Emirates NBD

Q2 2011 Results Presentation

July 25, 2011

Important Information

Disclaimer

The material in this presentation is general background information about Emirates NBD's activities current at the date of the presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

The information contained herein has been prepared by Emirates NBD. Some of the information relied on by Emirates NBD is obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

Forward Looking Statements

It is possible that this presentation could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

Emirates NBD undertakes no obligation to revise or update any forward looking statement contained within this presentation, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Q2 2011 Financial Results Highlights

Q2 2011 Financial Results Highlights

- **Net profit of AED 744 million**, +85% vs. Q2 2010 and -47% vs. Q1 2011
- **Net interest income grew 5% q-o-q** to **AED 1,731 million** due to net interest margin improvement to 2.53% in Q2 2011 from 2.41% in Q1 2011
- **Non-interest income improved** by 43% y-o-y and 38% q-o-q due to higher investment securities income and AED 160 million gain recognised on LT2 debt exchange offer; **core fee income broadly stable**
- Continuation of balance sheet **de-risking** through increased **Portfolio Impairment Allowances of AED 981 million,** substantially to cover future contingencies
- **Costs increased by 2% q-o-q** to AED 826 million in Q2 2010 resulting from continued **investment in future growth; cost to income ratio improved** 3.6% q-o-q to 32.1% driven by improved top-line growth
- Signs of modest **pickup in new underwriting**
- **Deposits declined 5% q-o-q but remained flat vs. end-2010** due to balance sheet optimisation initiatives

Key Performance Indicators

AED million	Q2 2011	Q2 2010	Change (%)	Q1 2011	Change (%)
Net interest income	1,731	1,723	+0%	1,648	+5%
Non-interest income	843	591	+43%	612	+38%
Total income	**2,574**	**2,314**	**+11%**	**2,260**	**+14%**
Operating expenses	(826)	(704)	+17%	(808)	+2%
Operating profit before impairment allowances	**1,748**	**1,610**	**+9%**	**1,452**	**+20%**
Impairment allowances	(981)	(1,193)	-18%	(1,369)	-28%
Operating profit	**767**	**417**	**+84%**	**83**	**+823%**
Amortisation of intangibles	(23)	(23)	-	(23)	-
Associates	32	17	+93%	(477)	n/a
Gain on subsidiaries	(22)	-	n/a	1,835	n/a
Taxation charge	(9)	(7)	+29%	(5)	+91%
Net profit	**744**	**403**	**+85%**	**1,413**	**-47%**
Cost: income ratio (%)	32.1%	30.4%	+1.7%	35.7%	-3.6%
Net interest margin (%)	2.53%	2.57%	-0.04%	2.41%	+0.12%
EPS (AED)	0.12	0.06	+104%	0.24	-50%

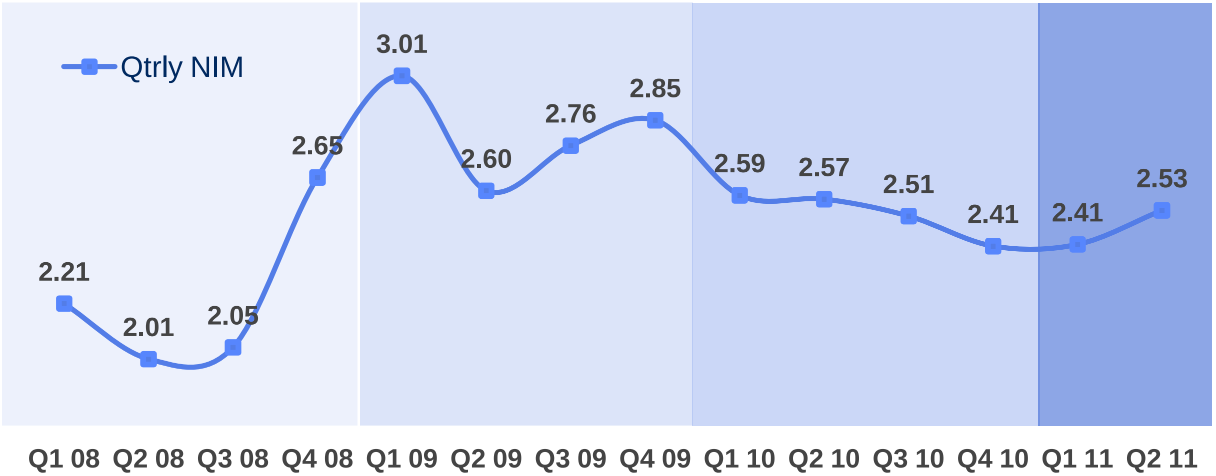
AED billion	30 Jun 2011	31 Dec 2010	Change (%)	31 Mar 2011	Change (%)
Loans	193.2	197.1	-2%	194.4	-1%
Deposits	200.5	200.0	+0%	212.0	-5%

