact -98bps CAR; -62bps T1)
- **Tier 1 capital increased by AED 1.2 billion** in 2011 due to net profit generation partly offset by dividend paid in respect of 2010
- **Risk Weighted Assets increased by 1%** from AED 221 billion at end-2010 to AED 222 billion at end-2011

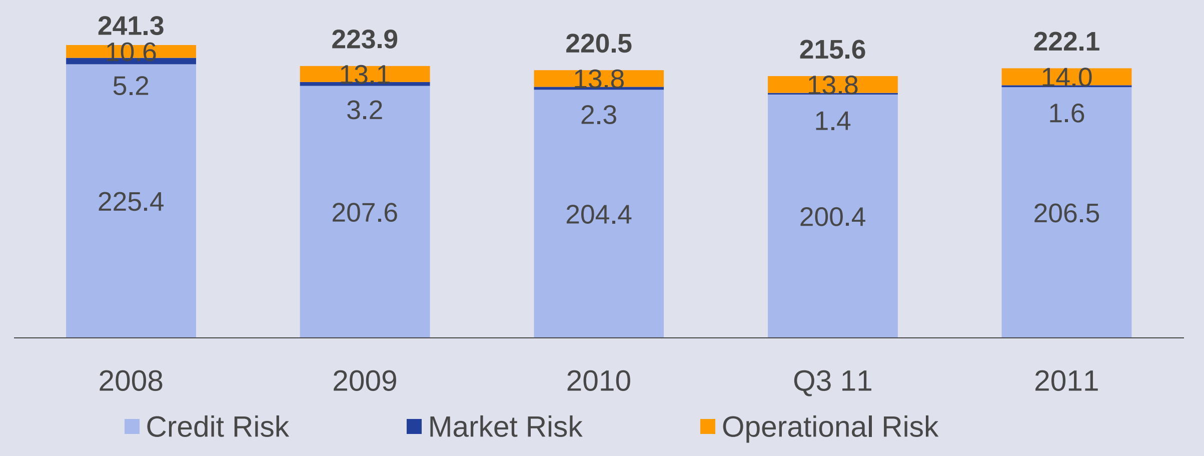
Capital Ratios - Basel II (AED billion)



Capital Movements (AED billion)

31 Dec 2010 to 31 Dec 2011	Tier 1	Tier 2	Total
Capital as at 31 Dec 2010	**27.7**	**15.9**	**43.6**
Net profits generated	2.5	-	2.5
FY 2010 dividend payable	(1.1)	-	(1.1)
Interest onT1 securities	(0.3)	-	(0.3)
Cumulative changes in FV	-	0.1	0.1
Redemption of T2 securities	-	(1.4)	(1.4)
Change in general provisions	-	2.2	2.2
Other	0.1	(0.1)	-
Capital as at 31 Dec 2011	**28.9**	**16.7**	**45.6**

Risk Weighted Assets – Basel II (AED billion)

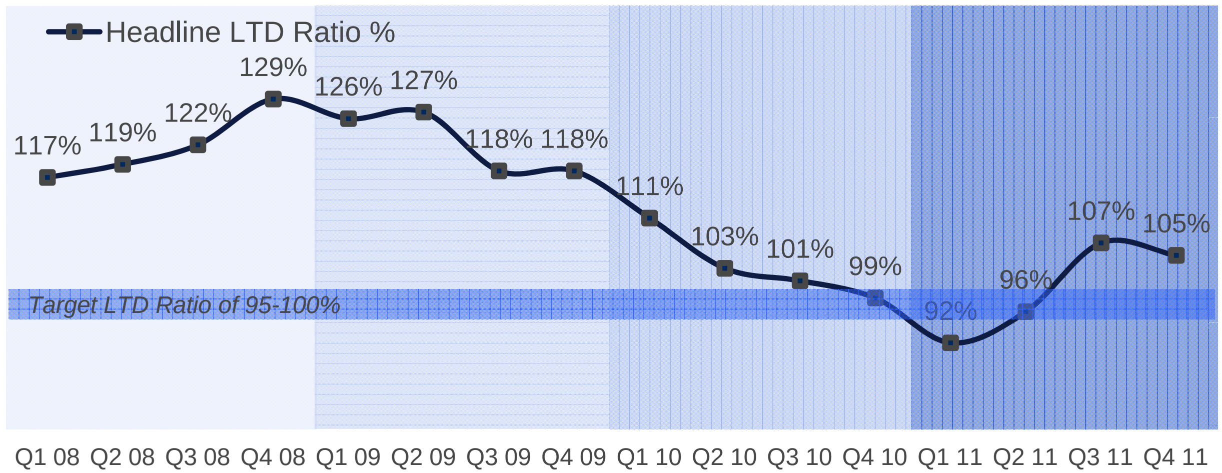


Funding and Liquidity

Highlights

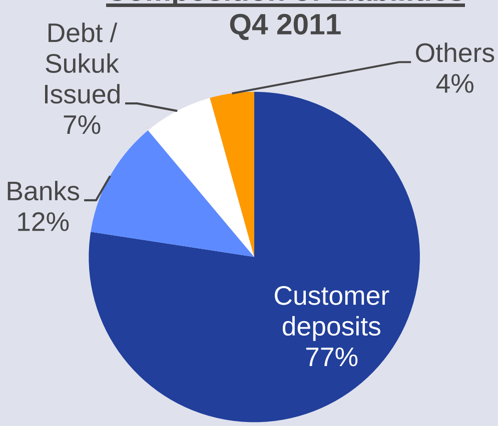
- Headline **LTD ratio of 105%** at Q4 2011 due to balance sheet optimisation initiatives
- The **LTD ratio is expected to be managed** to the **target range of c.95%-100%**
- **Liquid assets of AED 41 billion** as at 31 December 2011 (15% of total assets);
- **Debt maturity profile** well **within** existing **funding capacity**
- Reduction in **LTD ratio managed through growth in stable deposits**

