Emirates NBD
Investor Presentation

August / September 2011

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Contents

UAE Economic Update

Highlights

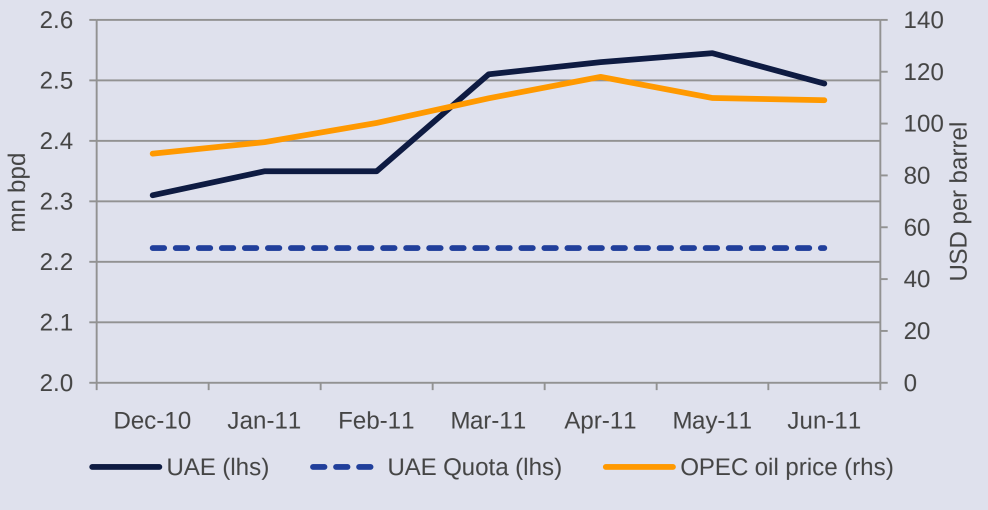
- We have upgraded our **UAE growth forecast to 4.6% in 2011** from 4% previously on the back of higher than expected oil production in H1 2011, which is expected to be maintained for the rest of the year
- **UAE Purchasing Managers' Index shows that the private sector is expanding,** albeit at a slower rate in June; higher costs due to rising commodities, however, are beginning to squeeze corporate profit margins slightly
- **Local inflation has remain subdued at 1.4% YoY in May**, despite rising food costs; declining housing costs are expected to continue to contain headline CPI and average forecasted inflation this year of 2% is one of the lowest inflation rates in the region

Real GDP Growth Forecasts

	2008	2009	2010	2011F	2012F
UAE	**7.4%**	**(1.6%)**	**(1.4%)**	**4.6%**	**4.2%**
UK	(0.1%)	(4.9%)	0.5%	1.0%	1.5%
Eurozone	0.3%	(4.1%)	1.0%	1.5%	2.0%
Germany	0.7%	(4.7%)	3.5%	3.5%	2.0%
US	0.0%	(2.4%)	3.0%	3.0%	3.5%
China	9.6%	8.7%	10.0%	9.5%	8.5%
Japan	(1.2%)	(5.2%)	(2.0%)	1.5%	1.5%
Singapore	1.8%	(0.8%)	14.5%	5.6%	4.5%
Hong Kong	2.2%	(2.7%)	7.0%	5.3%	5.5%

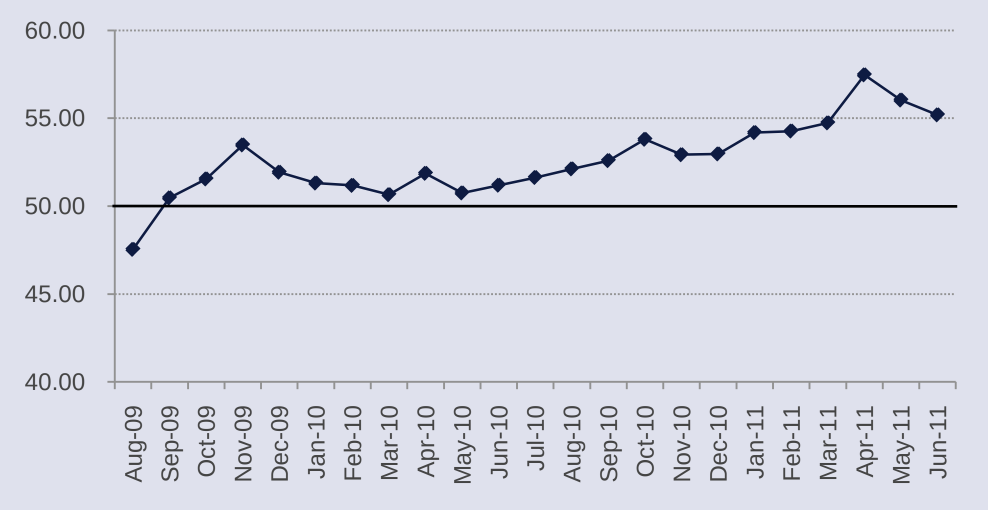
Source: Global Insight, Emirates NBD forecasts

Oil production rises in H1



Source: Bloomberg, Emirates NBD Research

UAE PMI – private sector expansion slows in Q2



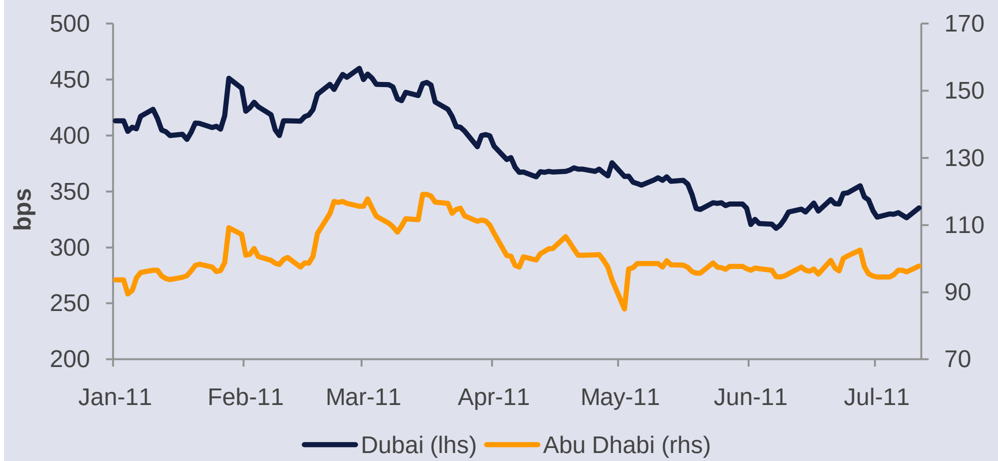
Source: HSBC, Markit

UAE Economic Update (cont'd)

Highlights

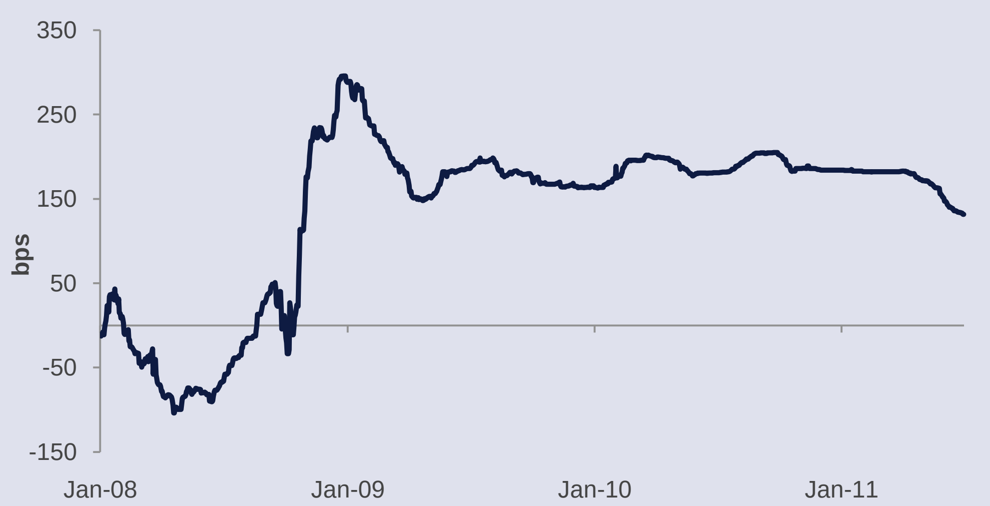
- **CDS spreads** for Abu Dhabi and Dubai have **narrowed in Q2**, reflecting improved investor sentiment, and allowing UAE entities to tap the debt market at better rates; USD 6.3 billion of paper was issued in Q2, including USD 500 million of Dubai sovereign bonds in June
- **EIBOR rates have continued to ease**, and the spread over US rates has narrowed in Q2
- **Increased liquidity in the banking system** is also reflected in the strong deposit growth since November 2010; the pace of deposit growth accelerated in February – April 2011, at the height of regional political uncertainty, before easing slightly in May and June
- **Bank lending remains relatively weak** however, with YoY growth averaging 3.8% in H1 2011

CDS spreads have narrowed in Q2 2011



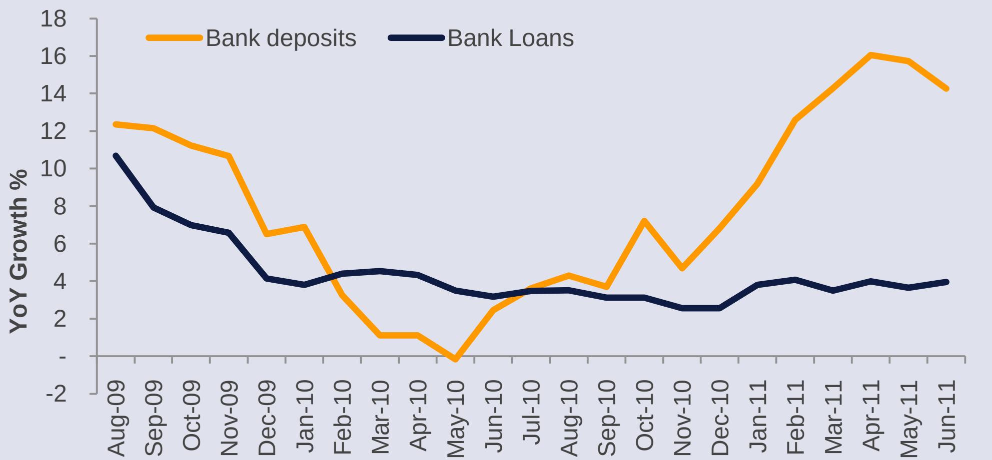
Source: Bloomberg, Emirates NBD Research

3M EIBOR – LIBOR spread tightens in Q2



Source: Bloomberg

Bank deposit and loan growth



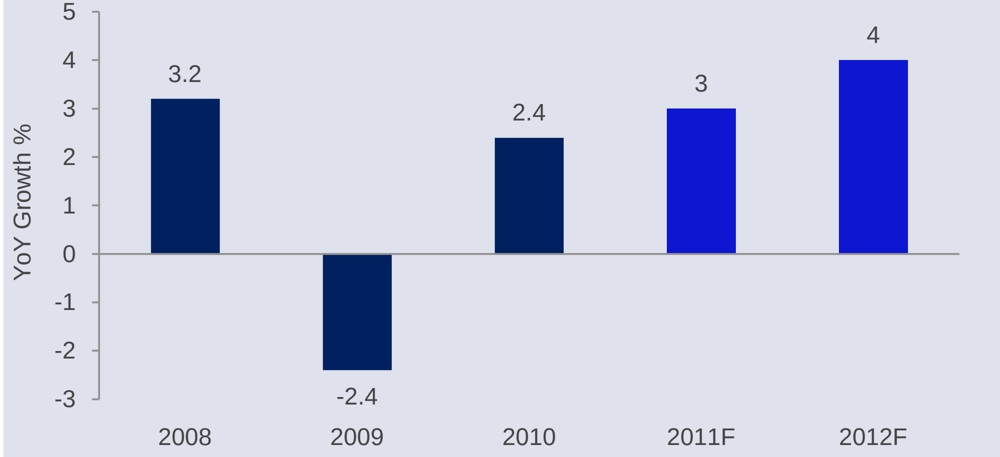
Source: UAE Central Bank

Dubai Economic Update

Highlights

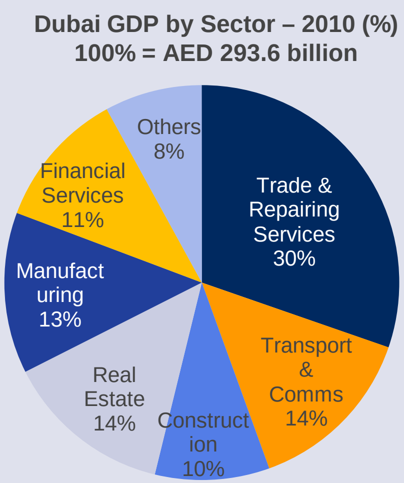
- **Dubai's economy grew 2.4% in 2010** according to the latest official statistics; the emirate's GDP growth is expected to accelerate to 3% in 2011 and 4% in 2012
- **Dubai has developed a competitive edge** in trade & logistics, tourism and business services; these sectors are set to be engines of growth for the emirate going forward
- **Inflation will likely remain contained** as housing costs continue to ease, enhancing Dubai's cost-competitiveness

