Emirates NBD

Q2 2010 Results Presentation

July 26, 2010

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Financial Highlights

- Total income for H1 2010 of AED 4.9 billion; -11% from H1 2009
- Net interest income down 5% to AED 3.5 billion in H1 2010 given NIM impact of improved funding profile
- Core non-interest income held steady in Q2 2010 from Q1 2010 and down 7% in H1 2010 from H1 2009

- H1 2010 operating costs down 13% to AED 1.6 billion from H1 2009
- Cost to income ratio of 32.4% vs. 32.8% in H1 2009

- Impairment allowances of AED 1.7 billion vs. AED 1.6 billion in H1 2009
- NPL ratio of 2.88% at H1 2010 vs. 2.36% at FY 2009
- PIP allowances increased by AED 745 million in H1 2010; total PIP amounting to AED 2.6 billion

- Net profit for H1 2010 of AED 1.5 billion vs. AED 2.1 billion for H1 2009 and AED 1.2 billion for H2 2009

- Deposits grew by 9% and loans declined 5% in H1 2010
- Loan to Deposit ratio of 103% in H1 2010 vs. 118% at end-2009; adjusted ratio of 92% in H1 2010

- Total Capital Ratio on a Basel II basis of 19.6% and Tier 1 Ratio at 12.5% at 30 June 2010 compared with 18.7% and 11.9% at end-2009

Q1 2010 Financial Results

H1 2010 Financial Results Highlights

- Total income of AED 4,870m; -11% from AED5,499m in H1 2009
- Income includes a write-down of investment properties of AED 161m
- Decline of 13% in operating expenses from H1 2009 to AED 1,578m in H1 2010; Cost to income ratio improved by 0.4% to 32.4%
- Operating profit before impairment allowances of AED 3,292m; -11% from AED 3,693m in H1 2009
- Impairment allowances of AED 1,747m; +8% from AED 1,611m in H1 2009; added AED 745m to PIP in H1 2010
- Net profit of AED 1,513m; -28% from AED 2,111m in H1 2009
- Capital ratios remain strong; CAR 19.6% and T1 12.5% at end H1 2010
- Deposits grew by 9% from end-2009 levels while loans declined 5%, improving the loan to deposit ratio to 103% from 118% at end-2009

Q2 2010 Financial Results Highlights

- Total income of AED 2,314m; -20% from AED2,885m in Q2 2009; -9% from AED 2,556m in Q1 2010
- Income includes a write-down of investment properties of AED 81m
- Decline of 20% in operating expenses from Q2 2009 to AED 711m in Q2 2010; -18% from AED 867m in Q1 2010; Cost to income ratio improved by 0.2% from Q2 2009 to 30.7%
- Operating profit before impairment allowances of AED 1,603m; -20% from AED 1,992m in Q2 2009; -5% from AED 1,690m in Q1 2010
- Impairment allowances of AED 1,193m; +4% from AED 1,149m in Q2 2009; added AED 668m to PIP in Q2 2010
- Net profit of AED 403m; -53% from AED 852m in Q2 2009

Key Performance Indicators

AED million	H1 2010	H1 2009	Change (%)	Q2 2010	Q2 2009	Change (%)
Net interest income	3,452	3,643	-5%	1,723	1,716	+0%
Fee & other income	1,329	1,422	-7%	672	674	-0%
Investment properties	(148)	9	n/a	(75)	6	n/a
Investment/CDS Income[1]	237	425	-44%	(6)	489	-101%
Total income	**4,870**	**5,499**	**-11%**	**2,314**	**2,885**	**-20%**
Operating expenses	(1,578)	(1,806)	-13%	(711)	(893)	-20%
Operating profit before impairment allowances	**3,292**	**3,693**	**-11%**	**1,603**	**1,992**	**-20%**
Impairment allowances:	(1,747)	(1,611)	+8%	(1,193)	(1,149)	+4%
Credit	(1,668)	(1,409)	+18%	(1,149)	(1,091)	+5%
Investment securities	(79)	(202)	-61%	(44)	(58)	-24%
Operating profit	**1,545**	**2,082**	**-26%**	**410**	**843**	**-51%**
Amortisation of intangibles	(47)	(47)	-	(23)	(23)	-
Associates	15	76	-80%	16	32	-49%
Net profit	**1,513**	**2,111**	**-28%**	**403**	**852**	**-53%**
Cost: income ratio (%)	32.4%	32.8%	-0.4%	30.7%	30.9%	-0.2%
Net interest margin (%)	2.57%	2.81%	-0.24%	2.54%	2.60%	-0.06%
EPS (AED)	0.27	0.38	-28%	0.07	0.15	-52%
ROE (%)	13.6%	20.9%	-7.3%	7.0%	16.8%	-9.8%