Loan to Deposit Ratios (%)

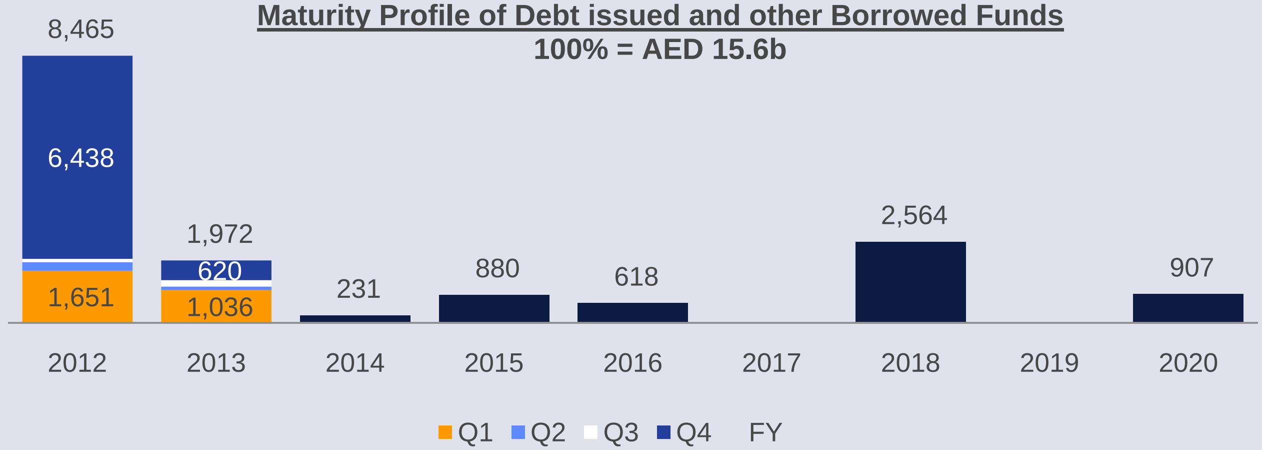


Liquid Assets and Maturity of Debt Issued (AED million)