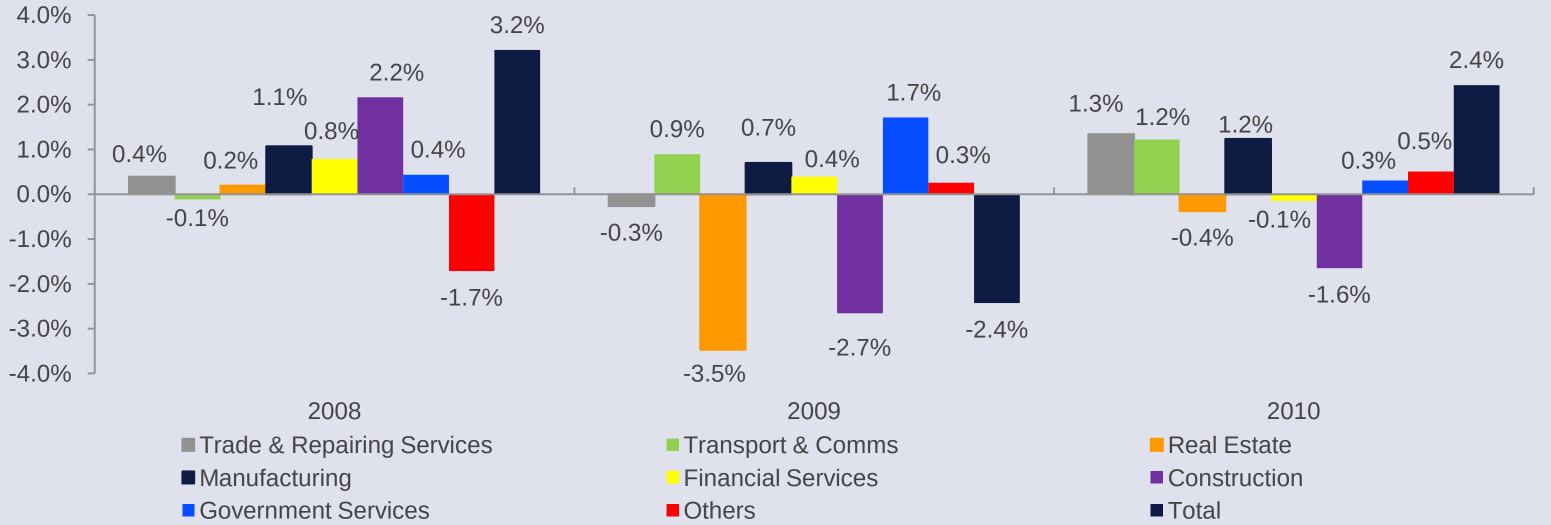
Dubai: GDP growth set to accelerate



Source: Dubai Statistics Centre, Emirates NBD Research

Contribution by sector to GDP growth





Source: Dubai Statistics Centre, NBS

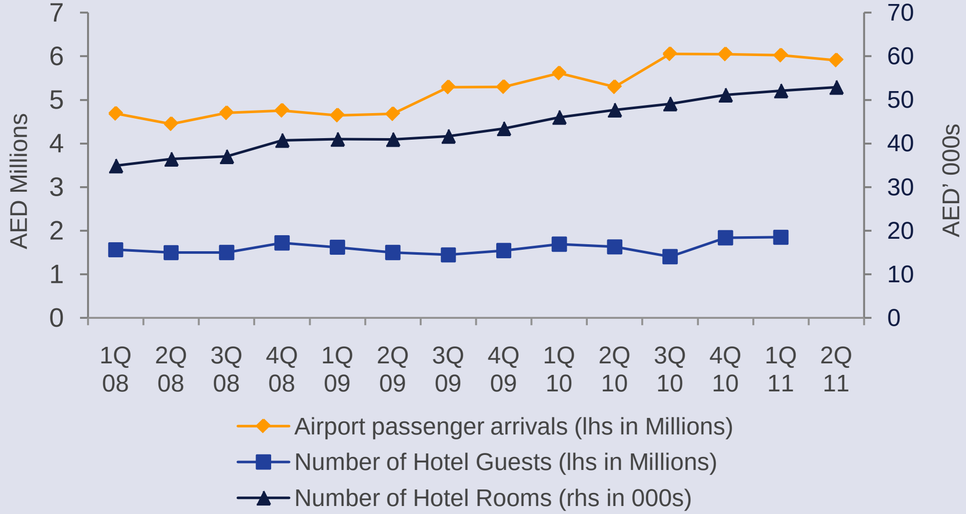
Dubai Economic Update (cont'd)

Highlights

- **Dubai is the 3rd largest centre for re-exports** in the world which itself represents almost 50% of GDP
- **Dubai is a strategically located international trading hub** with some of the world's best air and sea ports serving over 205 destinations
- **Dubai has developed a competitive edge** in trade & logistics, tourism and business services; these sectors are set to be engines of growth for the emirate going forward
- **Very large investments in infrastructure** will have highly positive effects on the long-run development and productivity of the emirate

Dubai's Strategic Location

Dubai: Air passenger arrivals & hotel occupancy increase in H1



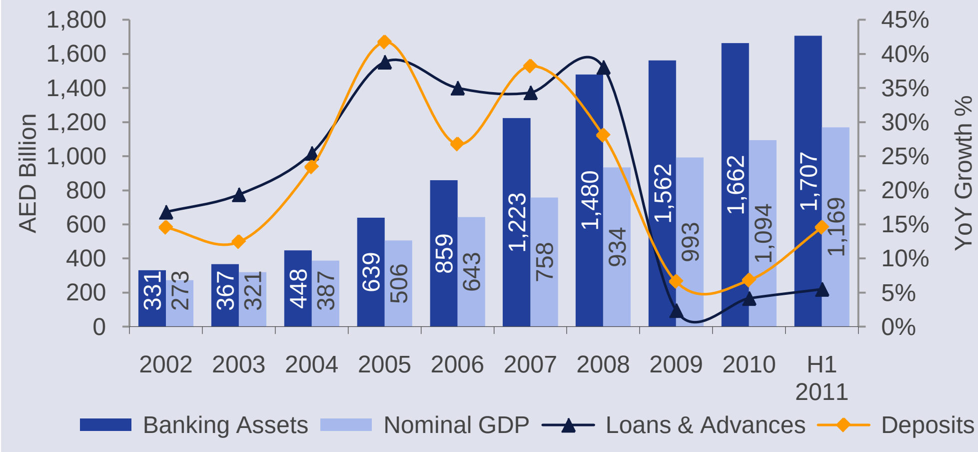
Dubai: External trade growth remains strong

UAE Banking Market Update

Highlights

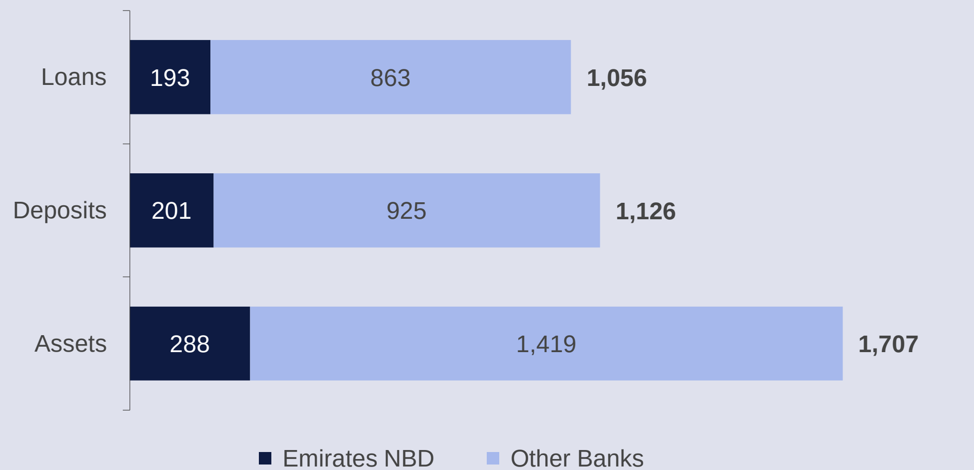
- **UAE Banking sector is the largest by assets in the GCC;** sector is dominated by 23 local banks which account for more than 75% of banking assets; 28 foreign banks account for the remainder
- **UAE Banking system liquidity tightened in 2008** due to outflow of c. AED 180 billion of speculative capital and the Global credit/liquidity crisis in Q3 2008
- **Government intervention during H2 2008 and 2009 helped improve liquidity and capitalisation:**
  - Additional liquidity facilities from UAE Central Bank
  - AED 50 billion deposited into local banks; option to convert to LT2 capital
  - Deposit & capital market guarantees announced
  - Tier 1 injections by Abu Dhabi (AED 15 billion) and Dubai Governments (AED 4 billion)

UAE Banking Sector Growth (AED billion)

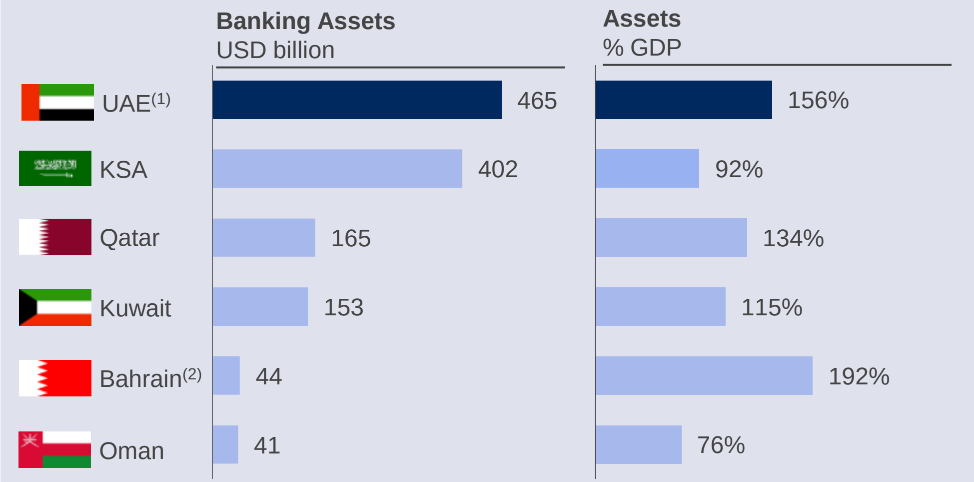


Source: UAE Central Bank, EIU, Emirates NBD estimates

Composition of UAE Banking Market (AED billion)



Source: UAE Central Bank, 30 June 2011
Loans and Assets presented gross of impairment allowances



1) Includes Foreign Banks ; 2) Excludes Foreign Banks
UAE, KSA & Kuwait as at 30 June 2011; Qatar & Bahrain as at 31 May 2011; Oman as at 30 Apr 2011
Source: UAE Central Bank; National Central Banks and Emirates NBD forecasts

Contents

Summary

Emirates NBD

- Largest financial institution (by asset size) in the GCC
- Flagship bank for Dubai and the UAE Governments
- 56% owned by Dubai government
- Consistently profitable; despite significant headwinds during the last two years
- Fully fledged, diversified financial services offering
- Ever increasing presence in the UAE, the GCC and globally
- Well positioned to grow and deliver outstanding value to its shareholders, customers, and employees

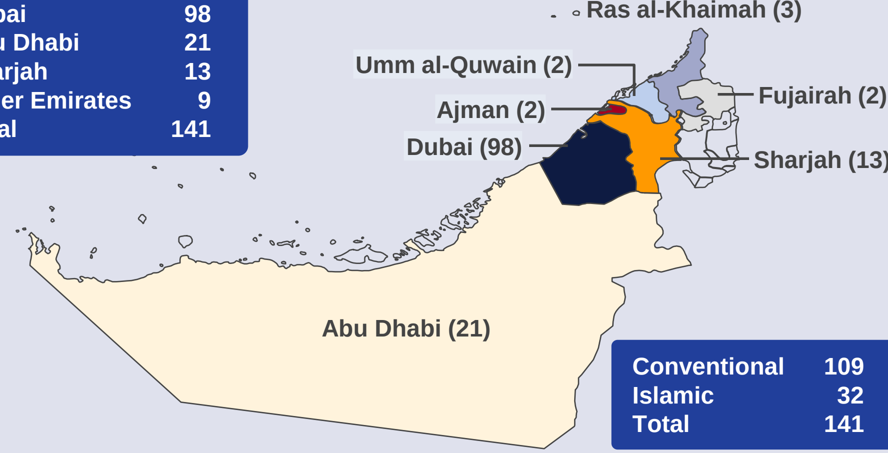
Emirates NBD at a Glance

Largest Bank in UAE

- **No.1 Market share in UAE** (at 30 June 2011):
  - Assets c.17%; Loans c.18%
  - Deposits c.18%
- **Retail market shares** (at end 2010):
  - Personal loans c.22%
  - Home loans c.7%
  - Auto loans c.11%
  - Credit cards c.9%
  - Debit cards c.17%
- **Fully fledged financial services offerings** across retail banking, wholesale banking, global markets & trading, investment banking, brokerage, asset management, merchant acquiring and cards processing