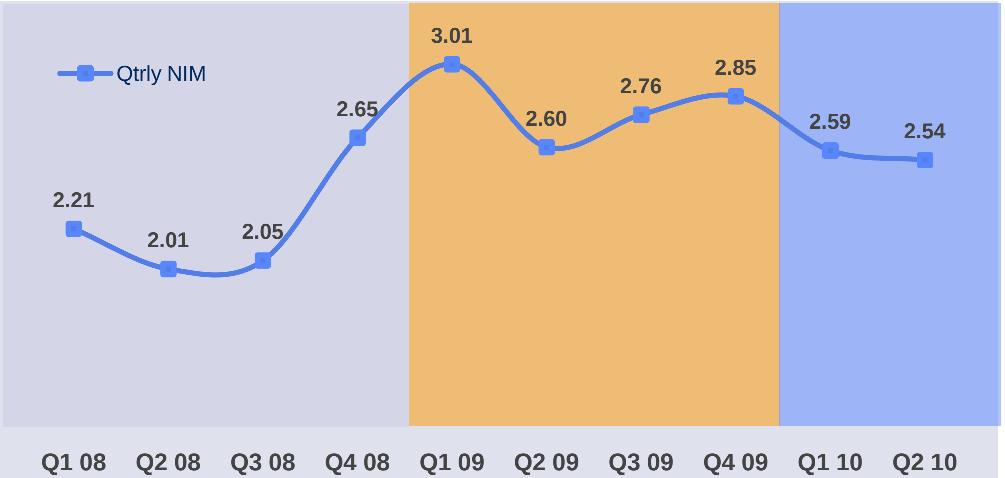
AED billion	30 Jun 2010	31 Dec 2009	Change (%)
Total assets	282.3	281.6	+0%
Loans	203.7	214.6	-5%
Deposits	197.6	181.2	+9%
Capital Adequacy Ratio (%)	19.6%	18.7%	+0.9%
Tier 1 Ratio (%)	12.5%	11.9%	+0.6%

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

Income

Net Interest Margin Trends (%)

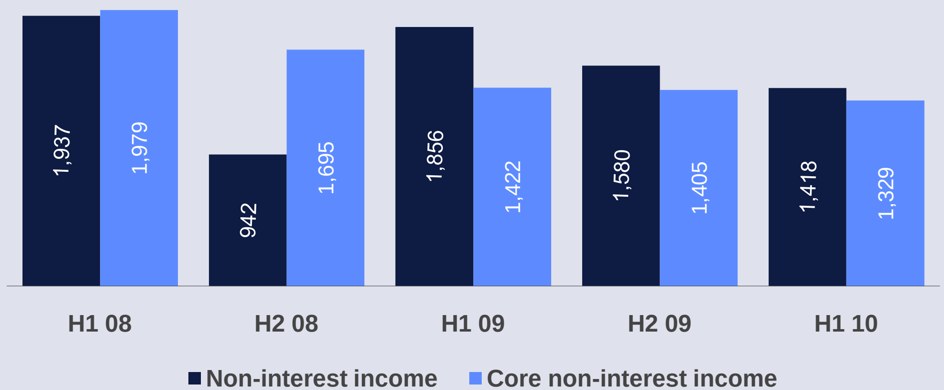
- Q2 2010 NIM of 2.54%; -5bps from 2.59% in Q1 2010:
  - Declining treasury spreads due to mix impact of higher interbank placements and lower interbank borrowings and higher interbank borrowing spreads
  - Partly offset by increased deposit spreads due to easing competition for deposits



Note: Net interest margin is calculated based on Average Interest Earning Assets (AIEA)

Non-interest Income Trends (AED million)

- Core non-interest income for H1 2010 of AED 1,329m:
  - Declined by 7% and 5% compared with H1 2009 and H2 2009 respectively due mainly to lower trade finance volumes and new underwriting
- Core non-interest income for Q2 2010 of AED 672m:
  - Remained stable vs. Q2 2009
  - Increased by 2% compared with Q1 2010



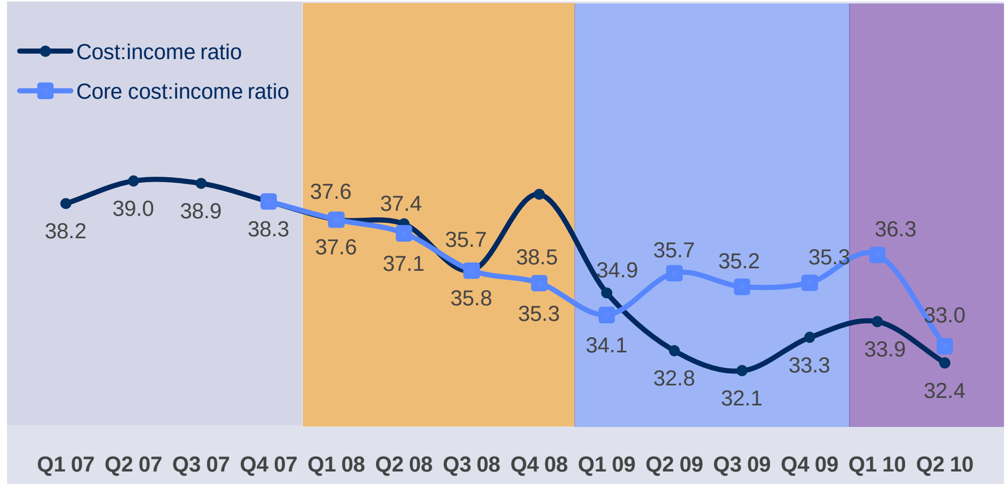
Note: Core non-interest income excludes the impact of Investment Properties and Investment/CDS income