Composition of Liabilities
Q4 2011



Maturity Profile of Debt issued and other Borrowed Funds
100% = AED 15.6b

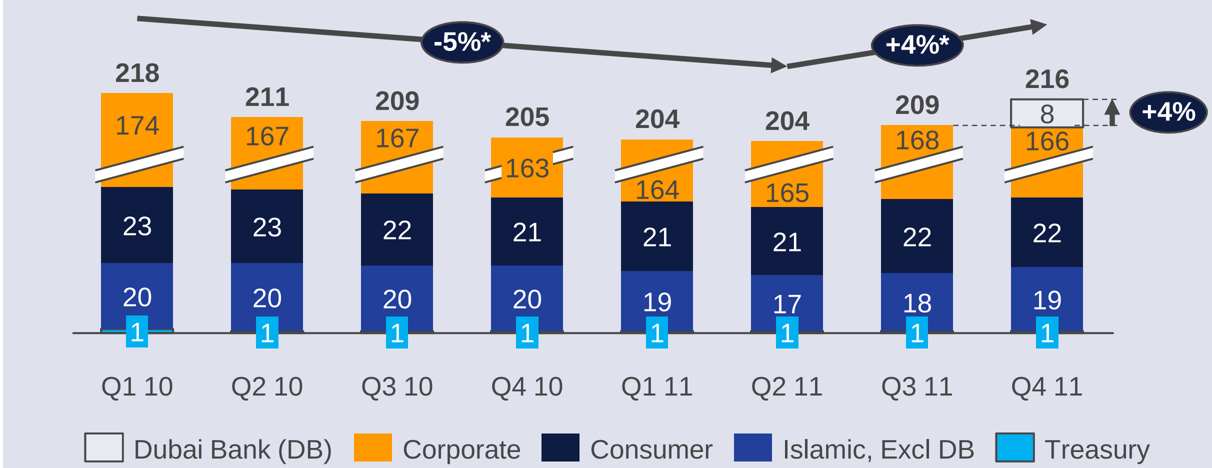


Loan and Deposit Trends

Highlights

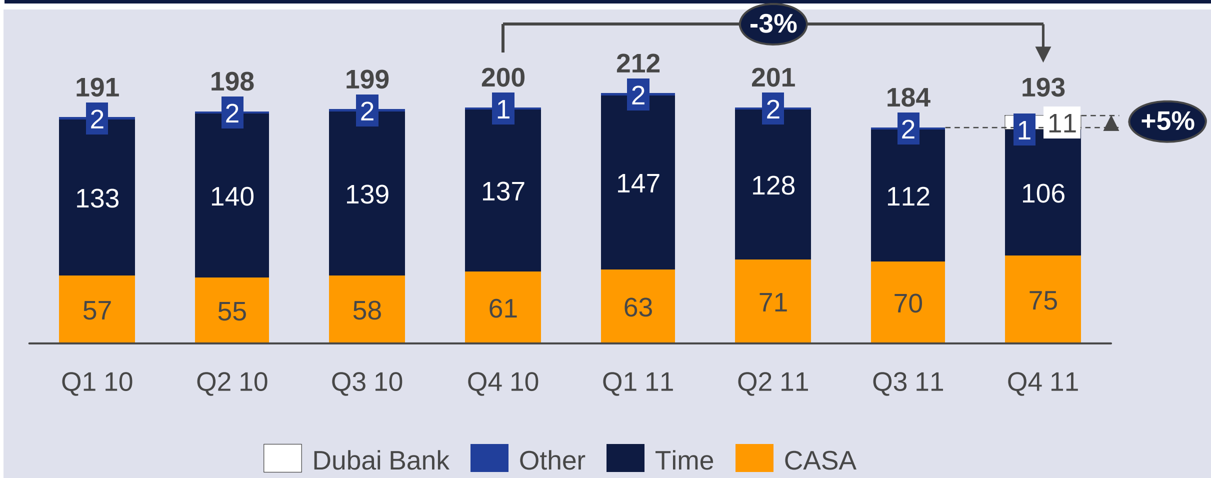
- **Signs of pickup in new underwriting in H2 2011:**
  - o Annualised decline in gross loans of 6% from Q1 2010 to Q2 2011
  - o Annualised organic growth in gross loans of 5% from Q2 2011 to Q4 2011 (excl. Dubai Bank Impact)
  - o 25% increase in irrevocable loan commitments in H2 2011
- **Balance sheet optimisation initiatives successful in improving deposit mix:**
  - o CASA organic growth of AED 14 billion in 2011 (excl. Dubai Bank Impact)
  - o Decline in time deposits of AED 31 billion in 2011
  - o CASA % age of total deposits 41% at end-2011 vs. 31% at end-2010

Trend in Gross Loans by Type (AED billion)



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

Trend in Deposit by Type (AED billion)

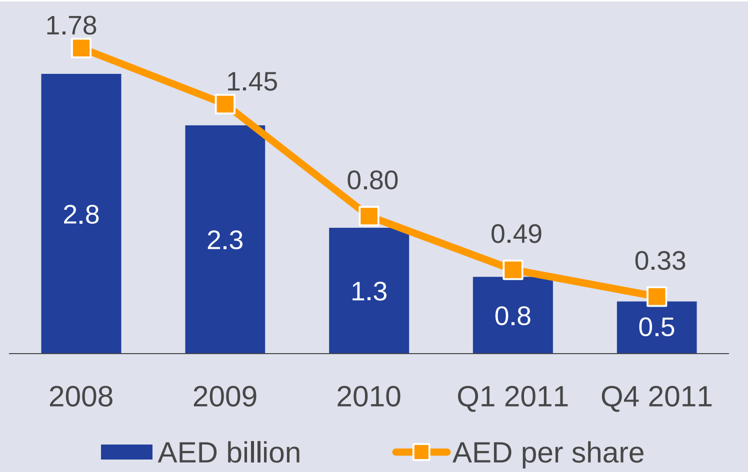


Associates and Joint Ventures
Composition of Balances

Highlights

- Additional **impairment** on investment in **Union Properties (UP) of AED 250 million**
- **Further downside risk on UP limited** as carrying value is close to market value
- **Network International** accounted for as a **jointly controlled entity** from the start of 2011 with a carrying value of AED 1.4 billion at the end of Q4 2011
- 24.8% stake in **BankIslami Pakistan** acquired as part of **Dubai Bank**

Investment in Union Properties



Composition of Associates & Joint Ventures (AED million)

Income Statement AED million	Q4 2011	Q4 2010	Change (%)	Q3 2011	Change (%)
Union Properties	(250)	(868)	-71%	-	n/a
- Share of losses	-	(508)	n/a	-	n/a
- Impairment of investment	(250)	(360)	-31%	-	+n/a
National General Insurance	(0)	(1)	-47%	(2)	-80%
Network International	20	0	n/a	21	-3%
BankIslami Pakistan	2	-	n/a	-	n/a
Total	**(228)**	**(869)**	**-74%**	**19**	**n/a**