Largest Branch Network in the UAE

Dubai	**98**
Abu Dhabi	**21**
Sharjah	**13**
Other Emirates	**9**
Total	**141**

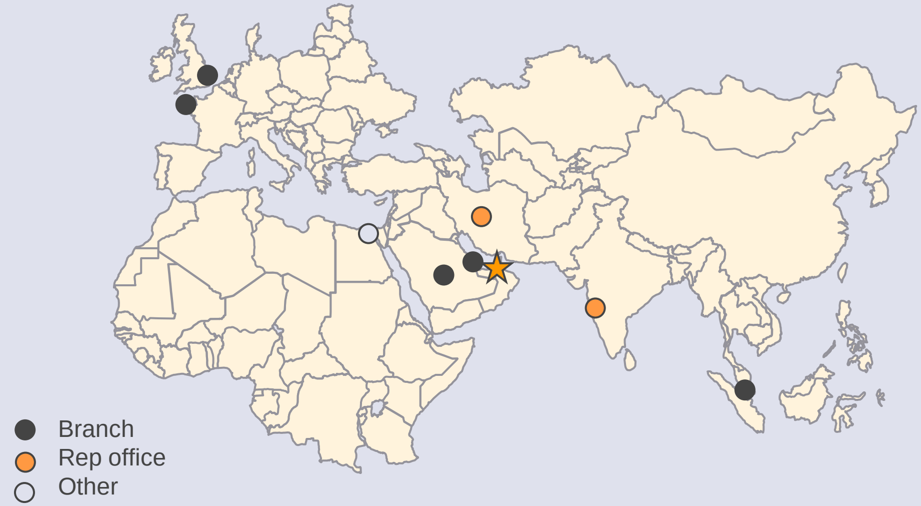


Conventional	**109**
Islamic	**32**
Total	**141**

Credit Ratings

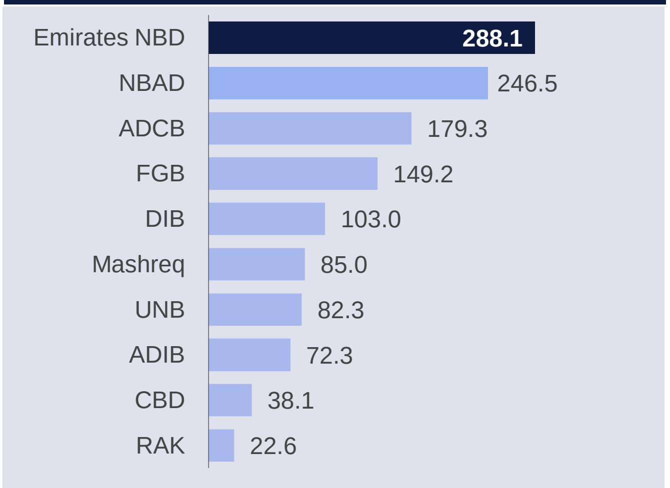
	Long Term	Short Term	Outlook
Moody's	A3	P-2	Negative
Fitch Ratings	A+	F1	Stable
CI Capital Intelligence	A+	A1	Stable

International Presence

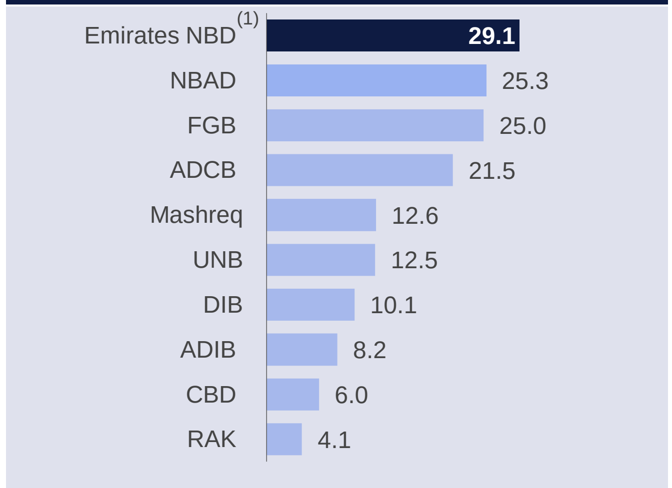


Emirates NBD is the Largest Bank in the UAE and GCC by Assets
as at 30 June 2011

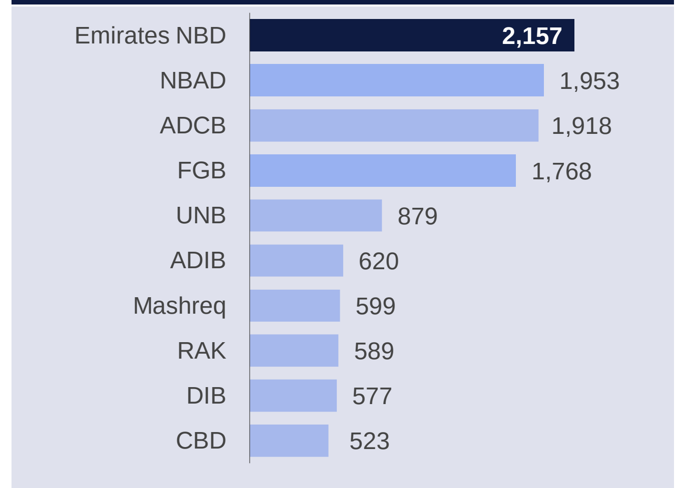
UAE Ranking by Assets (AED billion)



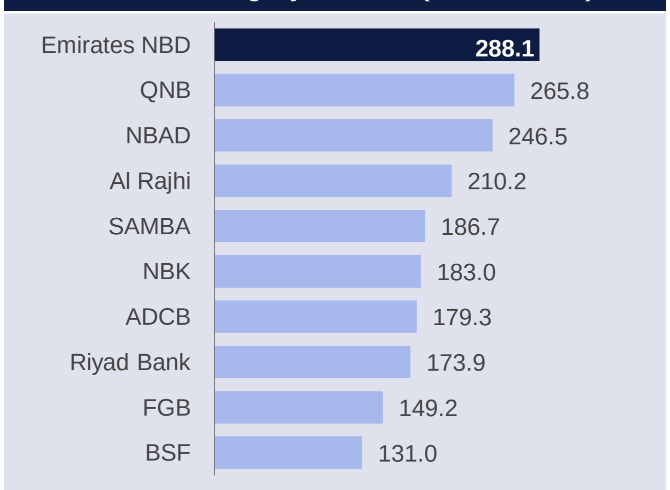
UAE Ranking by Equity (AED billion)



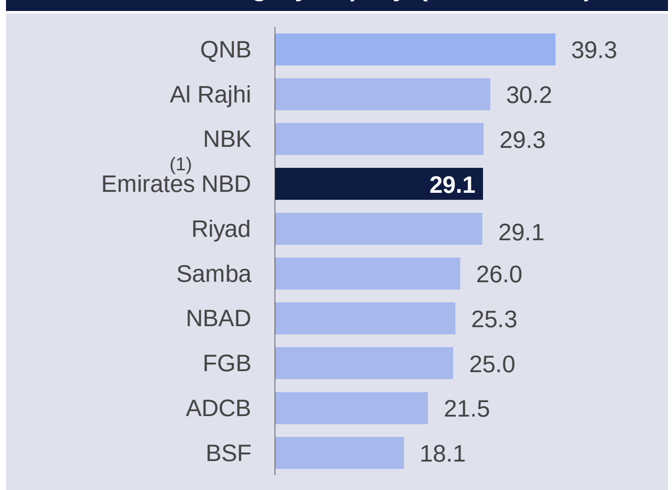
UAE Ranking by Profits (AED million)



GCC Ranking by Assets (AED billion)



GCC Ranking by Equity (AED billion)



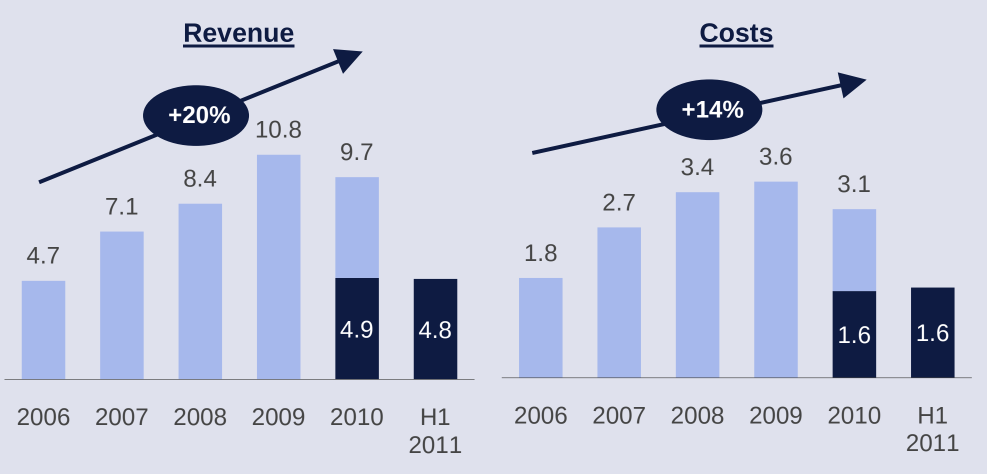
GCC Ranking by Profits (AED million)

1) Shareholders' Equity for Emirates NBD is AED 35 billion. The number shown is Tangible Shareholder's Equity which excludes goodwill and intangibles
Source: Bank Financial Statements and Press Releases for 30 June 2011, Bloomberg

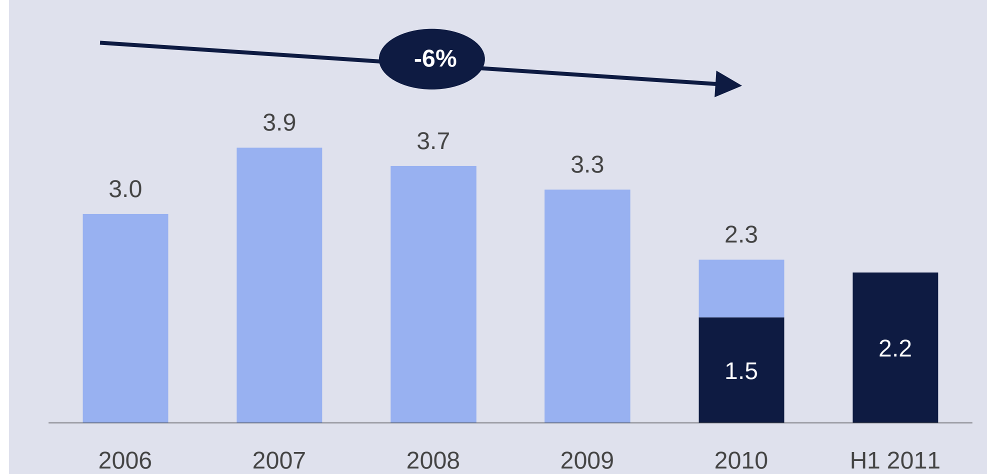
Contents

Profit and Balance Sheet Growth in Recent Years

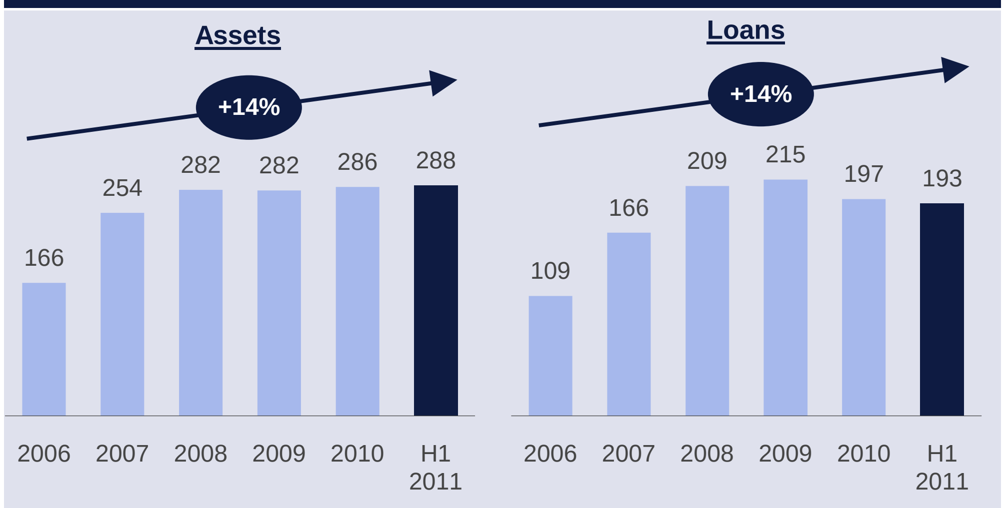
Revenues and Costs (AED billion)