Operating Costs and Efficiency

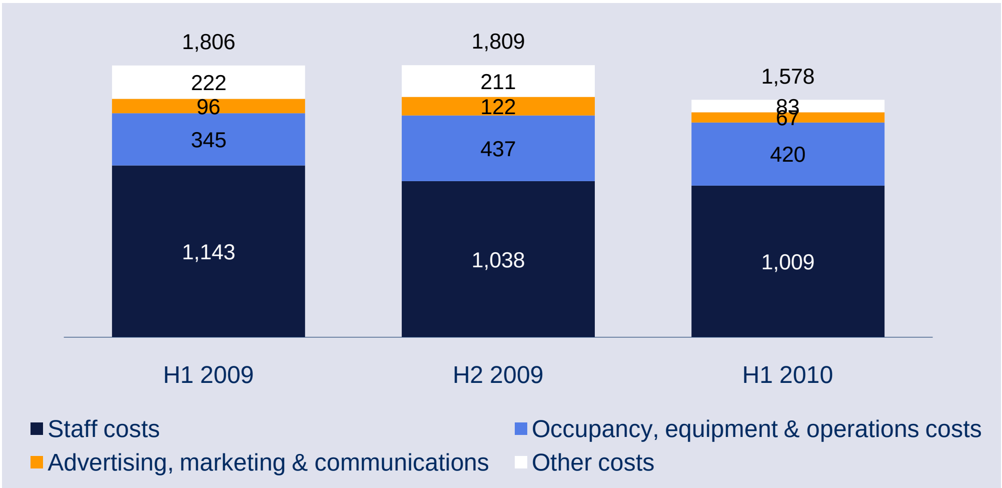
Highlights

- The headline cost to income ratio declined by 0.9% from 33.3% in 2009 to 32.4% in H1 2010
- The core cost to income ratio declined by 2.3% from 35.3% in 2009 to 33.0% in H1 2010
- Operating costs of AED 1,578 million in H1 2010; down 13% from H1 2009 and H2 2009 levels:
  - Staff costs declined as the Group continues to optimise its variable cost base on existing businesses
  - Occupancy, equipment & operations costs have increased from H1 2009 as the Bank continued to invest in technology, infrastructure and selected platforms for growth
  - Marketing costs in H2 2009 include costs relating to the launch of the new Emirates NBD brand
  - Other costs declined in H1 2010 from H1 and H2 2009 levels due to initiatives to reduce discretionary spend
- Emirates NBD is continuing to target a mid-30s core business cost to income ratio for 2010

Cost to Income Ratio Trends[1]



Operating Cost Composition (AED million)



1) *Cost to income ratios are presented on a year-to-date basis; Core cost to income ratio excludes impact of Investment/CDS income*