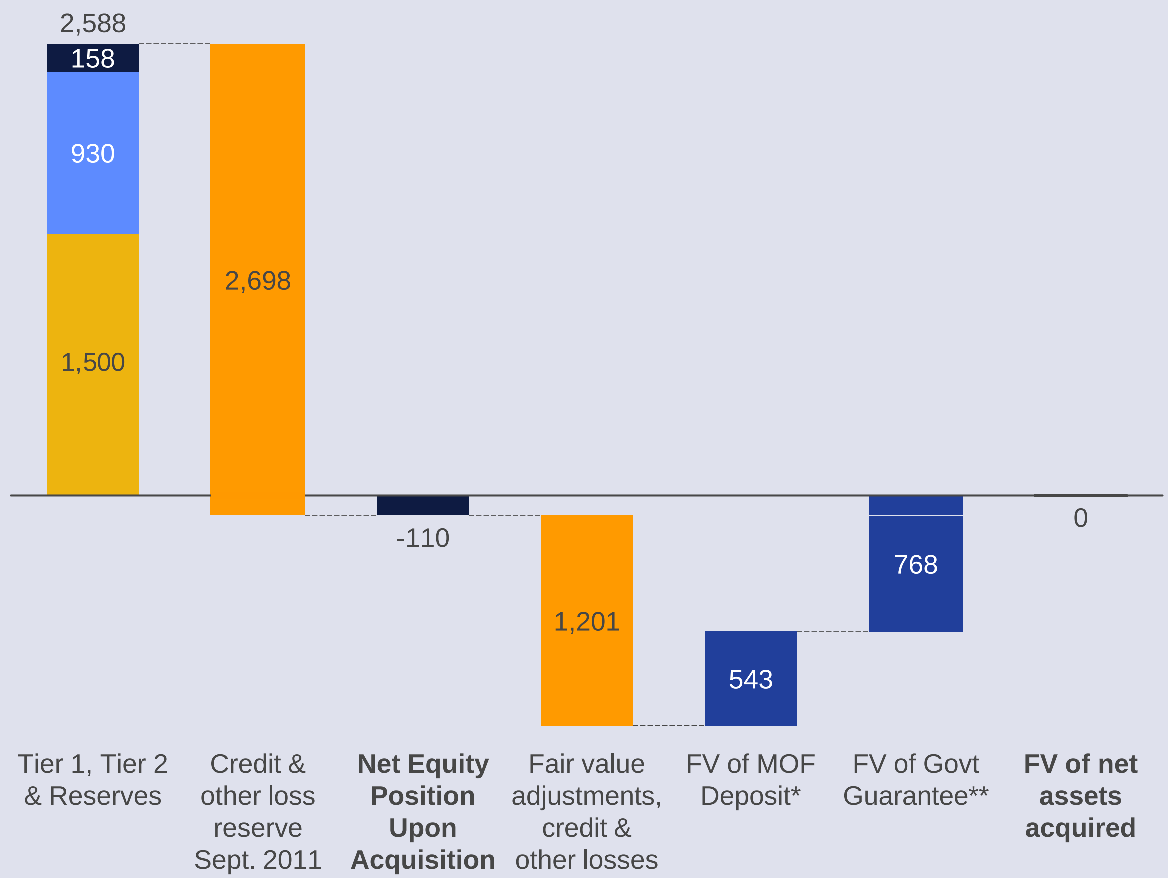
Balance Sheet AED million	Q4 2011	Q4 2010	Change (%)	Q3 2011	Change (%)
Union Properties	532	1,282	-59%	782	-32%
National General Insurance	129	130	-1%	129	+0%
Network International	1,363	0	n/a	1,343	+2%
BankIslami Pakistan	17	-	n/a	-	n/a
Total	**2,041**	**1,412**	**+45%**	**2,254**	**-9%**

Acquisition of Dubai Bank

Highlights

- As per the decree issued by the Ruler of Dubai **on 11 October 2011, Emirates NBD acquired a 100% stake in Dubai Bank**
- The **consideration was AED 10** which equates to the fair value of net assets acquired
- As on the date of acquisition, there was a **zero NPL and P&L impact** by virtue of the transaction structure and the fair value process of assets and liabilities upon initial consolidation
- The **fair value** of the assets and liabilities was **determined by an external expert**
- Strategy and integration plan for Dubai Bank in process of being finalised

Financial Impact Upon Acquisition (AED million)



** In connection with the transaction, the Group has received a deposit from the UAE Ministry of Finance amounting to AED 2.8 billion at a discount comparable to market rates. This liability was recognised at fair value resulting in a fair value gain of AED 543 million and will be amortised over the term of the deposit (8 years)*

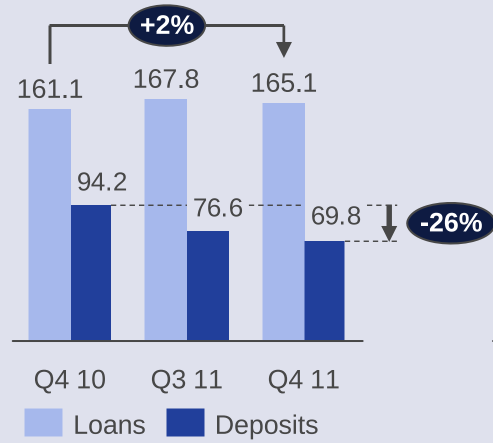
*** In connection with the transaction, the Government of Dubai has provided a guarantee for any losses at the date of acquisition and any future losses relating to the assets and liabilities on the date of acquisition for the next 7 years; an amount of AED 768 million represents the fair value of the Guarantee as at the date of acquisition*

Divisional Performance

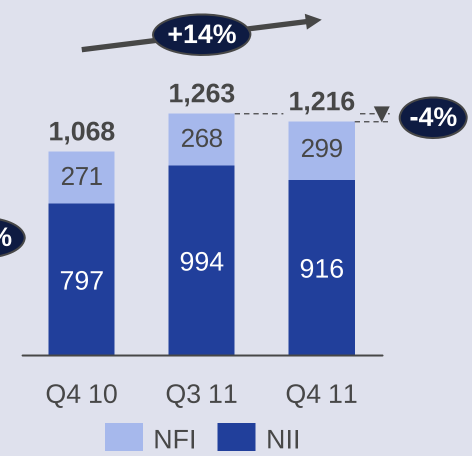
Wholesale Banking

- **Key focus** during Q4 2011 was on balance sheet optimisation, continued proactive management of credit quality, building non-risk based and fee generating businesses and selective growth in new underwriting
- **Revenue** improved 14% y-o-y and due to 15% increase in net interest income and 10% improvement in fee income
- **Revenue** declined 4% q-o-q due to decline in net interest income resulting from lower loan spreads
- **Loans** rose by 2% from end-2010 evidencing a pickup in new underwriting during the period
- **Deposits** declined 26% from end-2010 due to balance sheet management initiatives and increased deposit competition in the sector