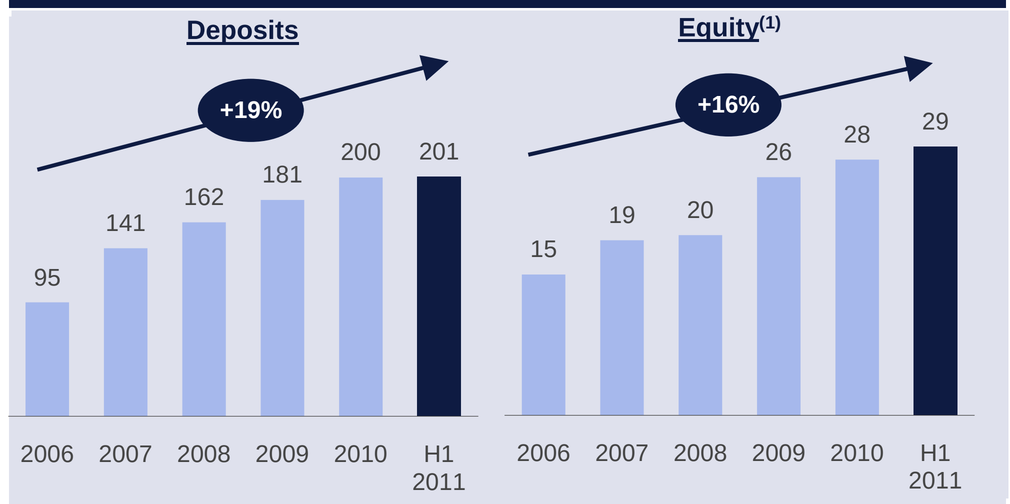
Net Profits (AED billion)



Assets and Loans (AED billion)



Deposits and Equity (AED billion)



1) Equity is Tangible Shareholder's Equity excluding Goodwill and Intangibles.
Source: Financial Statements, Aggregation of Emirates Bank International and NBD results

Financial Highlights

2010 and H1 2011

H1 2011 Financial Results Highlights

- **Net profit of AED 2,157 million**, +43% vs. H1 2010
- **Gain on Network International transaction** of **AED 1.8 billion**
- Continued balance sheet **de-risking:**
  - increased **Portfolio Impairment Allowances of AED 1.6 billion,** substantially to cover future contingencies
  - further **reduction** in book value of investment in **Union Properties of AED 500 million**
- **Net interest income declined 2% YoY** to **AED 3,379 million** due to a modest decline in net interest margin to 2.48% in H1 2011 from 2.54% in H1 2010
- **Non-interest income improved** by 3% YoY due to **core fee income growth**
- **Costs increased by 4% YoY** to AED 1,634 million in H1 2011 resulting from accelerated **investment in future growth; cost to income ratio rose** 1.6% YoY to 33.8%
- Signs of modest **pickup in new underwriting**
- **Deposits remained flat vs. end-2010** due to balance sheet optimisation initiatives

2010 Financial Results Highlights

- **Net profit of AED 2.3 billion**; -30% from AED 3.3 billion in 2009
- **Total income of AED 9.7 billion;** -10% from AED 10.8 billion in 2009
- **Improvement of 14% in operating expenses** from 2009 to AED 3.1 billion in 2010; cost to income ratio improved by 1.5% to 31.4%
- **Operating profit before impairment allowances of AED 6.7 billion**; -8% from AED 7.2 billion in 2009
- **Impairment allowances of AED 3.2 billion**; 4% lower than 2009
- **Union Properties investment reduced by AED 1.0 billion** in 2010 through recognition of share of losses and impairment
- **Deposits grew by 10%** from end-2009 levels while **loans declined 8%,** improving the loan to deposit ratio to 99% from 118% at end-2009

Key Performance Indicators

Income Statement AED million	H1 2011	H1 2010	Change (%)	2010	2009	Change (%)
Net interest income	3,379	3,452	-2%	6,795	7,412	-8%
Fee & other income	1,455	1,418	+3%	2,926	3,382	-13%
Total income	**4,834**	**4,870**	**-1%**	**9,721**	**10,794**	**-10%**
Operating expenses	(1,634)	(1,567)	+4%	(3,051)	(3,551)	-14%
Operating profit before impairment allowances	**3,200**	**3,303**	**-3%**	**6,670**	**7,243**	**-8%**
Impairment allowances:	(2,350)	(1,749)	+34%	(3,190)	(3,319)	-4%
Credit	*(2,257)*	*(1,670)*	*+35%*	*(2,930)*	*(2,971)*	*-1%*
Investment securities	*(93)*	*(79)*	*+17%*	*(260)*	*(348)*	*-25%*
Operating profit	**850**	**1,556**	**-45%**	**3,480**	**3,924**	**-11%**
Amortisation of intangibles	(47)	(47)	-	(94)	(94)	-
Associates	(445)	15	n/a	(1,024)	(477)	+114%
Gain on subsidiaries	1,813	-	n/a	-	-	n/a
Taxation charge	(14)	(11)	+24%	(23)	(10)	+130%
Net profit	**2,157**	**1,513**	**+43%**	**2,339**	**3,343**	**-30%**
Cost to income ratio (%)	33.8%	32.2%	+1.6%	31.4%	32.9%	-1.5%
Net interest margin (%)	2.48%	2.58%	-0.11%	2.52%	2.81%	-0.29%
EPS (AED)	0.36	0.25	+47%	0.37	0.58	-35%
ROE (%)	17.7%	13.6%	+4.1%	10.3%	16.2%	-5.9%
ROA (%)	1.5%	1.1%	+0.4%	0.8%	1.2%	-0.4%

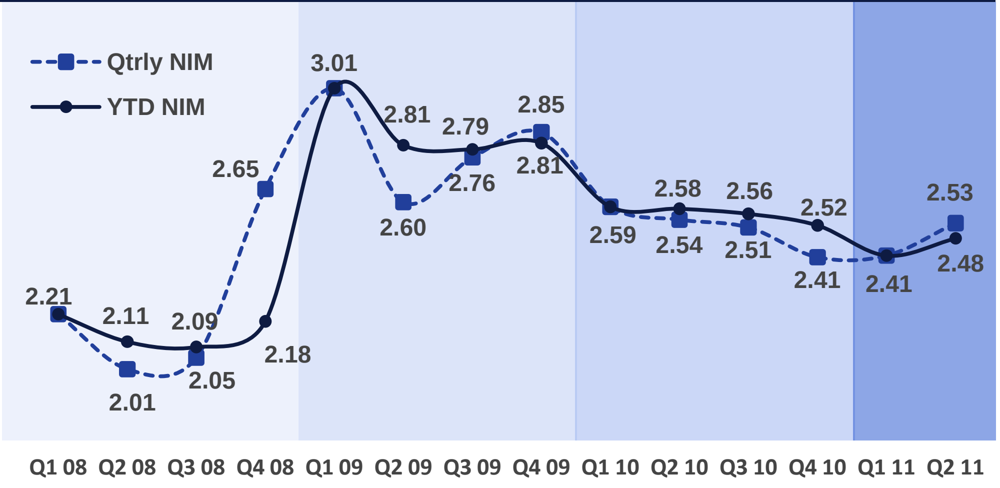
Balance Sheet AED billion	30 Jun 2011	31 Dec 2010	Change (%)	31 Dec 2010	31 Dec 2009	Change (%)
Total assets	288.1	286.2	1%	286.2	281.6	2%
Loans	193.2	197.1	-2%	197.1	214.6	-8%
Deposits	200.5	200.0	0%	200.0	181.2	10%
Capital Adequacy Ratio (%)	21.2%	20.1%	1.1%	20.1%	18.7%	1.4%
Tier 1 Ratio (%)	13.4%	12.8%	0.6%	12.8%	11.9%	0.9%

Net Interest Income

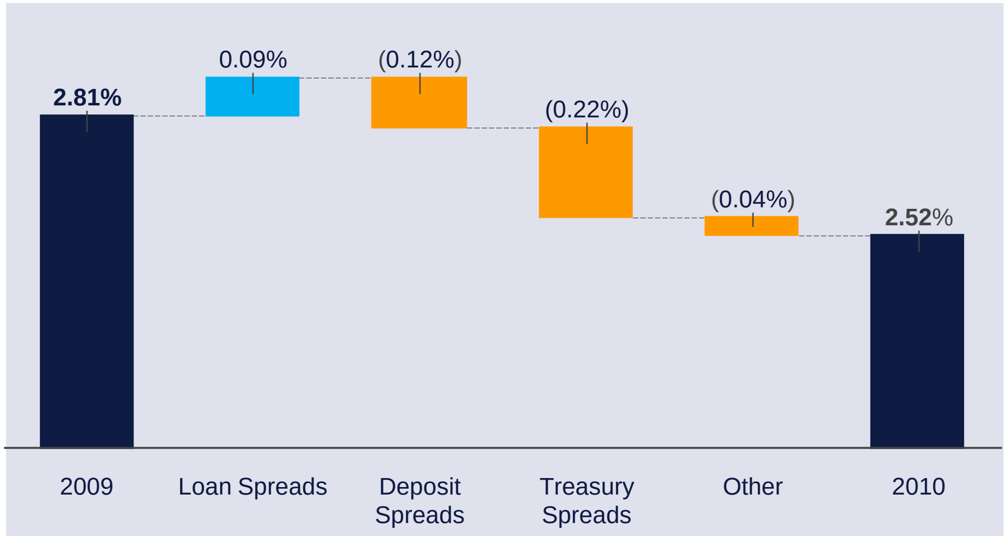
Highlights

- NIM of 2.52% in 2010; declined by 29 bps from 2.81% in 2009:
  - negative mix impact of deployment of increased liquidity in lower yielding interbank and cash-equivalent assets
  - increase in deposit funding costs given strong competition for deposits in the UAE
  - partly offset by continued selective re-pricing of loans
- **NIM of 2.48%** in H1 2011 **declined by 4bps** from 2.52% in 2010:
  - negative mix impact of deployment of increased liquidity in lower yielding interbank and cash-equivalent assets and moderate loan spread compression
  - offset by direct positive impact of downward re-pricing on deposits
- **Net interest income declined by 2% YoY** to **AED 3,379 million** but **rose 1% HoH** due to balance sheet optimisation initiatives conducted in H1 2011

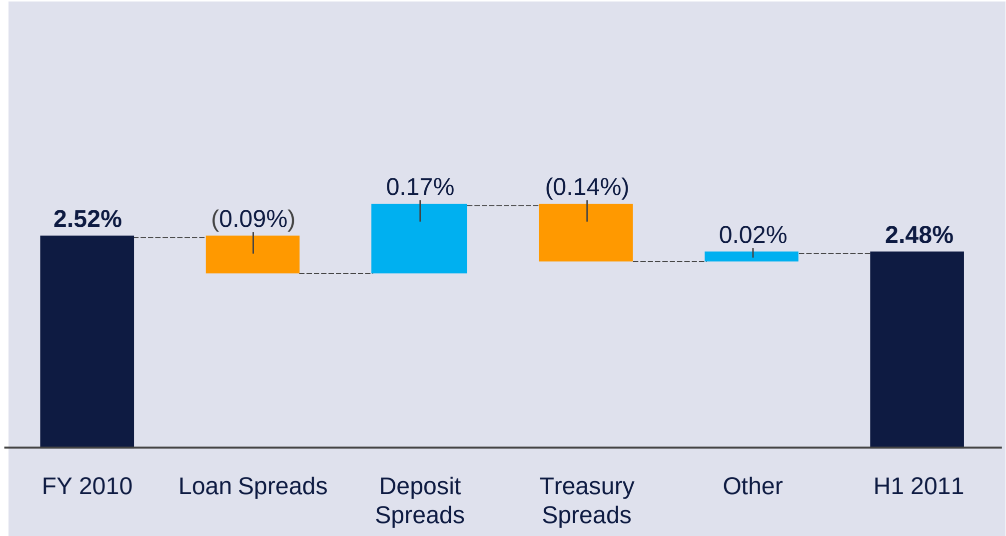
Net Interest Margin Trends (%)



Net Interest Margin Drivers: 2010 (%)



Net Interest Margin Drivers: H1 2011 (%)



Non Interest Income

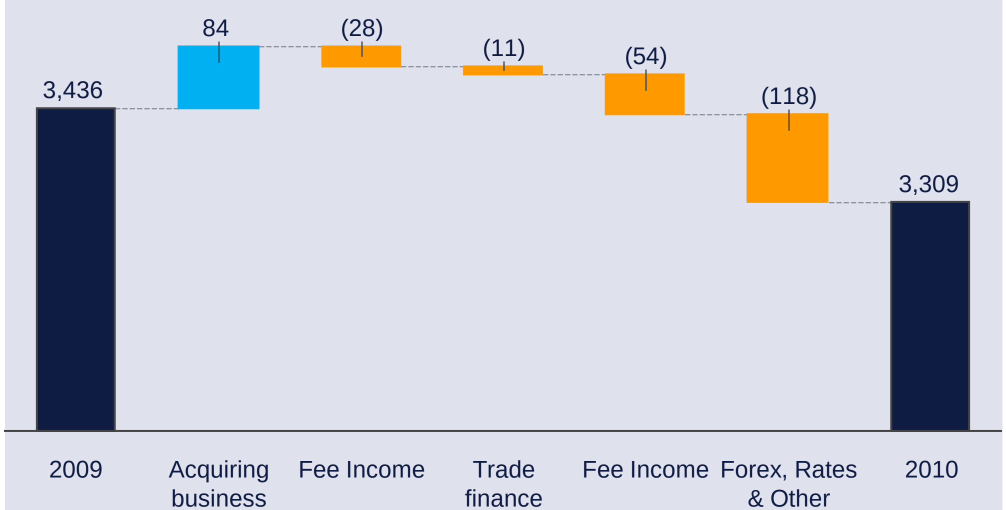
Highlights

- **2010 non-interest income declined by 13% from 2009**, impacted by:
  - AED 214m write-downs of investment properties
  - lower positive investment securities income
  - 8% decline in core fee income
- **H1 2011 non-interest income improved** by 3% YoY due to growth in banking fee income and trade finance
- **Core fee income improved** by 10% compared with H2 2010, key trends being:
  - pickup in trade finance income (+5% HoH)
  - strong growth in banking fee income (+28% HoH)
  - modest reduction in Forex, Rates & Other income (-4% HoH)