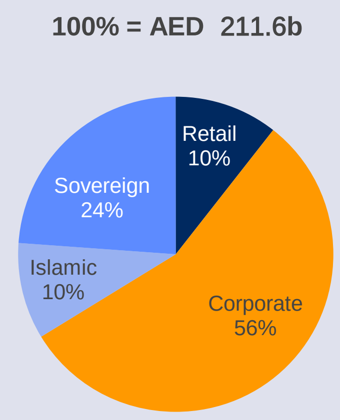
Asset Quality

Loans & Receivables and Islamic Financing

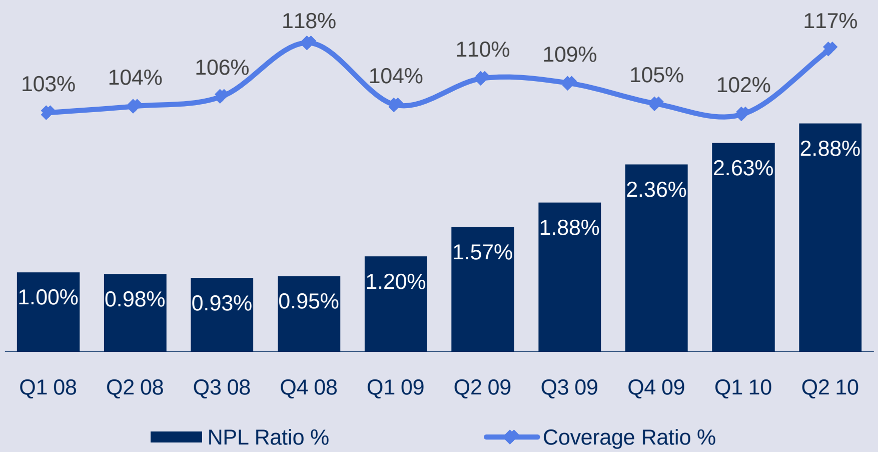
Highlights

- Credit quality remains satisfactory across the Bank's corporate and retail portfolios
- Increase in delinquencies and NPLs is within expectations; NPL formation is decelerating, particularly for retail portfolios
- NPL ratio, excluding impaired investment securities, increased to 2.88% in Q2 2010 from 2.63% in Q1 2010 and 2.36% in Q4 2009
- Added AED 668m to PIP in Q2 2010; total PIP of AED 2.6b at Q2 2010
- Dubai World restructuring progressing satisfactorily; no specific provisions or NPLs recognised to date
- Approximately 2/3rd of Saad and Al Gosaibi exposure provided

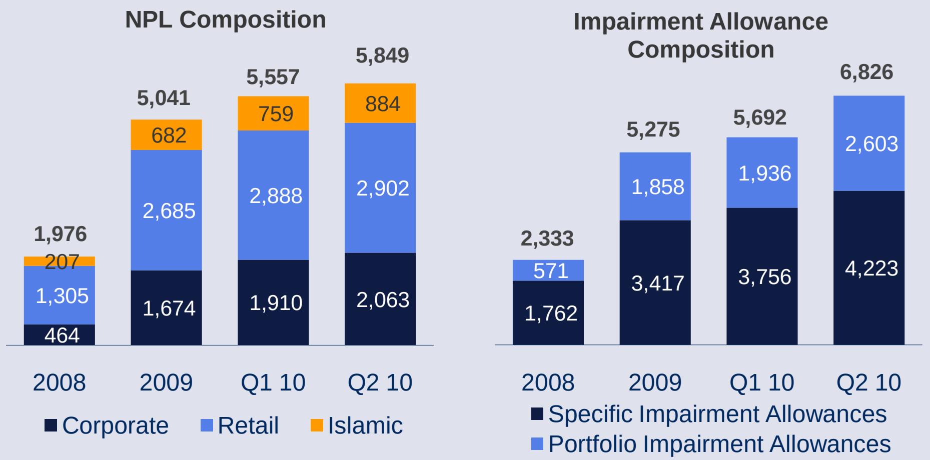
Loan Portfolio by Type – Q2 2010[1]



NPL & Coverage Ratios[2]



NPL and Impairment Allowance Composition (AED million)[2]



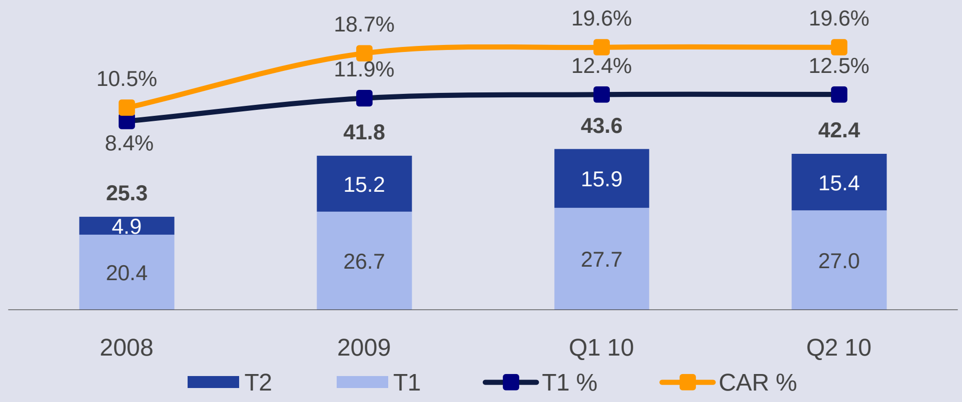
1) Loans and advances before provisions
2) NPLs, Impairment Allowances and Coverage ratios for 2008 & 2009 exclude investment securities classified as loans & receivables