Balance Sheet Trends
AED billion



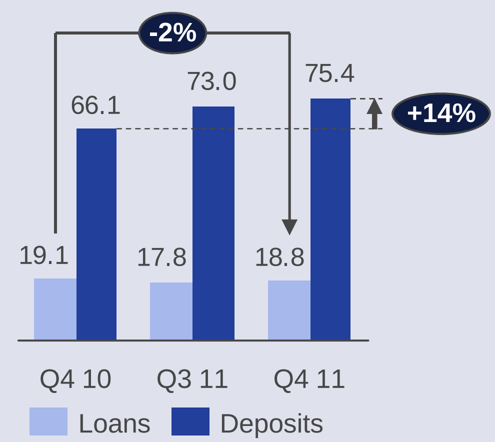
Revenue Trends
AED million



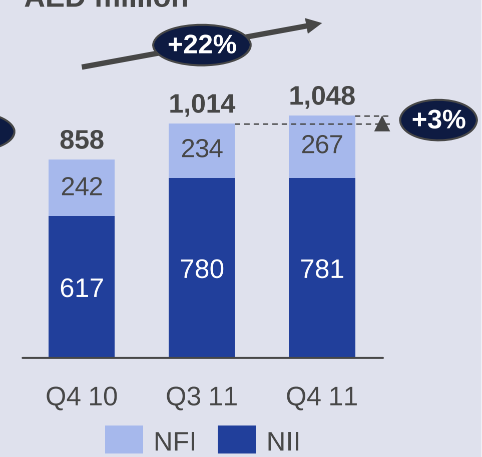
Consumer Banking & Wealth Management

- CWM **maintained its position** in challenging market conditions
- **Continued expansion in Private Banking** business; now almost 70 RMs
- **Revenue** improved 22% y-o-y due to strong 27% growth in net interest income
- **Deposits** grew 14% from end-2010
- **Loans** declined 2% from end-2010 but grew 6% from Q3 2011 due to growth in the auto loan and credit card portfolios
- Total number of **branches** now 112 through the addition of 2 branches in Dubai, 4 in Abu Dhabi and 1 in Sharjah during 2011; the ATM & SDM network totals 630

Balance Sheet Trends
AED billion



Revenue Trends
AED million

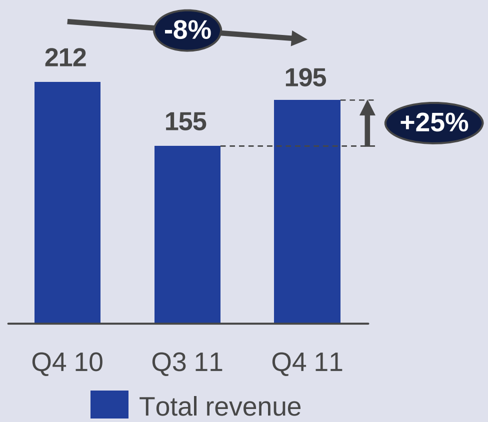


Divisional Performance

Global Markets & Treasury

- **Revenue** declined 8% y-o-y but improved 25% q-o-q to AED 195 million in Q4 2011 aided by gain on unwind of cash flow hedges
- Globally financial markets remained volatile in Q4 2011, adversely impacting the **Treasury Trading** business
- **Treasury Sales** recorded a moderate pickup in activity in Q4 2011 as customers started to exhibit greater demand for interest rate hedging products; similarly, there was a greater demand for investment products during Q4 2011
- The USD recovery against other major currencies helped to improve the **foreign exchange flow business**

Revenue Trends
AED million

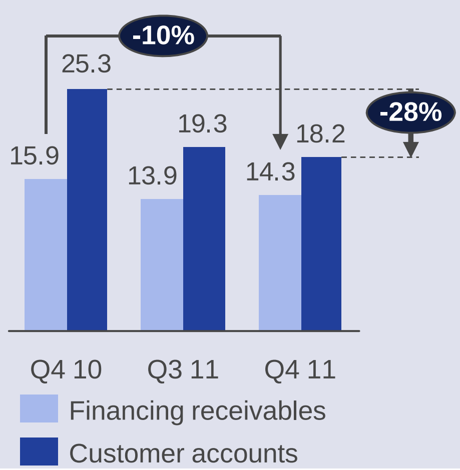


Emirates Islamic Bank

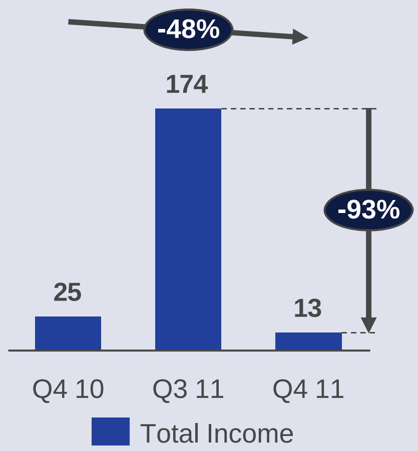
- EIB **revenue** declined to AED 13 million in Q4 2011 (net of customers' share of profit), due to AED 193 million write-down on investment properties and lower investment securities income
- **Financing receivables** declined 10% to AED 14.3 billion from end-2010 but grew 3% from Q3 2011
- **Customer accounts** declined by 28% to AED 18.2 billion from end-2010
- Total number of EIB **branches** now 33 through the addition of 1 branch in Dubai, 1 in Abu Dhabi and 1 in Sharjah during 2011; the ATM & SDM network totals 101