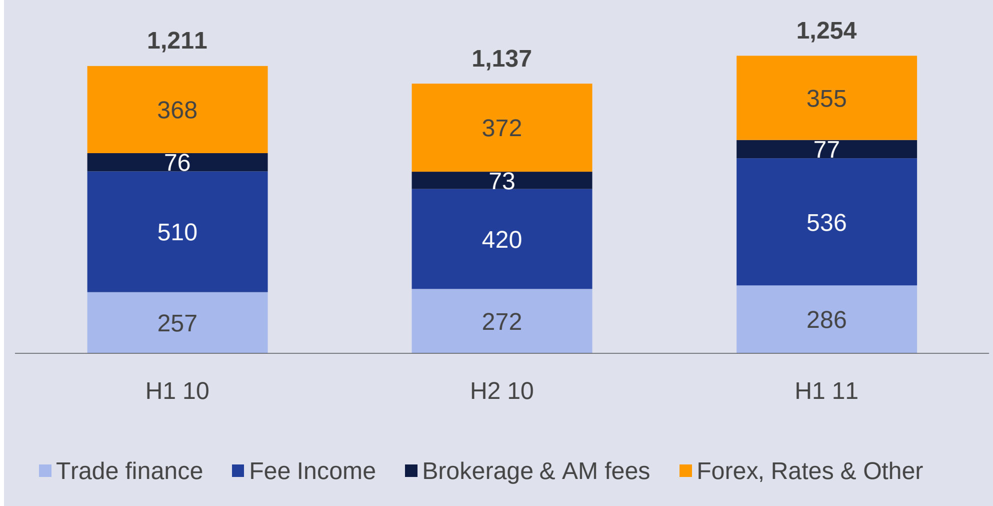
Composition of Non Interest Income (AED million)

AED million	H1 2011	H1 2010	Change (%)	2010	2009	Change (%)
Core gross fee income	1,254	1,211	+4%	2,348	2,572	-10%
Fees & commission expense	(70)	(65)	+7%	(107)	(149)	-39%
Core fee income	**1,185**	**1,146**	**+3%**	**2,241**	**2,423**	**-8%**
Investment properties	(3)	(152)	-98%	(195)	(50)	+75%
Investment securities	113	237	-52%	531	641	-20%
Network International	-	188	-100%	349	368	-5%
Gain on Debt Exchange	160	-	n/a	-	-	n/a
Total Non Interest Income	**1,455**	**1,418**	**+3%**	**2,926**	**3,382**	**-13%**

Core Gross Fee Income Trends in 2010 (AED million)



Core Gross Fee Income Components (AED million)

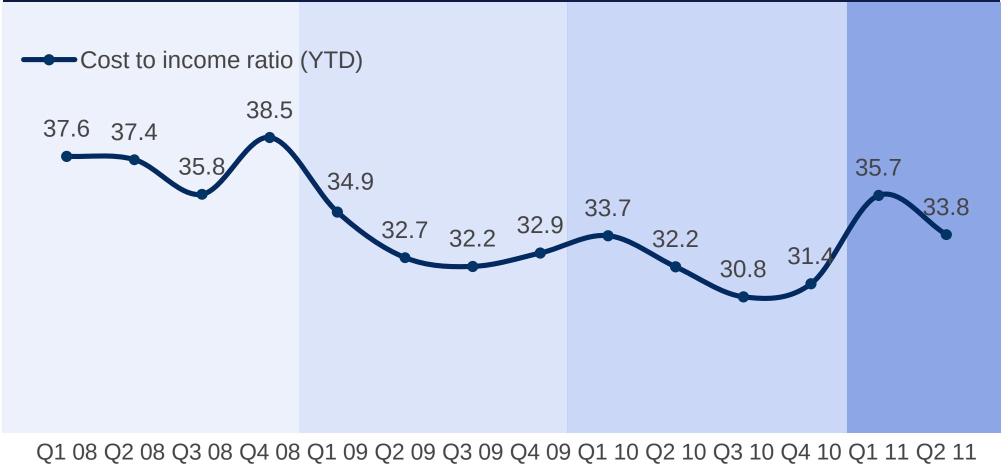


Operating Costs and Efficiency

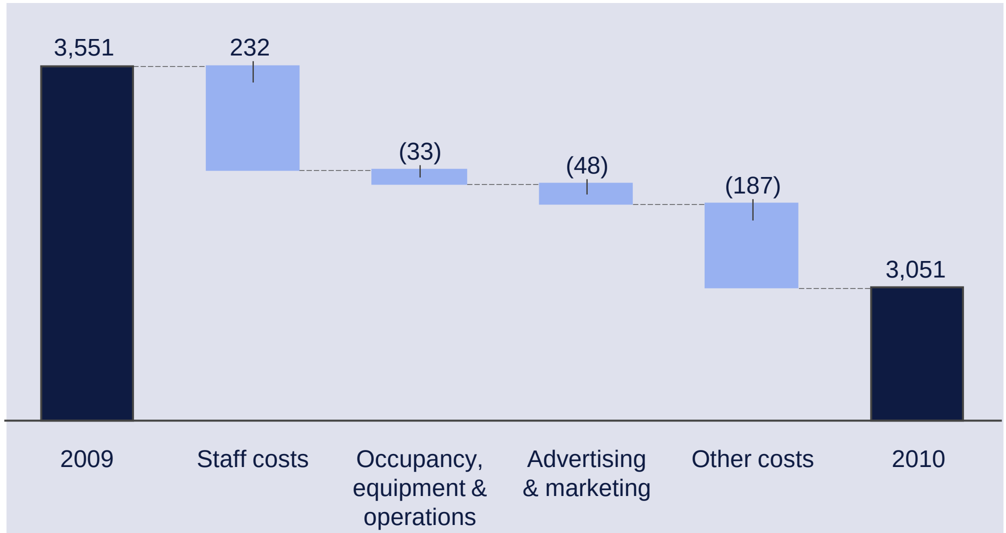
Highlights

- **Costs declined by 14% to AED 3.1 billion in 2010** due to management focus on cost optimisation and operating efficiency; the cost to income ratio improved by 1.5% from 32.9% in 2009 to 31.3% in 2010
- **In H1 2011, costs increased by 4% YoY** to AED 1,633 million from H1 2011 resulting from accelerated **investment in future growth** across advertising and marketing costs, and expansion of retail distribution and sales force
- The **cost to Income ratio increased by 1.6%** to 33.8% in H1 2011 from 32.2% in H1 2010 but **improved by 0.9% from Q1 2011** due to improved top-line growth
- The **cost to Income ratio is expected to be managed** during the remainder of 2011 **to the target range of c.32%-33%**

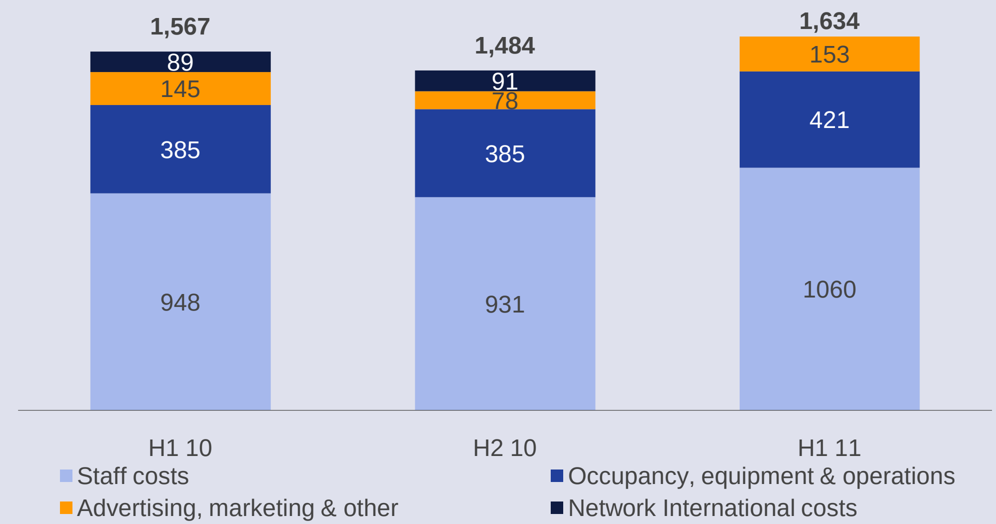
Cost to Income Ratio Trends



Operating Cost Trends in 2010 (AED million)



Quarterly Operating Cost Components (AED million)

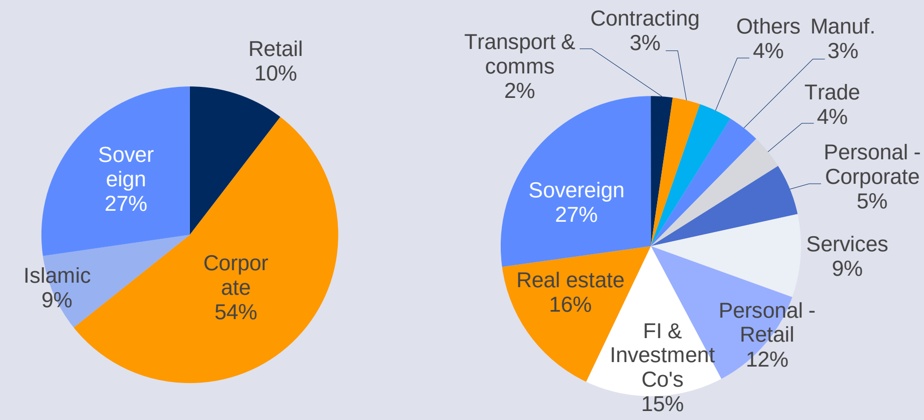


Credit Quality
Group

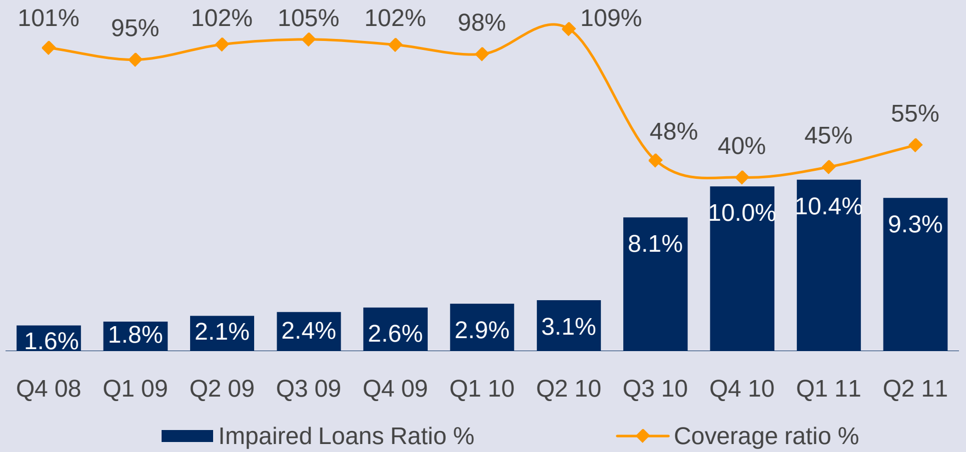
Highlights

- The **impaired loans ratio improved** by 1.1% in Q2 2011 to 9.3%
- **Full required provision for Dubai World** made in Q3 2010
- Pro-actively **provided for a portion of Dubai Holdings exposure** in Q4 2010; subsequently derecognised in Q2 2011 due to finalisation of restructuring on commercial terms
- **80% of Saad and Al Gosaibi** exposure **provided** at end-2010
- **Portfolio impairment allowances increased by AED 1.6 billion** in H1 2011, substantially to cover future contingencies
- Total Portfolio Allowances of AED 3.8 billion or **2.4% of credit Risk Weighted Assets**
- **Provision coverage** of impaired loans **improved to 55%** from 45% at the end of Q1 2011

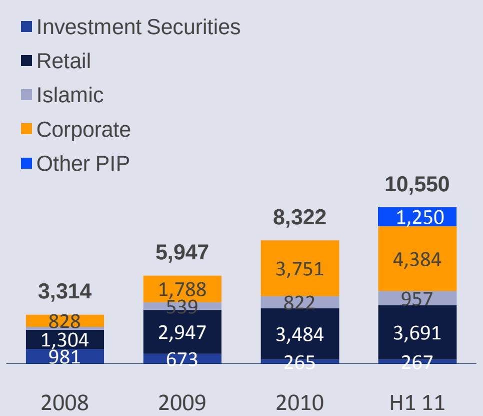
Loan Portfolio by Type – H1 2011[1]