Capital Adequacy

Highlights

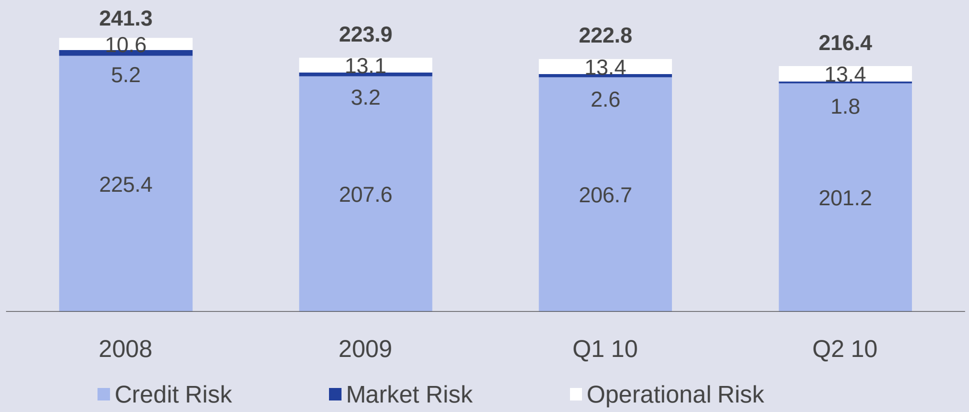
- Capital adequacy ratio at 19.6% in Q2 2010 vs. 18.7% in Q4 2009
- Tier 1 ratio increased from 11.9% in Q4 2009 to 12.5% in Q2 2010 as profit generation for the period exceeded the FY 2009 dividend payment
- Tier 2 capital increased to AED 15.4b vs. 15.2b in Q4 2009 mainly due to positive Cumulative Changes in FV, partially offset by redemption of Tier 2 securities
- Risk Weighted Assets (RWAs) declined by 3% from end-2009 levels

Capital Ratios - Basel II (AED billion)



Note: Core Tier 1 ratio was 10.6% as at end-Q2 10 compared with 10.1% at end-2009

Risk Weighted Assets – Basel II (AED billion)



Capital Movement Schedule – Basel II

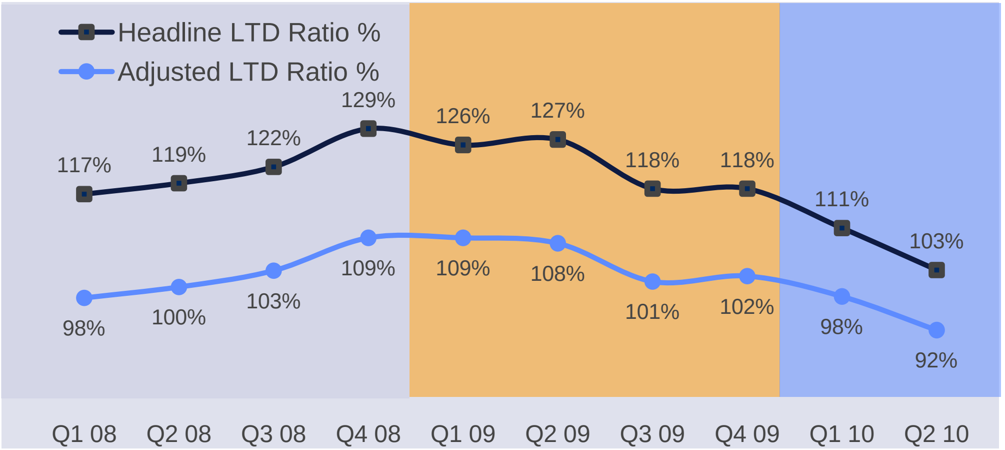
Q4 2009 to Q2 2010 (AED million)	Tier 1	Tier 2	Total
Capital as at 31.12.09	**26,654**	**15,178**	**41,832**
Net profits generated	1,509	-	1,509
FY 2009 Dividend paid	(1,112)	-	(1,112)
Recognition of MOF deposits as T2 capital	-	18	18
Interest onT1 securities	(130)	-	(130)
Cumulative changes in FV	-	542	542
Redemption of T2 securities	-	(350)	(350)
Other	51	4	54
Capital as at 30.06.2010	**26,972**	**15,392**	**42,364**