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

Balance Sheet Trends
AED billion



Revenue Trends
AED million



Strategic Imperatives are Evolving

Gradual Shift in Focus from Strengthening the Bank to Growth Acceleration

2008 | 2009 | 2010 | 2011 | 2012

Crisis Management | Strengthening the Bank | Growth Acceleration

1. **Optimise Balance Sheet**
   - Capitalisation
   - Liquidity
2. **Enhance Profitability**
   - Operating efficiency
   - Margins and fee generation
3. **Enhance Risk Management**
4. **Selective Investment in Growth Areas**

1. **Optimise Balance Sheet and Capital Allocation**
   - Funding efficiency
   - Acquiring high yielding assets
2. **Drive Profitability**
   - Key account planning
   - Increase cross-sell and bolster fee revenues
   - Effectively manage cost base
3. **Enhance Support Functions and Strengthen Platforms**
4. **Measured Investments in Growth Areas**

Strategic Imperatives

	2011 Objectives	Evidence of Success in 2011	2012 Objectives
1 **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**	▪ Growth in gross loans of 6% in H2 2011 ▪ Successfully **managed Headline LTD ratio towards 95%-100%** target range; **grew CASA balances by AED 14 billion**, improving CASA % of total deposits to 41% from 31% at end-2010 ▪ **Reduced deposit funding costs** by 32 bps from 2010 ▪ **Conducted LT2 exchange offer** to extend maturity of liabilities at attractive rates ▪ **Issued over USD 450m** of private placed **medium term notes** ▪ **Expanded funding sources** by establishing a Structured Note Programme ▪ Completed bank-wide **economic profit framework** ▪ **Closed sale of 49% stake in Network International** at lucrative PE multiple of 21 and recognised **gain of AED 1.8 billion**	▪ Maintain **headline LTD ratio within 95% - 100%** target range ▪ Continue to focus on **liabilities growth** including CASA and long term FDs ▪ Target raising **medium - long term funding** at acceptable pricing ▪ **Increase lending activity** to select sectors i.e. consumer finance, mid corporate & SME, and large corporate sector in Dubai and Abu Dhabi ▪ Continue to **streamline and consolidate subsidiaries** and decide on further **divestment opportunities**

Strategic Imperatives (cont'd)

2	2011 Objectives	Evidence of Success in 2011	2012 Objectives
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**	▪ Revamped pricing and customer selection models in retail banking resulting in **improved CWM NIM by 47 bps** ▪ **Used Key account planning to** capture larger share of trade finance business of existing customers; pilot being rolled out across the Corporate network ▪ **Increased fee income in CWM** by 6% y-o-y through enhanced sales efficiency (i.e. cards acquisition increased by 80%) and build-up of wealth management and bancassurance team for Retail and Priority banking ▪ **Established Tanfeeth** to capture efficiency and process improvements	▪ Revenue growth – Increase **cross-sell** and bolster **fee based business** within the Consumer Banking and Wealth Management segment; e.g. FX, bancassurance, investments, etc. – Extend **key account management model** across wholesale banking segment; e.g. drive treasury sales and investment banking services to existing corporate relationships – Roll out **sales effectiveness program** across branches and direct sales force ▪ Cost management – Continue to focus on cost and operate in a **target cost income ratio of 33% to 34%** – **Efficiency gains** through **merging operational activities into Tanfeeth**, and **centralizing procurement** activities

Strategic Imperatives (cont'd)

	2011 Objectives	Evidence of Success in 2011	2012 Objectives
3 Enhance Support Functions and Strengthen 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 ▪ Continuously **upgrading and enhancing IT platforms**	▪ **Talent philosophy and talent model** approved and piloted with rollout planned across the Group in 2012 ▪ **Certified coach and manager programs launched** to build leadership and managerial capabilities ▪ **Established the Group Service Quality / "Tamayyuz"** department to further improve the coordination and focus on the critical issues impacting customer service ▪ **Risk Strategy revised** and bank-wide roll-out and integration with economic profit framework completed ▪ **Service improvements** through rigorous analysis of findings from customer surveys and mystery shopping; front-line program designed and being rolled-out over next quarters ▪ Initiated a **lean transformation initiative** to enhance bank wide IT platforms ▪ **Further strengthen IT platforms for international locations**: FinnOne roll-out in KSA and Finacle roll-out in London	▪ **Continue to upgrade and enhance IT platforms** – undertake implementation of the lean transformation initiative which was initiated in 2011 ▪ **Further enhance the scope of Tanfeeth** by migrating additional banking support and back office processes ▪ **Further enhance the customer service proposition** through focused initiatives to be undertaken by Group Service Quality / "Tamayyuz" ▪ **Implement Core banking and Private banking systems in KSA and Singapore** (PB only) in addition to enabling online banking