Impaired Loans & Coverage Ratios[2]



Impaired Loans & Impairment Allowance Composition (AED million)



1) Gross Loans and receivables before provisions and deferred income
2) Impaired Loans ratio is calculated on gross loans and receivables before provisions

Credit Quality
Retail and Corporate Loans & Receivables

Corporate & Sovereign Lending Portfolio

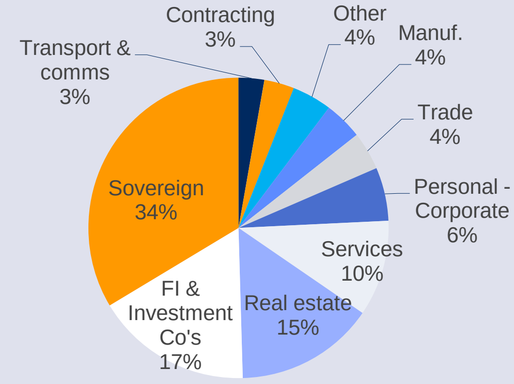
Corporate Credit Quality

- **Impaired loan ratio 8.0%** at Q2 2011 vs. 9.4% at Q1 2011
- **97%** of the portfolio is to **UAE customers** where the Bank has **long-standing relationships**
- Exposure is mainly to **top tier names** with **diversified business interests** and **multiple sources of repayment**
- Environment necessitates **renegotiation** of certain customer accounts; amounting to AED 11.7b at Q2 2011 vs. AED 8.1b at Q1 2011 (AED 7.3b at Q4 2010):
  - these reflect renegotiated repayment terms in line with underlying cash flows; and
  - without sacrificing interest or principal

Real Estate & Contracting

- Exposures to **Real Estate** and **Contracting Sector** are AED 24.8b (15%) and AED 5.3b (3%) respectively
- **Selectively financing real estate** sector;
  - extent of finance is generally limited to 70% of construction cost excluding land (land and cost overruns to be financed by the owner)
  - restricted to Emirates of Dubai & Abu Dhabi
- Exposures are mainly to **diversified businesses** having multiple repayment sources of repayment and repayment experience is satisfactory
- Approximately 54% of the Real Estate portfolio has a repayment maturity of < 3 years

By Sector[1]
100% = AED 165.3 billion



Retail Lending Portfolio

Personal loans

- Portfolio **AED 6.4 billion** (30%)
- **55%** of value is to **UAE nationals; >60%** of value is to **government employees**
- Personal loans are only granted subject to **salary assignment**
- 2010 and H1 2011 **delinquency trends improving**

Credit Cards

- Portfolio **AED 2.8 billion** (13%)
- Product with **highest yield** in Retail Portfolio
- 90+ delinquencies better than industry benchmarks
- **Measures taken to control exposures** on unutilised limits
- 2010 and H1 2011 **delinquency trends improving**

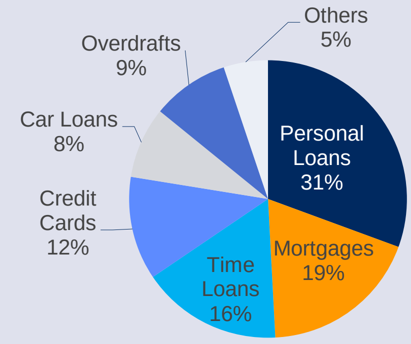
Car loans

- Portfolio **AED 1.8 billion** (9%)
- Portfolio balance has declined from end-2009 due to changes in credit policy
- Minimum **income threshold** has been **raised**
- Down payment of 10-20% mandatory based on customer profiles
- 2010 and H1 2011 **delinquency trends improving**

Mortgages

- Portfolio **AED 3.8 billion** (18%)
- Only offered for **premium developers**
- **Completed properties** account for **86%** of the portfolio
- Average **LTV is 75%** on original value
- 2010 and H1 2011 **delinquency trends improving**

By Sector[1]
100% = AED 21.4 billion



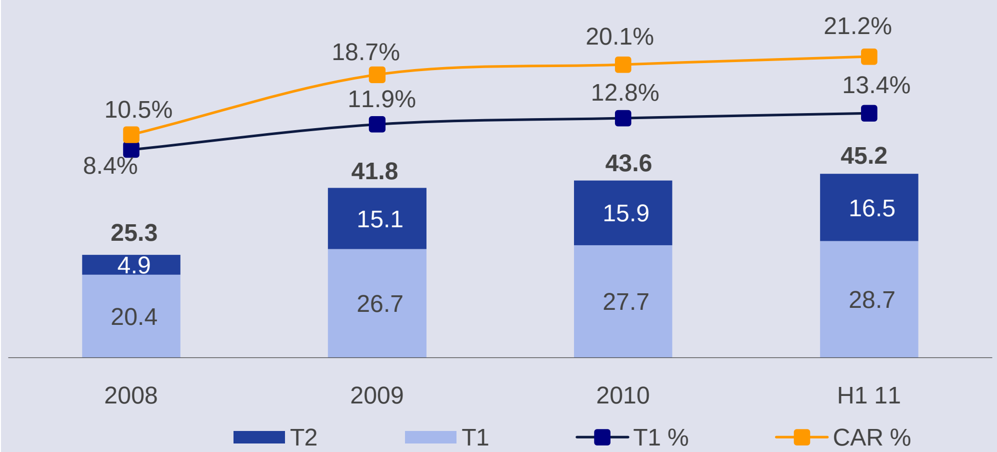
1) Loans and advances before provisions; Corporate & Sovereign Lending sectoral breakdown as per "Analysis by Economic Activity for Assets" in note 5, page 10 of the Q2 2011 Financial statements

Capital Adequacy

Highlights

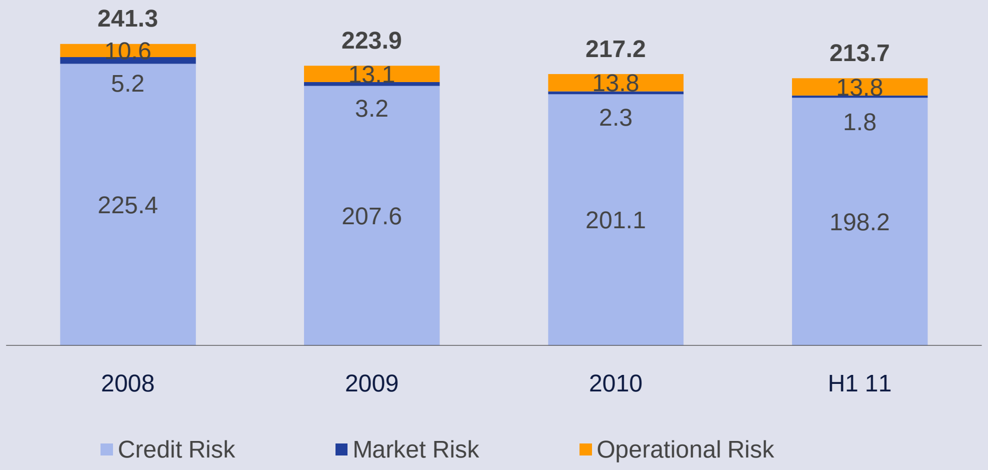
- **Capital adequacy strengthened further to** CAR 21.2% and T1 13.4%
- **Tier 1 capital increased by AED 1.0 billion** in H1 2011 due to strong net profit generation partly offset by dividend paid in respect of 2010 financial year
- **Risk Weighted Assets declined by 2%** from AED 217.2 billion at Q4 2010 to AED 213.7 billion at Q2 2011

Capital Ratios - Basel II (AED billion)



Note: Core Tier 1 Ratio as at Q2 2011 is 11.5%

Risk Weighted Assets – Basel II (AED billion)



Capital Movement Schedule – Basel II (AED billion)

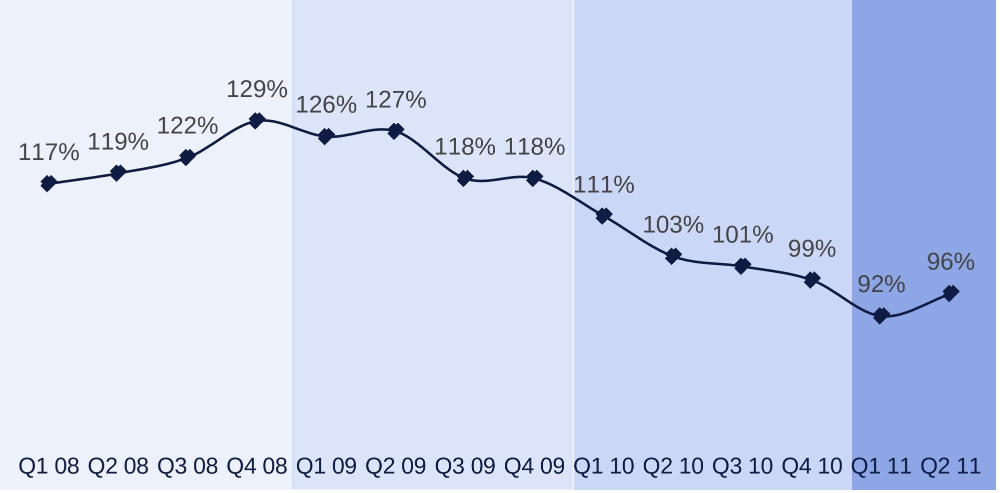
31 Dec 2010 to 30 Jun 2011	Tier 1	Tier 2	Total
Capital as at 31 Dec 2010	**27.7**	**15.9**	**43.6**
Net profits generated	2.2	-	2.2
FY 2010 dividend paid	(1.1)	-	(1.1)
Interest on T1 securities	(0.1)	-	(0.1)
Redemption of T2 securities	-	(1.2)	(1.2)
Change in general provisions	-	1.7	1.7
Other	0.0	0.1	0.1
Capital as at 30 Jun 2011	**28.7**	**16.5**	**45.2**

Funding and Liquidity

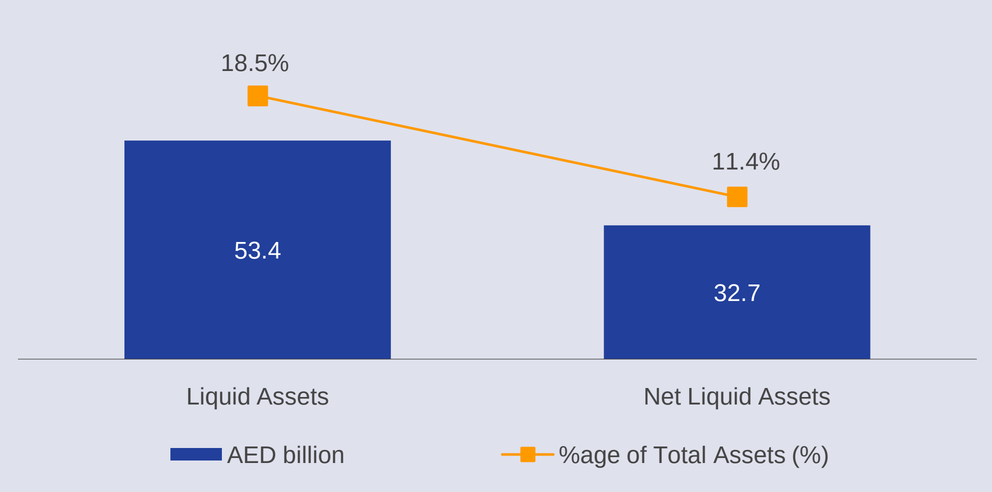
Highlights

- Headline **LTD ratio of 96%** at Q2 2011 due to pro-active management action to target range of 95%-100%
- **Liquid assets of AED 53.4 billion** as at 30 June 2011 (18.5% of total assets); AED 32.7 billion (11.3% of total assets) after netting of interbank liabilities
- **Backstop facilities** of AED 36.2 billion **unused**
- **Debt maturity profile** well **within** existing **funding capacity**
  - total wholesale debt represents 8% of liabilities
  - net reduction in debt outstanding of AED 7.5 billion in 2010 and H1 2011
  - raised over AED 3 billion from securitisation structures in 2010
  - LT2 exchange offer conducted during Q2 2011
  - gathered AED 14.8 billion CASA and AED 4.6 billion time deposits in 2010 and H1 2011

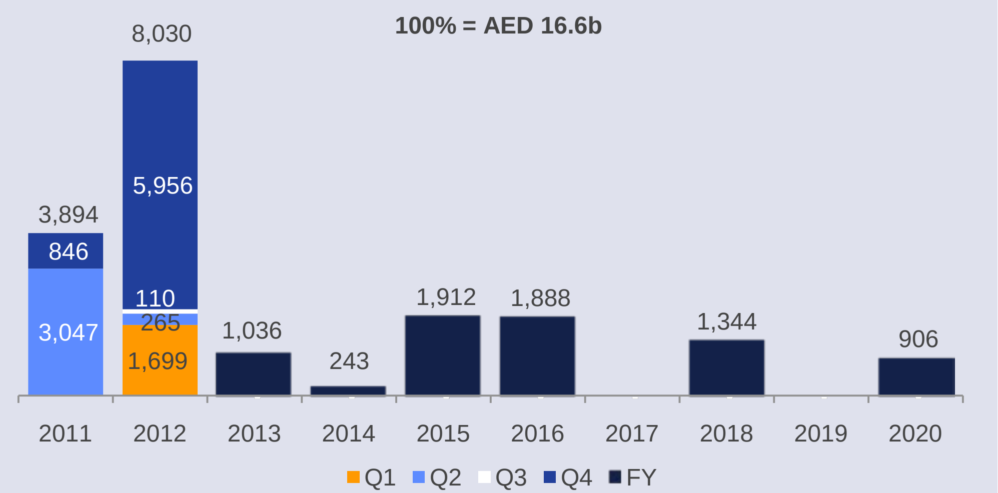
Headline Loan to Deposit Ratio (%)