Funding and Liquidity

Highlights

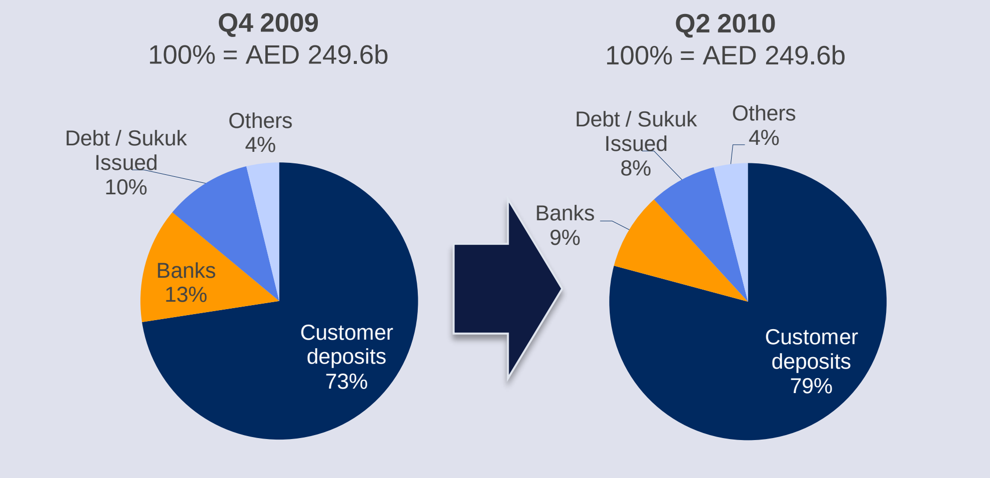
- Funding remains stable and deposit mobilisation initiatives proved successful; headline LTD ratio 103% at end-Q2 2010 vs. 118% at end-2009
- Continue to access stable interbank lines and source bilateral deposits at attractive pricing
- Liquidity backstop facilities of AED 27.8b unused; net liquid assets of AED 18.7b at end-Q2 2010 vs. AED 3.9b liability position at end-2009
- Access to wholesale funding remains challenging
  – term debt maturity profile well within funding capacity
  – total wholesale debt represents 8% of liabilities
  – net reduction in debt outstanding of AED 5.7b in H1 2010
  – planning USD 250 million auto loan securitisation

Loan to Deposit Ratios (%)

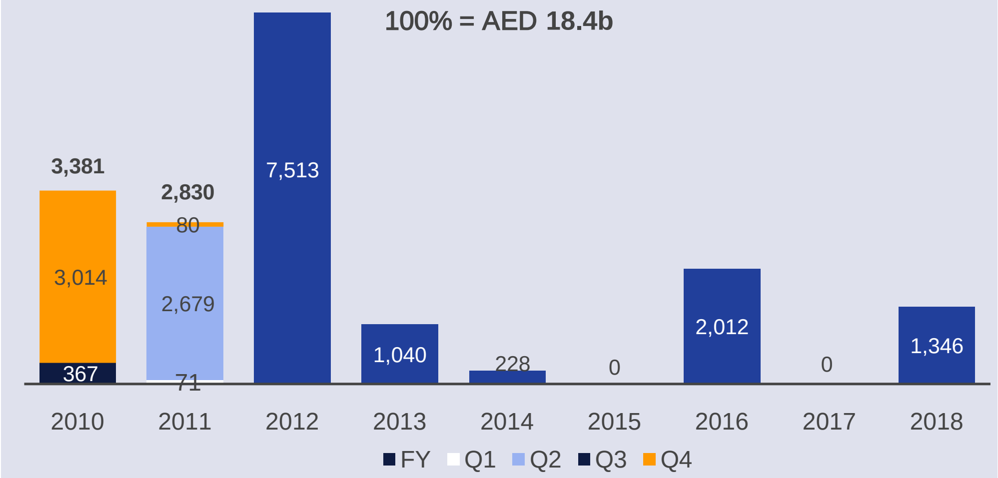


Note: Adjusted LTD ratio includes Debt Issued and Other Borrowed Funds, Sukuk Payable and Tier 1 Capital Notes in the denominator

Composition of Liabilities (%)



Maturity Profile: Debt Issued (AED million)



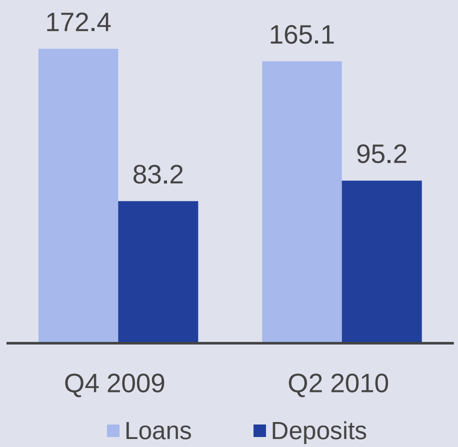
Note: Debt Issued includes EMTNs of AED 12.8b and syndicated borrowings from banks of AED 5.5b

Divisional Performance

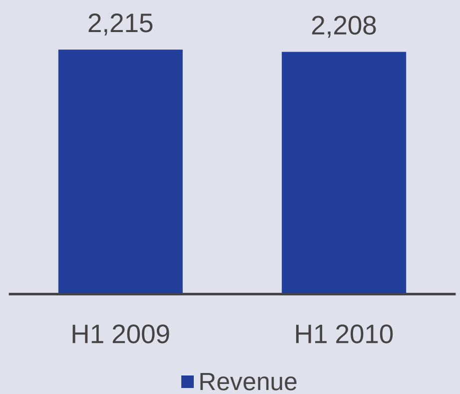
Corporate Banking

- Corporate Banking recorded a positive half year
- Key focus during the period was on balance sheet optimisation, continued proactive management of credit quality, building non-risk based and fee generating businesses
- Revenue was flat year-on-year as increased net interest income due to active asset re-pricing was offset by reduced fee income from lower trade finance and new underwriting
- Loans decreased by 4% from end-2009
- Deposits grew 14% from end-2009