Net Interest Income

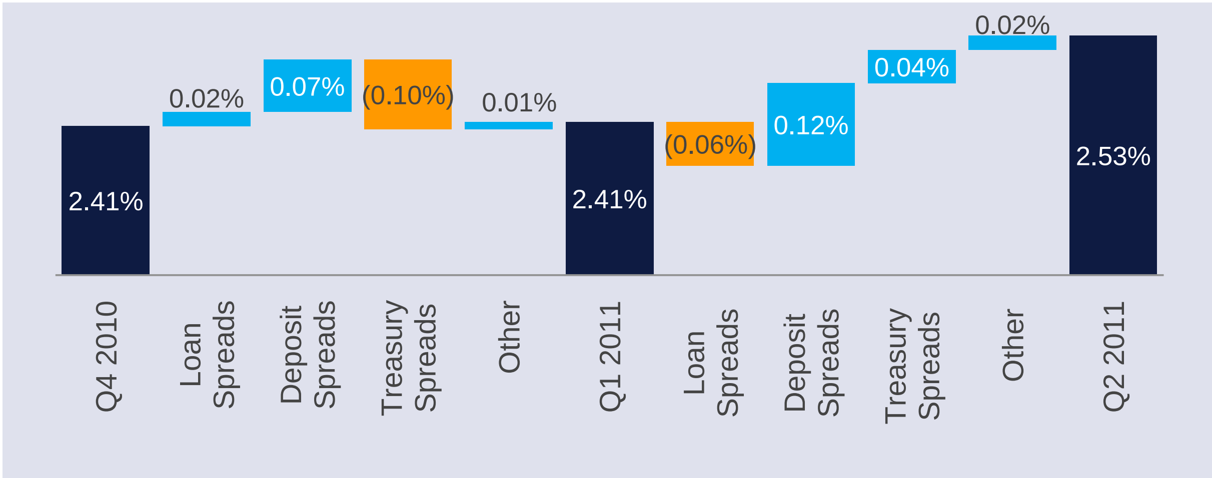
Highlights

- **NIM of 2.53%** at Q2 2011 **improved by 12 bps** from 2.41% in Q1 2011:
  - o Direct positive impact of downward re-pricing on deposits as well as resultant positive mix impact of higher LTD ratio and lower cash and interbank balances
  - o Offset by moderate loan spread compression
- **Net interest income grew 5% q-o-q** to **AED 1,731 million** as NIM improvement offset a 1% decline in average interest assets to AED 270.2 billion

Net Interest Margin (%)



Net Interest Margin Drivers (%)