Liquid Assets: H1 2011



Maturity Profile: Debt Issued (AED million)



Note: Debt Issued includes EMTNs of AED 8.7 billion, syndicated borrowings from banks of AED 5.5 billion and borrowings raised from loan securitisations of AED 2.3 billion

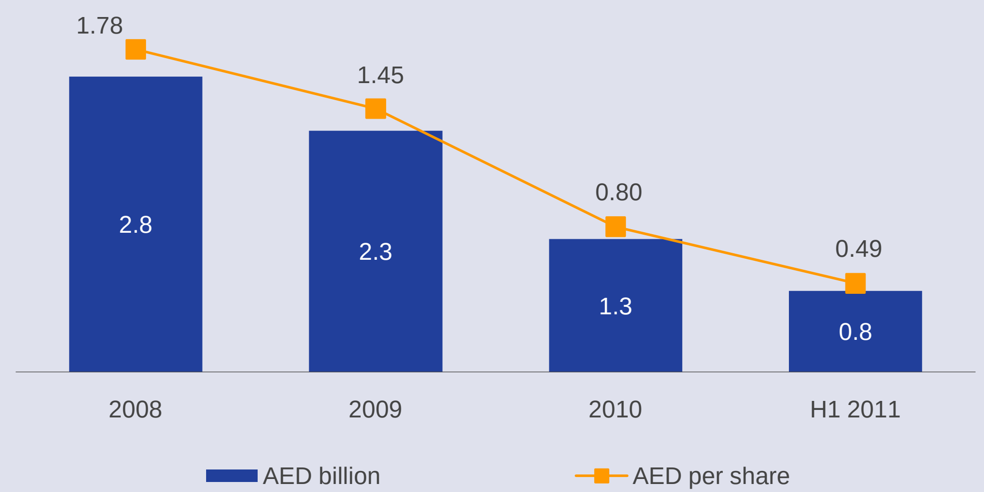
Associates and Joint Ventures

Composition of Balances

Highlights

- **Significant de-risking** of investment in **Union Properties (UP) since 2009:**
  - **UP investment reduced by AED 0.5 billion and AED 1.0 billion in 2009 and 2010** respectively through recognition of share of losses and impairment
  - **additional reduction** in book value of UP of **AED 0.5 billion in Q1 2011**
  - 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 Q2 2011

Investment in Union Properties



Composition of Associates & Joint Ventures (AED million)

Income Statement AED million	H1 2011	H1 2010	Change (%)	2010	2009	Change (%)
Union Properties	(500)	2	n/a	(1,043)	(517)	+102%
- Share of losses*	(74)	-	n/a	(683)	(201)	+240%
- Impairment of investment	(426)	-	n/a	(360)	(316)	+14%
National General Insurance	15	13	+15%	19	39	-51%
Network International	40	-	n/a	0	0	n/a
Total	**(445)**	**15**	n/a	**(1,024)**	**(478)**	**+114%**

Balance Sheet AED million	30 June 2011	31 Dec 2010	Change (%)	31 Dec 2010	31 Dec 2009	Change (%)
Union Properties	782	1,282	-39%	1,282	2,326	-45%
National General Insurance	131	130	+1%	130	116	+12%
Network International	1,322	3	n/a	3	3	0%
Total	**2,235**	**1,415**	**+58%**	**1,415**	**2,445**	**-42%**

** 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*

Network International

Strategic Partnership with Abraaj Capital

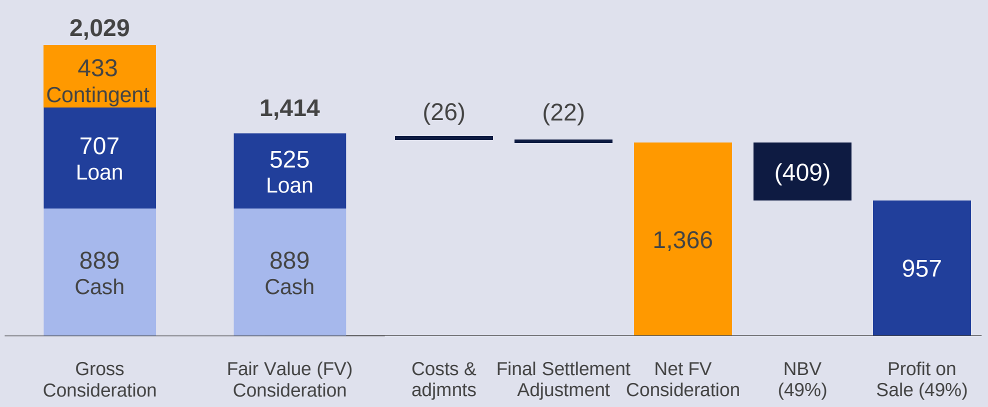
Transaction Summary & Strategic Rational

- 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 included 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
  - Accelerate the growth trajectory of NI through leveraging Abraaj's industry expertise and access to their portfolio companies
  - Extend NI's geographic presence (e.g. Pakistan, India, Turkey and Levant)
  - Develop global distribution and strategic alliances
  - Advance and execute successful acquisition strategies
  - Work with CEOs and CTOs to optimise technology strategy and processes

Financial Impact on Emirates NBD

- In **2010**, the assets and liabilities were disclosed as **assets held for sale**
- **In H1 2011**:
  - **Profit of AED 957 million on sale** of 49% stake recognised
  - Due to effective **joint control post-closing** NI ceased to be a subsidiary of the Group and was **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)

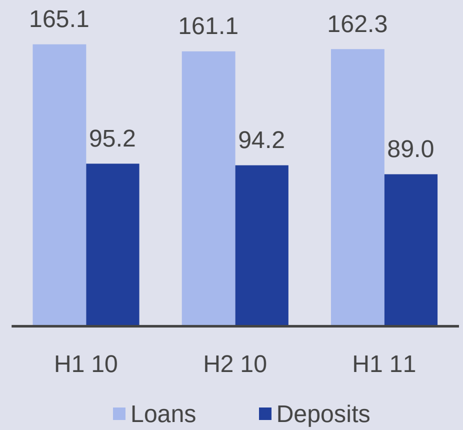


Divisional Performance

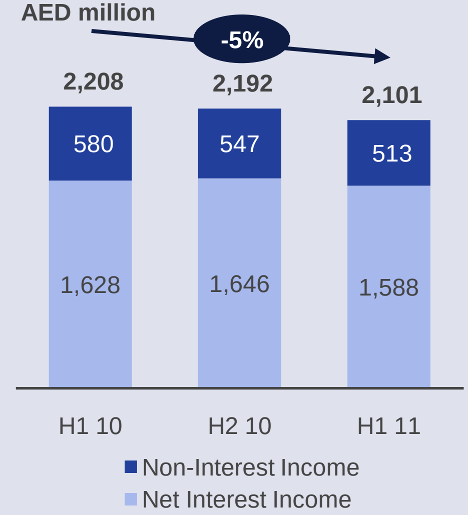
Wholesale Banking

- **Key focus** during the period was on balance sheet optimisation, continued proactive management of credit quality, building non-risk based and fee generating businesses and selective growth in new underwriting
- **Revenue declined 5% YoY** due to a decline in fee income
- **Loans** rose by 1% from end-2010 evidencing a pickup in new underwriting during the first half
- **Deposits** declined 6% from end-2010 resulting from pro-active balance sheet optimisation initiatives

Balance Sheet Trends
AED billion



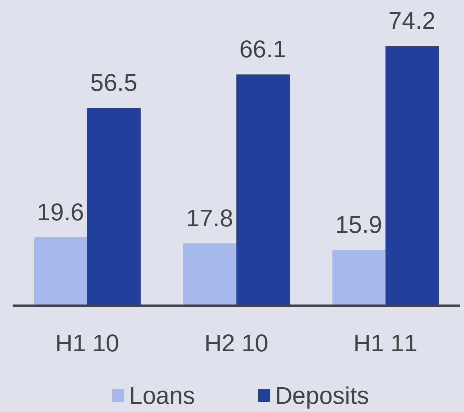
Revenue Trends
AED million



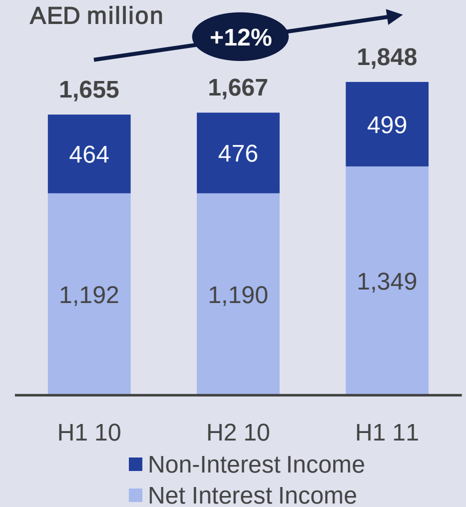
Consumer Banking & Wealth Management

- CWM **maintained its position** in challenging market conditions
- **Continued expansion in Private Banking** business; now 64 RMs; Combined Assets & Liabilities (CAL) increased by 18% during H1 2011 to reach AED 33.7 billion
- **Revenue** improved 12% year-on-year due to strong growth in both net interest and non-interest income
- **Deposits** grew 12% from end-2010 despite downward re-pricing; loans declined 10% from end-2010 as new underwriting opportunities remain limited
- Total number of **branches** now 109 through the addition of 2 branches in Dubai and 2 branches in Abu Dhabi during H1 2010; the ATM & SDM network totals 633

Balance Sheet Trends
AED billion



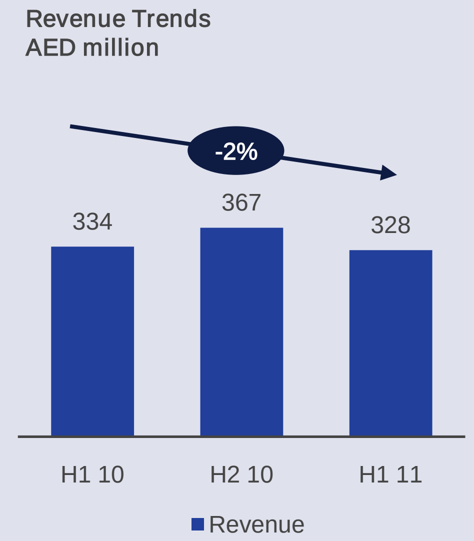
Revenue Trends
AED million



Divisional Performance

Global Markets & Treasury

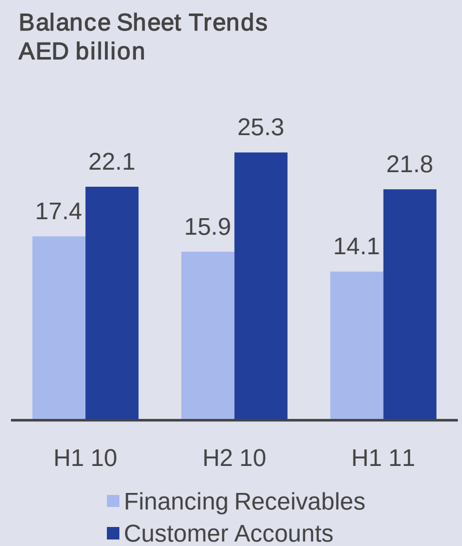
- **Revenue declined marginally by 2%** in H1 2011 to AED 328 million driven mainly by lower sales and trading income and lower gains on principal investments
- **Trading business** revenue in H1 2011 was **impacted by** the **regional geopolitical tensions**, financial **crisis in some European countries** and the **natural disaster in Japan** resulting in increased volatility in global equity markets and lower foreign institutional interest in Regional markets
- During H1 2011, **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 although a moderate pickup in activity occurred towards the end of Q2 2011
- The **foreign exchange flow business** is showing signs of **improvement** with both corporate and retail clients in line with increased regional trade

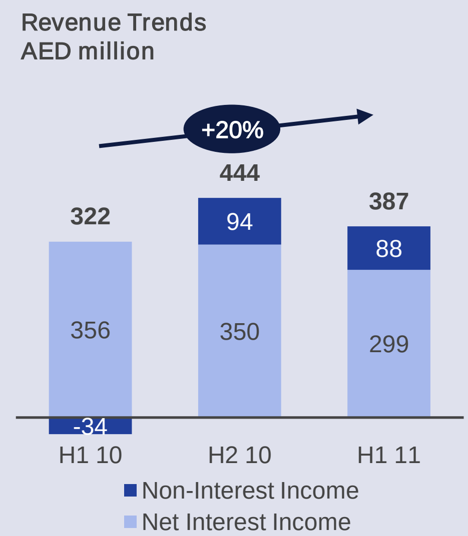


Emirates Islamic Bank

- **EIB revenue increased by 20%** YoY to AED 387 million in H1 2011 (net of customers' share of profit), aided by a reduction in negative revaluations on investment properties
- **Financing receivables declined 12%** to AED 14.1 billion from end-2010
- **Customer accounts declined by 14**% to AED 21.8 billion from end-2010 due to balance sheet optimisation initiatives
- Total number of EIB **branches** is now 32 through the addition of 1 branch in Dubai and 1 branch in Sharjah during H1 2011; the ATM & SDM network totals 98