Strategic Imperatives (cont'd)

4

	2011 Objectives	Evidence of Success in 2011	2012 Objectives
Undertake Measured Investments in Growth Areas	▪ **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	▪ **Exploit domestic opportunities** – Further increase of Private Banking RMs and build-up of SME team (increase of more than 30 RMs across these businesses) – 10 new branches, 3 in Dubai, 5 in Abu Dhabi and 2 in Sharjah taking total number of branches to 145, plan to open at least 5 more branches in 2012 across the UAE – Direct sales force team increased by 42% to almost 660 FTE ▪ **Captured international opportunities** – Established KSA onshore wealth management platform for PB and Retail Business, further build-up of alternate channels including increase of DSF from around 30 to more than 110	▪ **Exploit domestic opportunities** – **Continue to enhance domestic distribution network** through selecting, and implementing the most optimal channel mix – Push for **regional leadership in private banking** through increased capacity and market penetration – Focus on **building SME asset book** by leveraging improved infrastructure and increased credit appetite – Further **grow our market share in Abu Dhabi** ▪ **Exploit international opportunities** – Undertake **organic expansion initiatives in current international locations,** e.g. setup SME business in KSA – Continue **small scale international expansion**, e.g. representative offices in target markets – Identify and pursue meaningful **international acquisitions** in select target markets, e.g. KSA, Turkey, etc.

Tanfeeth Overview

Concept and objectives	▪ Tanfeeth was established as the GCC's 1st shared services company to deliver most cost efficient operations at significantly improved service levels through application of lean manufacturing methodologies to run efficient operations ▪ Strategic objectives: o Enhance competitiveness and value creation for our clients and Emirates NBD through efficient and consistent service delivery o Continuously transfer best in class operations knowledge and infrastructure from world shared services industry leaders to the GCC o Develop Emirati talent platform that could be a role-model for the rest of the UAE
Current State	▪ Tanfeeth established as 100% owned subsidiary of Emirates NBD ▪ Headcount of 731 as at 31 December 2011 ▪ Current operational scope includes Retail Credit Centre (RCC) and Call Center processes for Emirates NBD ▪ 2011 Accomplishments: o Designed and rolled out Tanfeeth HR engine, including Shared Services specific policies and processes o Onboarded and transformed Emirates NBD's RCC unit by implementing the lean based Tanfeeth Operating Model which significantly reduced turnaround time and improved efficiency o Onboarded Emirates NBD call center and optimised operations o Implemented an empowerment initiative to transform the call center into a virtual branch
IBM Partnership	▪ Strategic agreement formed with IBM over a period of 7 years ▪ Agreement gives Tanfeeth exclusivity in the UAE paired with a joint go-to-market strategy and leveraging IBM brand ▪ IBM will support and provide managed service in Tanfeeth ▪ Tanfeeth to have access to IBM's "Top Performers" to supplement Tanfeeth's existing workforce, as well as proprietary tools to support service delivery (Command Center, Advise HR and Time Volume Capture (TVC)) ▪ IBM to provide process and soft skills training to Tanfeeth employees including the leadership team

Tanfeeth Overview (Cont'd)

<table>
<tr><td>Focus for 2012</td><td>
▪ Further improve efficiency and customer satisfaction for Emirates NBD
▪ Migrating and transforming the next phase of Emirates NBD processes :
o Operations Processing Centre (OPC)
o HR Services
o Finance & Accounting services
o Emirates Islamic Bank services
o Network International Card Processing
o Collections
▪ Execute go-to-market strategy to onboard external clients
</td></tr>
<tr><td>Financial Metrics</td><td>
▪ Tanfeeth aims to be a profitable entity by end 2013, beginning of 2014
o Thereon a growth rate of 15% in income targeted year on year
o This is over and above the cost efficiencies already provided to the Emirates NBD
▪ Tanfeeth aims to provide a cost efficiency to Emirates NBD @ 8%, 15% and 20% for 2012, 2013 and 2014 of staff cost base taken over
▪ Total investments in excess of AED 100 million targeted over a 2 year period
</td></tr>
</table>

Outlook

- The **UAE economy** has **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
- For 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 more cautious and uncertain outlook, Emirates NBD is resilient and well placed** to take advantage of growth opportunities in selected areas
  - Capitalisation and liquidity continue to be extremely strong, offering resilience and flexibility for the future
  - Significantly de-risked and strengthened balance sheet offers strong platform for capturing future growth opportunities
  - The Bank has a clear strategy in place and is focused on relentless execution

Summary

- **Robust operating performance** with stable y-o-y trend in pre-impairment operating profit at AED 1.5 billion
- **Top-line trends for Q4 2011 encouraging** with 19% y-o-y growth in net interest income and growth in core fee income of 22% y-o-y and 2% q-o-q
- Continuation of balance sheet **de-risking** and **conservatism on provisioning** resulted in **impairment allowances** of AED 1.1 billion for Q4 2011 and additional AED 250 million **write-down of UP investment**
- **Dubai Bank acquisition completed** without any impact on NPLs or P&L on date of acquisition
- **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