Non Interest Income

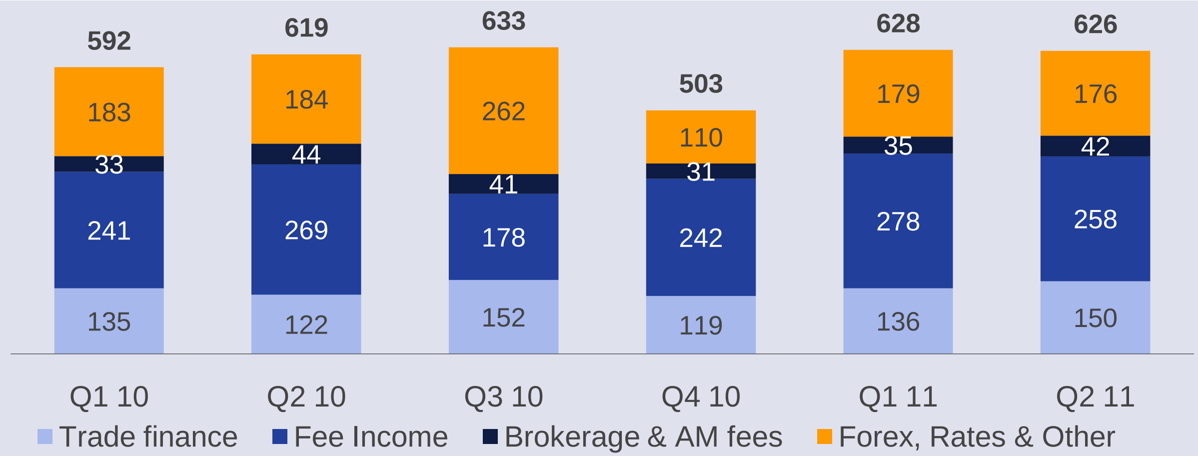
Highlights

- **Non-interest income improved** by 43% y-o-y and 38% q-o-q due to:
  - o higher investment securities income
  - o AED 160 million gain recognised in Q2 2011 on LT2 debt exchange offer
- **Core fee income broadly stable** compared with Q2 2010 and Q1 2011, key trends being:
  - o pickup in trade finance income (+10% q-o-q and +23% y-o-y)
  - o modest reduction in banking fee income (-7% q-o-q and -4% y-o-y)

Composition of Non Interest Income (AED million)

AED million	Q2 2011	Q2 2010	Change (%)	Q1 2011	Change (%)
Core gross fee income	626	619	+1%	628	-0%
Fees & commission expense	(41)	(30)	+36%	(28)	+42%
Core fee income	**585**	**589**	**-1%**	**600**	**-2%**
Investment properties	(3)	(77)	n/a	0	n/a
Investment securities	101	(6)	n/a	12	n/a
Network International	-	85	n/a	-	n/a
Gain on debt exchange	160	-	n/a	-	n/a
Total Non Interest Income	**843**	**591**	**+43%**	**612**	**+38%**

Composition of Core Gross Fee Income (AED million)