AED billion



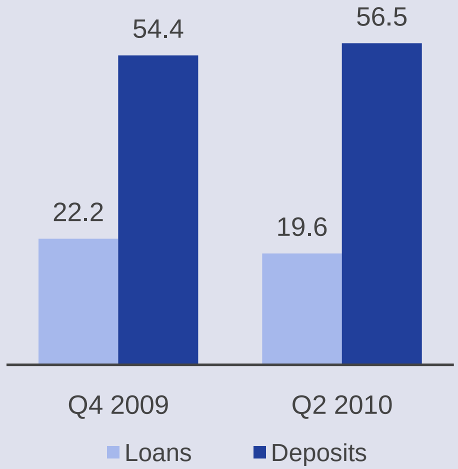
AED million



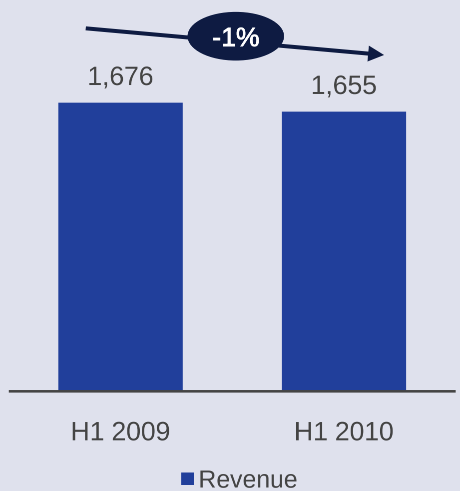
Consumer Banking & Wealth Management

- CWM continues to expand and build on distribution reach with distribution network strengthened to 102 branches and ATM & SDM network now at 510 and 129 respectively
- Continued expansion in Private Banking business; now almost 60 RMs; Private Banking customer deposits continue to grow
- Revenue declined 1% year-on-year as strong growth in fee income was offset by declining net interest income due to increased deposit costs and declining loan balances
- Loans declined by 12% from end-2009
- Deposits grew 4% from end-2009

AED billion



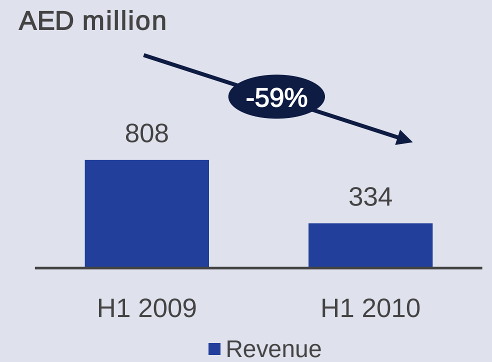
AED million



Divisional Performance (cont'd)

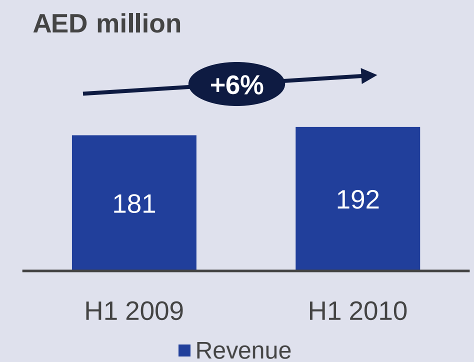
Global Markets & Treasury

- Revenues in H1 2010 were AED 334m compared with AED 808m in H1 2009, the decline being primarily due to contraction in the spreads generated from interbank funding in H1 2010 compared with H1 2009
- The Trading business had an excellent half year, capitalising on favourable opportunities in the Middle East equity and credit markets



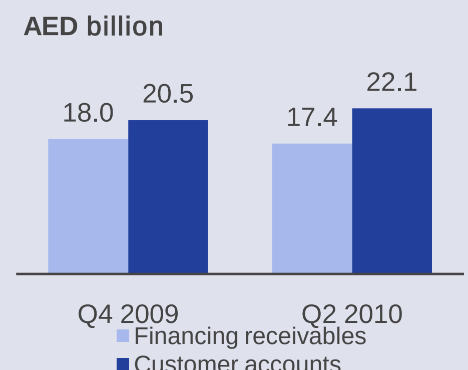
Network International

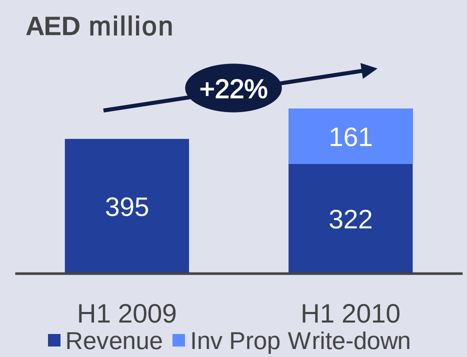
- 6% increase in H1 2010 revenue vs. H1 2009
- Processing income grew 14% while acquiring revenues were broadly flat as reduced margins have offset a 12% growth in acquiring volumes
- Serves over 10,000 merchants and 49 banks and financial institutions in the region