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

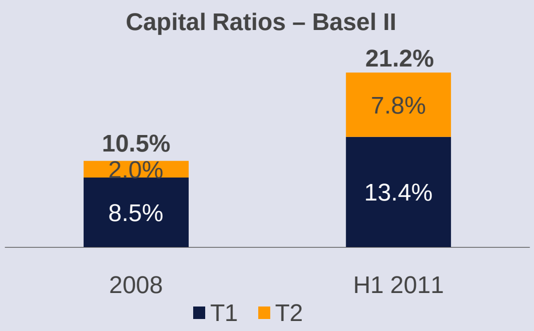


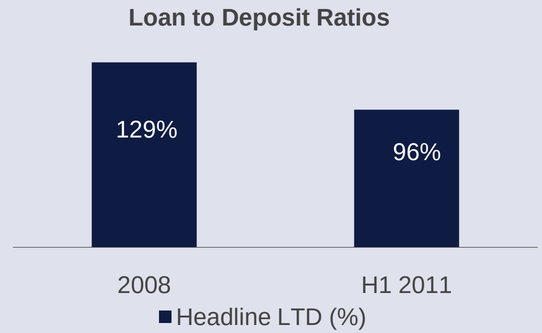


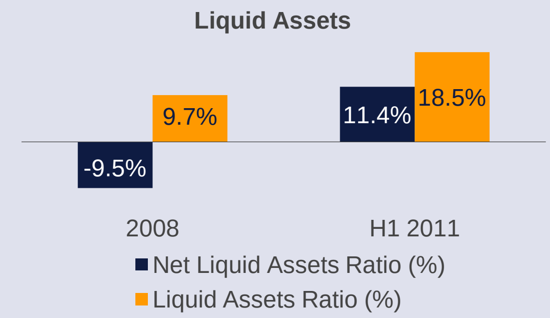
Contents

More than two years on from the crisis, the Bank is better positioned for the future

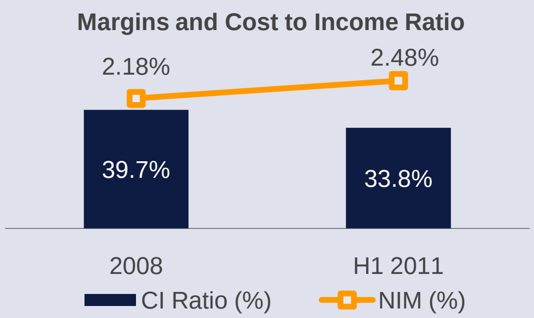
Stronger capital base and liquidity

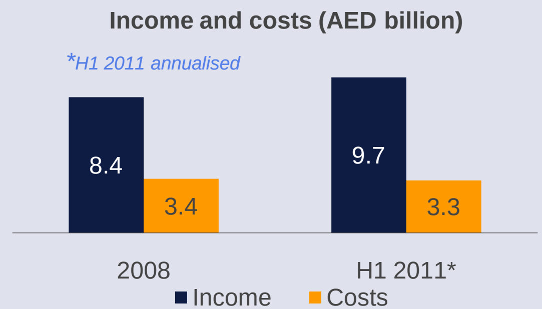


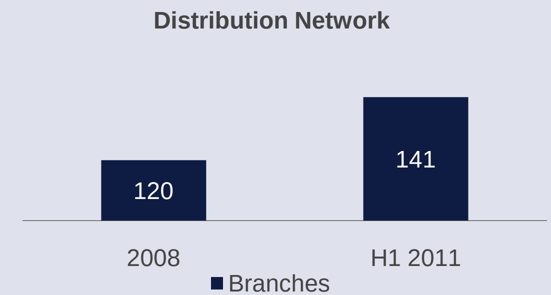




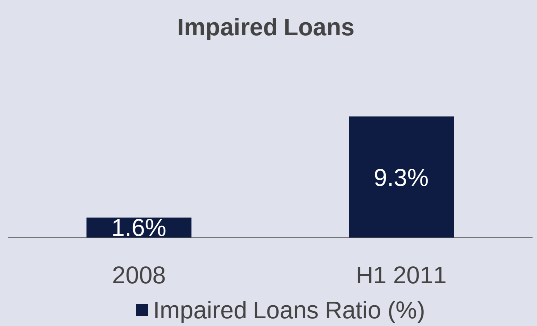
Stronger income generating ability and improved efficiency

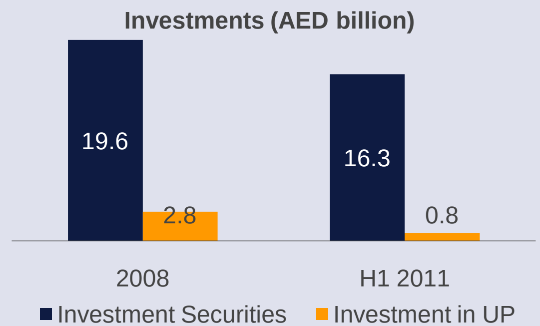


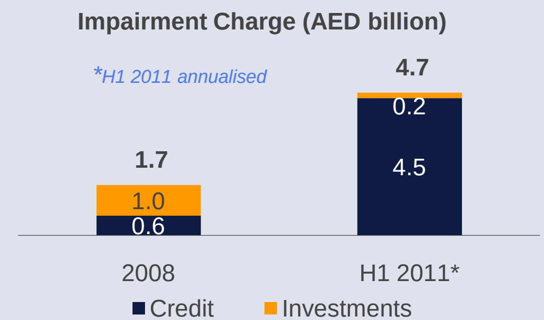




Significantly de-risked the balance sheet







Completed largest Financial Services Merger in the Region, with scalable new-generation platforms and strong brand, culture and franchise

Emirates NBD's strong brand, culture and franchise

The Banker

GLOBAL FINANCE

middle east investor relations society

award winner 2010

EUROMONEY

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**
   - Capital allocation
   - Funding Efficiency
2. **Drive Profitability**
   - Key account planning
   - Customer service/retention
3. **Enhance Platforms**
4. **Measured Investment in Growth Areas**

Strategic Imperatives for 2011

	Objectives	Evidence of Success in H1 2011
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**	▪ Successfully **managed Headline LTD ratio within 95%-100%** target range ; **grew CASA balances by AED 9.7 billion**, improving CASA % of total deposits to 35% from 31% at end-2010 ▪ Completed bank-wide **economic profit framework** ▪ **Conducted LT2 exchange offer** to extend maturity of liabilities at attractive rates ▪ **Closed sale of 49% stake in Network International** at lucrative PE multiple of 21 and recognised **gain of AED 1.8 billion**
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**	▪ **Reduced deposit funding costs** by 27 bps from Q4 2010 ▪ **Used Key account planning to** capture larger share of trade finance business of existing customers; pilot being rolled out across the Corporate network ▪ **Increasing fee income in CWM** by 8% YoY 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 ▪ **Progressing well on evaluating outsourcing options** to increase process efficiency and reduce cost

Strategic Imperatives for 2011

	Objectives	Evidence of Success in H1 2011
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 ▪ Continuously **upgrading and enhancing IT platforms**	▪ **Launched Managerial Leadership Program** in partnership with HULT International Business School ▪ **Risk Strategy revised** ; bank-wide roll-out and integration with economic profit framework planned in H2 ▪ **Service improvements** through rigorous analysis of findings from customer surveys and mystery shopping; front-line program designed and being rolled-out over next quarters ▪ **Further strengthen IT platforms for international locations**: FinnOne roll-out in KSA and Finacle roll-out in London
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	▪ **Exploit domestic opportunities** – Further increase of Private Banking RMs and build-up of SME team (increase of around 30 RMs across these businesses) – 6 new branches, 2 in Dubai, 3 in Abu Dhabi and 1 in Sharjah taking total number of branches to 141, plan to open at least 10 more branches in 2011 across the UAE – Direct sales force team almost doubled to 690 FTE ▪ **Exploit international opportunities** – Establishing KSA onshore wealth management platform for PB and Retail Business, further build-up of alternate channels including increase of DSF from around 60 to 200

Outlook

- Conditions in the **local economy** have **continued to improve** in H1 2011 and UAE GDP growth for 2011 is expected to reach 4.6% compared with our previous expectation of 4.0%
  - Economic signals offer evidence of take-off in non-oil economy, particularly in trade, logistics and hospitality
  - Average oil prices remain 40% higher in H1 2011 than in 2010 while UAE oil production rose in H1 2011
  - PMI data indicates strong private sector growth in H1, although the pace of expansion has slowed in Q2 2011
  - Domestic liquidity conditions have improved as bank deposits have grown strongly (+16% YoY in May 2011) and interbank rates have declined, particularly in Q2 2011
  - The improving fundamentals are reflected in a narrowing of CDS spreads for both Abu Dhabi and Dubai
- **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**
- Q2 2011 witnessed **renewed concern** over some **European** and more recently the **US economy and debt burdens**; while this has impacted local and regional investment markets, the economic impact has to date not been significant
- **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

Emirates NBD

- Strong financial performance with **net profit for H1 2011** of AED 2.2 billion, **up 43% from H1 2010**
- **Top-line trends encouraging** with pickup in HoH net interest income and non-interest income of 1% and 10% respectively
- **Improvement** of 1% **in impaired loans ratio** and reduced provisioning/NPL formation trends in H1
  Significant further addition to portfolio impairment allowances, offering future absorption capacity
- **Capitalisation and liquidity** continue to be **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**

APPENDIX A

Awards

2011 Awards

February 2011 – Emirates NBD Capital named "Best investment bank in the UAE" by Global Finance

February 2011 – "Human Resources Development in Banking and Financial sector" Award for 2010 at the Sharjah Career Fair 2011

February 2011 – "Best Private Banking Services Overall in UAE" Award in 2011 by Euromoney

March 2011 – "Best bank in the UAE" for the year 2011 by Global Finance

2011 Awards

May 2011 – “E-Banking Excellence” Award for 2011 the Middle East Excellence Awards Institute 2011

May 2011- “The Leading PR/Marketing Company” by Arab Achievement Award 2011

June 2011 – “Best Fund Management Company” at Arab Achievement Awards 2011

APPENDIX B

Asset Quality Disclosures

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
Income:																	
Investment Securities	31	49	(265)	(504)	(689)	6	241	120	54	421	172	(7)	143	48	356	(12)	72
CDS	(111)	21	(107)	(258)	(455)	(70)	248	157	(105)	230	71	1	42	61	175	24	29
Total Income Impact	(80)	70	(372)	(762)	(1,144)	(64)	489	277	(51)	651	243	(6)	185	109	531	12	101
Impairments:																	
Investment Securities	(193)	(140)	(207)	(471)	(1,011)	(144)	(58)	(64)	(82)	(348)	(35)	(44)	(76)	(105)	(260)	(35)	(57)
Total P&L Impact	(273)	(70)	(579)	(1,233)	(2,155)	(208)	431	213	(133)	303	208	(50)	109	4	271	(23)	44
Balance Sheet:																	
Fair Value Reserves	(225)	359	(465)	(1,479)	(1,810)	(128)	523	197	324	916	307	35	(329)	751	764	127	121
Total Balance Sheet Impact	(225)	359	(465)	(1,479)	(1,810)	(128)	523	197	324	916	307	35	(329)	751	764	127	121
Overall Impact:																	
Total Investment Securities	(387)	268	(937)	(2,454)	(3,510)	(266)	706	253	296	989	444	(16)	(262)	694	860	80	136
CDS	(111)	21	(107)	(258)	(455)	(70)	248	157	(105)	230	71	1	42	61	175	24	29
Total Impact	(498)	289	(1,044)	(2,712)	(3,965)	(336)	954	410	191	1,219	515	(15)	(220)	755	1,035	104	165

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
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)
Credit – PIP	38	10	33	130	211	224	507	226	330	1,287	78	468	(338)	127	335	16	343
Other - PIP	-	-	-	-	-	-	-	-	-	-	-	200	300	(500)	-	612	638
Investment Securities	193	140	207	471	1,011	144	58	64	82	348	35	44	76	105	260	35	57
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
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
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
Other - PIP	-	-	-	-	-	-	-	-	-	-	-	200	500	-	-	612	1,250
Investment Securities	0	0	10	981	981	1,016	1,073	1,068	673	673	411	326	268	265	265	270	267
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
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	20,201	20,201	20,913	18,655
Investment Securities	262	220	233	1,316	1,316	1,316	1,316	1,201	789	789	526	435	363	361	361	371	369
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	20,562	20,562	21,284	19,024
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	204,758	204,758	203,418	203,140
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	671	567
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	205,418	205,418	204,089	203,707

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