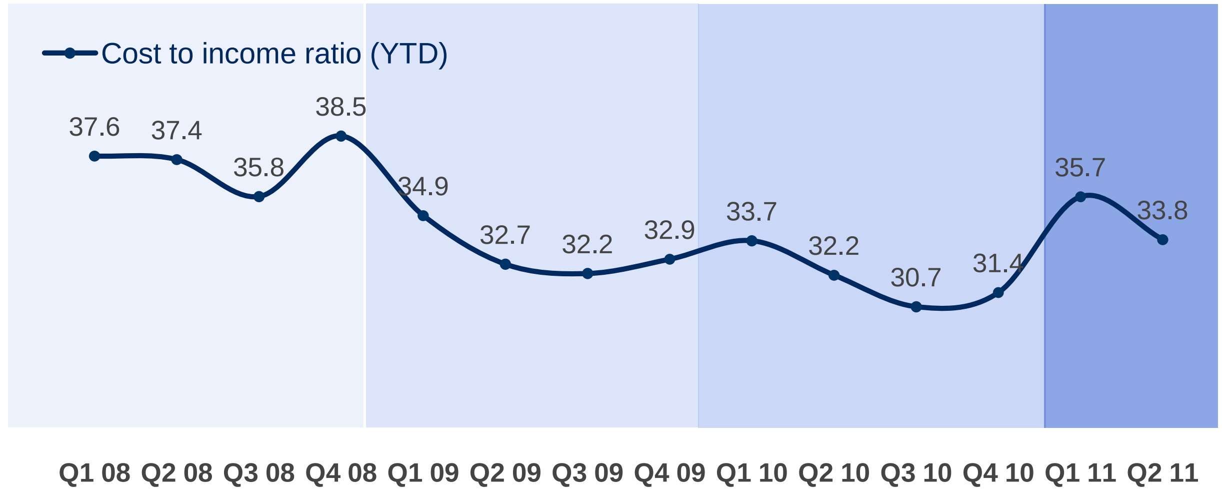


Operating Costs and Efficiency

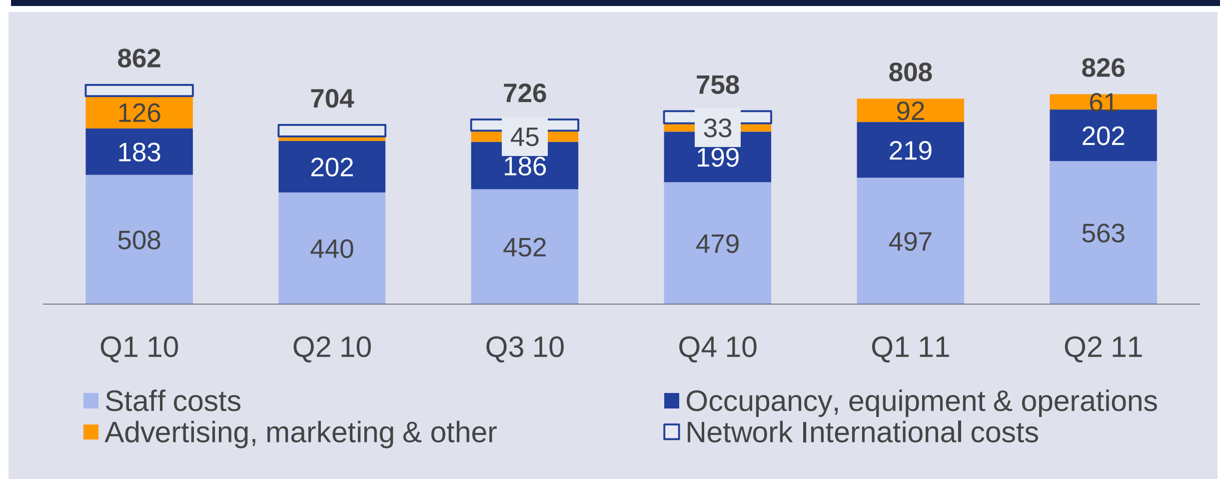
Highlights

- **Costs increased by 2% q-o-q** to AED 826 million in Q2 2011 resulting from continued **investment in future growth** across advertising and marketing costs, and expansion of retail distribution and sales force
- The **cost to Income ratio reduced by 1.9%** to 33.8% in H1 2011 from 35.7% for 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 (%)



Cost Composition (%)