Emirates Islamic Bank

- EIB revenue declined by 18% year-on-year to AED 322m in H1 2010 (net of customers' share of profit)
- Income includes AED 161m write-down on investment properties; underlying income growth of 22%
- Financing receivables declined 3% to AED 17.4b from end-2009
- Customer accounts grew by 8% to AED 22.1b from end-2009
- Total number of EIB branches at H1 2010 totaled 31 with an ATM &SDM network of 74 and 27 respectively





Note: Stand-alone Financial Statements for Network International and Emirates Islamic Bank may differ from the above due to consolidation adjustments

Strategic Imperatives for 2010

	Objectives	Evidence of success in Q1 2010
Optimise Balance Sheet	▪ **Prudent lending growth** ▪ **Focus on funding** – Leverage distribution network – Maintain & develop wholesale sources of medium/long term funding – Implement liability retention and gathering plans ▪ **Optimise capital allocation** – Deploy capital allocation model based on economic capital – Review non-core activities (e.g. proprietary investment portfolio)	▪ **CAR** strengthened to 19.6% from 18.7% at end-2009 ▪ **Tier 1** increased to 12.5% from 11.9% at end-2009 ▪ **RWAs** declined by 3% from end-2009 ▪ **Deposits** grew by 9% from end-2009 vs.5% decrease in loans, lowering the LTD ratio to 103% and adjusted LTD ratio to 92%
Drive Profitability	▪ **Maximise customer revenue** – Capture re-pricing opportunities – Cross-sell Treasury and Investment Banking services to corporate clients ▪ **Improve customer retention and deliver distinctive customer service** ▪ **Continue to optimise cost position**	▪ H1 2010 **costs** declined by 13% to AED 1,578m million from H2 2009 ▪ **ROE** of 13.6% for H1 2010 despite significant build-up of PIP
Enhance Risk Management	▪ **Continue to strengthen risk management, governance and controls** – Enhance & implement internal rating, scoring and risk models – Enhance operational risk management framework – Strengthen risk function and governance	▪ **Credit metrics** remain robust and within expectations ▪ **Credit NPL ratio** increased to 2.88% from 2.36% at end-2009
Selectively Invest in Platforms for Growth	▪ **Exploit domestic & regional expansion opportunities** – Abu Dhabi retail banking expansion – Emirates Islamic Bank UAE expansion – Private Banking, Priority Banking and SME Banking expansion – Organic growth in GCC (e.g. KSA) – Opportunistically evaluate inorganic regional expansion opportunities	▪ Completion of establishing the new Emirates NBD brand ▪ Continue to build Private Bank proposition; now almost 60 RMs ▪ Priority and SME banking concepts rolled out ▪ Singapore rep office upgraded to branch ▪ Continue to evaluate inorganic opportunities

Outlook

- While Q1 2010 witnessed early signs of stability and increased economic activity and confidence in the UAE, economic activity in Q2 2010 has remained relatively subdued given renewed Global uncertainties
- Dubai remains well-positioned:
    - Due to its strategic location and advanced infrastructure, Dubai remains unrivalled as the region's key economic, trading and financial hub
    - Lower inflation, stable USD and property market declines have enhanced Dubai's cost-competitiveness
    - Underlying economic activity in traditional trade, manufacturing and tourism sectors are showing signs of recovery
    - Good progress is being made in resolving key debt restructurings
- Emirates NBD is optimistic about the expected economic recovery and is well placed to take advantage of selected growth opportunities
    - Global economic recovery is expected to continue, albeit at a lower rate
    - UAE GDP is expected to recover modestly to c.2.5% in 2010 and c.4% in 2011
    - Expected resolution of key debt restructurings in H2 2010 is expected to improve confidence and economic activity
    - The financial sector is now showing signs of emerging from the deleveraging process which commenced at the end of 2008

Summary

- Robust financial performance with steady core income compared with Q1 2010

- Cost rationalisation initiatives proving successful evidenced by reductions in absolute levels of expenses and in the cost to income ratio

- Significantly improved liquidity metrics and strong capital ratios due to success of balance sheet optimisation initiatives

- Credit quality remains tightly managed and within expectations
- Portfolio impairments now at AED 2.6 billion

- Continued focus in H2 2010 on balance sheet optimisation, profitability and risk management enhancement while selectively investing in platforms for growth

- Dubai remains well-positioned as the region's key economic, trading and financial hub
- Emirates NBD is optimistic about the expected economic recovery and is well placed to take advantage of selected growth opportunities

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