APPENDIX

Additional Asset Quality Disclosures

Investment /CDS Income and Impairments

AED million	Q1 08	Q2 08	Q3 08	Q4 08	2008	Q1 09	Q2 09	Q3 09	Q4 09	2009	Q1 10	Q2 10	Q3 10	Q4 10	2010	Q1 11	Q2 11	Q3 11	Q4 11	2011
Income:																				
Investment Securities	31	49	(265)	(504)	(689)	6	241	120	54	421	172	(7)	143	48	356	(12)	72	64	2	126
CDS	(111)	21	(107)	(258)	(455)	(70)	248	157	(105)	230	71	1	42	61	175	24	29	(10)	36	79
Total Income Impact	(80)	70	(372)	(762)	(1,144)	(64)	489	277	(51)	651	243	(6)	185	109	531	12	101	54	38	205
Impairments:																				
Investment Securities	(193)	(140)	(207)	(471)	(1,011)	(144)	(58)	(64)	(82)	(348)	(35)	(44)	(76)	(105)	(260)	(35)	(57)	(27)	(102)	(221)
Total P&L Impact	(273)	(70)	(579)	(1,233)	(2,155)	(208)	431	213	(133)	303	208	(50)	109	4	271	(23)	44	27	(64)	(16)
Balance Sheet:																				
Fair Value Reserves	(225)	359	(465)	(1,479)	(1,810)	(128)	523	197	324	916	307	35	(329)	751	764	39	113	(16)	(11)	125
Total Balance Sheet Impact	(225)	359	(465)	(1,479)	(1,810)	(128)	523	197	324	916	307	35	(329)	751	764	39	113	(16)	(11)	125
Overall Impact:																				
Total Investment Securities	(387)	268	(937)	(2,454)	(3,510)	(266)	706	253	296	989	444	(16)	(262)	694	860	(8)	128	21	(111)	30
CDS	(111)	21	(107)	(258)	(455)	(70)	248	157	(105)	230	71	1	42	61	175	24	29	(10)	36	79
Total Impact	(498)	289	(1,044)	(2,712)	(3,965)	(336)	954	410	191	1,219	515	(15)	(220)	755	1,035	16	157	11	(75)	109

Note: Investments/CDS income includes dividend income and realised /unrealised gains/(losses) on investment, trading and CDS securities

Additional Asset Quality Disclosures (cont'd)

Credit Metrics

AED million	Q1 08	Q2 08	Q3 08	Q4 08	2008	Q1 09	Q2 09	Q3 09	Q4 09	2009	Q1 10	Q2 10	Q3 10	Q4 10	2010	Q1 11	Q2 11	Q3 11	Q4 11	2011
P&L Impairment Allowances:																				
Credit – Specific	32	99	58	242	431	94	584	473	533	1,684	442	481	1,203	469	2,595	706	(57)	1,668	872	3,189
Credit – PIP	38	10	33	130	211	224	507	226	330	1,287	78	468	(338)	127	335	16	343	476	725	1,560
Other - PIP	-	-	-	-	-	-	-	-	-	-	-	200	300	(500)	-	612	638	(600)	(650)	-
Investment Securities	193	140	207	471	1,011	144	58	64	82	348	35	44	76	105	260	35	57	27	102	221
Total Impairment Allowances	263	249	298	843	1,653	462	1,149	763	945	3,319	555	1,193	1,241	201	3,190	1,369	981	1,571	1,049	4,970
Balance Sheet Impairment Allowances:																				
Credit – Specific	1,452	1,472	1,523	1,762	1,762	1,864	2,428	2,903	3,417	3,417	3,756	4,205	5,404	5,864	5,864	6,554	6,481	8,128	8,905	8,905
Credit – PIP	317	418	441	571	571	795	1,301	1,528	1,858	1,858	1,936	2,403	2,066	2,193	2,193	2,209	2,552	3,028	3,752	3,752
Other - PIP	-	-	-	-	-	-	-	-	-	-	-	200	500	-	-	612	1,250	650	-	-
Investment Securities	0	0	10	981	981	1,016	1,073	1,068	673	673	411	326	268	265	265	270	267	263	240	240
Total Impairment Allowances	1,769	1,890	1,973	3,314	3,314	3,675	4,802	5,499	5,947	5,947	6,103	7,133	8,238	8,322	8,322	9,645	10,550	12,069	12,897	12,897
Impaired Loans:																				
Credit	1,723	1,816	1,847	1,976	1,976	2,548	3,382	4,060	5,041	5,041	5,717	6,087	16,671	20,064	20,064	20,913	18,655	26,581	29,373	29,373
Investment Securities	262	220	233	1,316	1,316	1,316	1,316	1,201	789	789	526	435	363	361	361	371	369	360	341	341
Total Impaired Loans	1,984	2,035	2,081	3,292	3,292	3,864	4,698	5,261	5,830	5,830	6,243	6,522	17,034	20,425	20,425	21,284	19,024	26,941	29,714	29,714
Loans & Receivables, gross of impairment allowances:																				
Credit	174,508	187,115	202,267	209,870	209,870	215,729	219,102	220,427	218,994	218,994	216,936	210,089	208,608	203,886	203,886	203,520	203,140	207,931	215,535	215,535
Investment Securities	3,145	2,720	2,587	2,374	2,374	2,344	2,332	2,183	1,569	1,569	1,122	791	775	660	660	569	567	576	502	502
Total Loans & Receivables	177,653	189,835	204,854	212,244	212,244	218,073	221,434	222,610	220,563	220,563	218,058	210,880	209,383	204,546	204,546	204,089	203,707	208,507	216,037	216,037

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