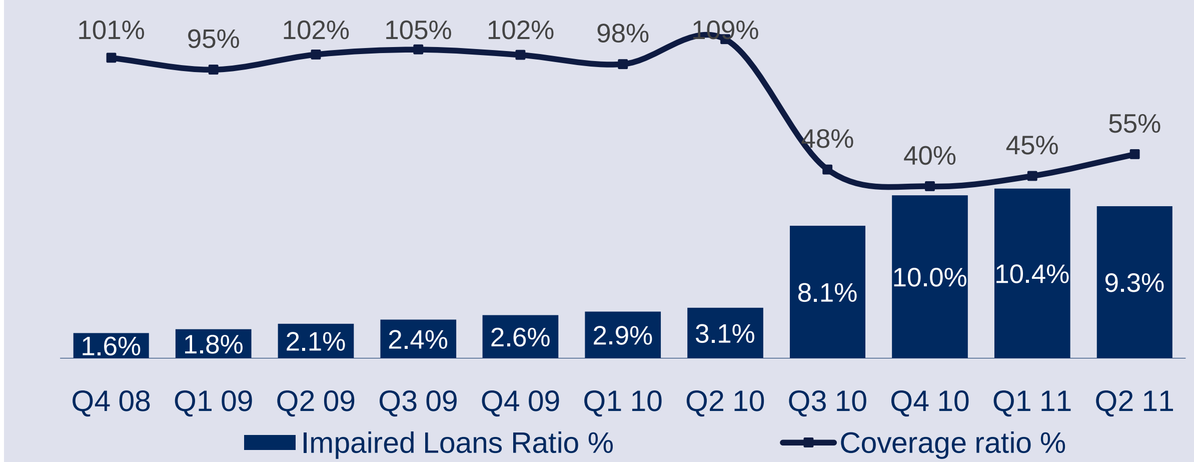


Credit Quality

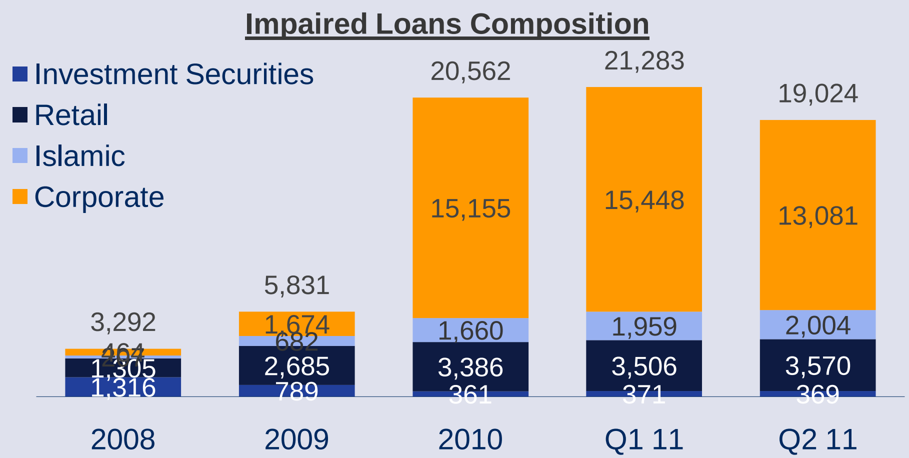
Highlights

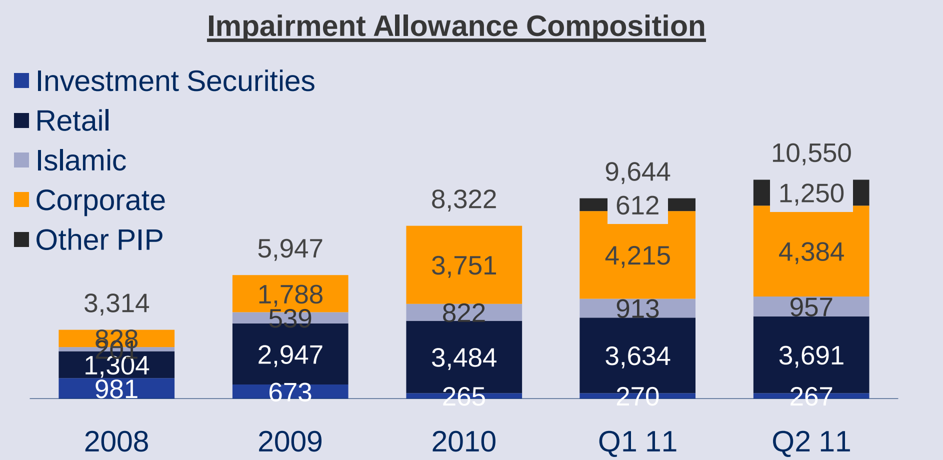
- The **impaired loans ratio improved** by 1.1% in Q2 2011 to 9.3%
- **Portfolio impairment allowances increased by AED 981 million** in Q2 2011, substantially to cover future contingencies
- Total Portfolio Allowances of AED 3.8 billion or **2.4% of credit Risk Weighted Assets**
- **Provision coverage** of impaired loans **improved to 55%** from 45% at the end of Q1 2011

Impaired Loans & Coverage Ratios (%)



Impaired Loans & Impairment Allowance Composition (AED million)



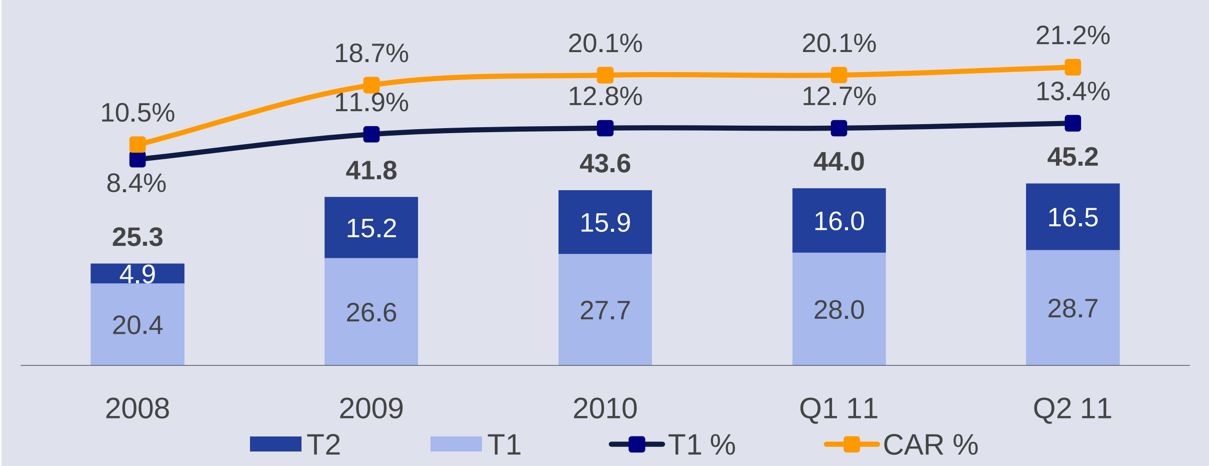


Capital Adequacy

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

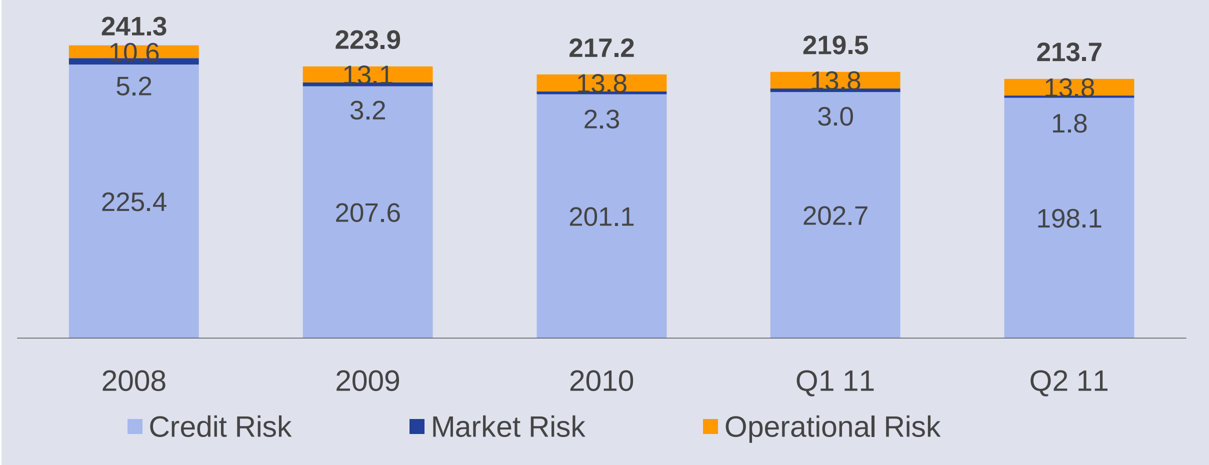
Capital Ratios - Basel II (AED billion)



Capital Movements (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 payable	(1.1)	-	(1.1)
Interest onT1 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**

Risk Weighted Assets – Basel II (AED billion)

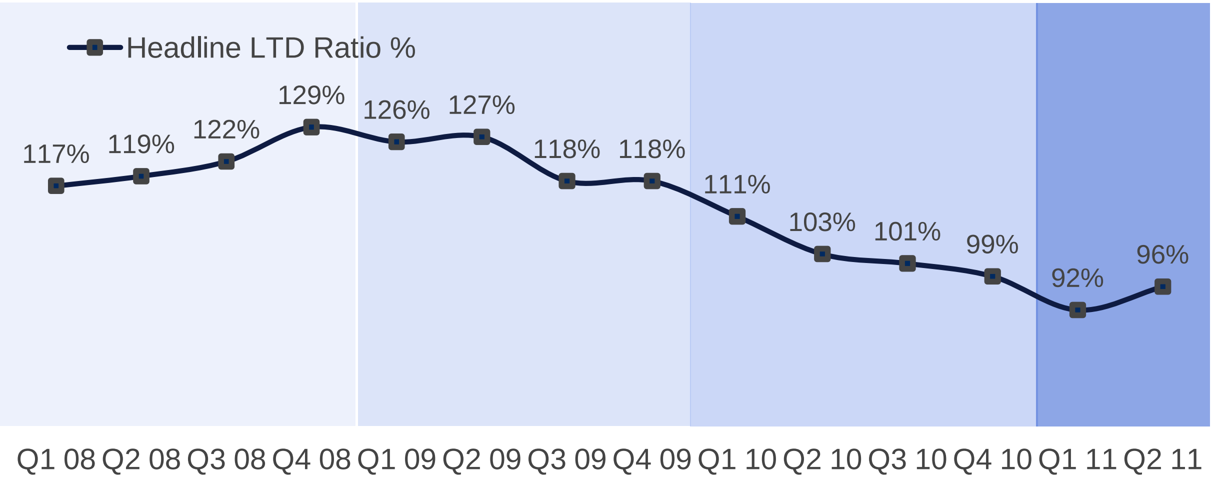


Funding and Liquidity

Highlights

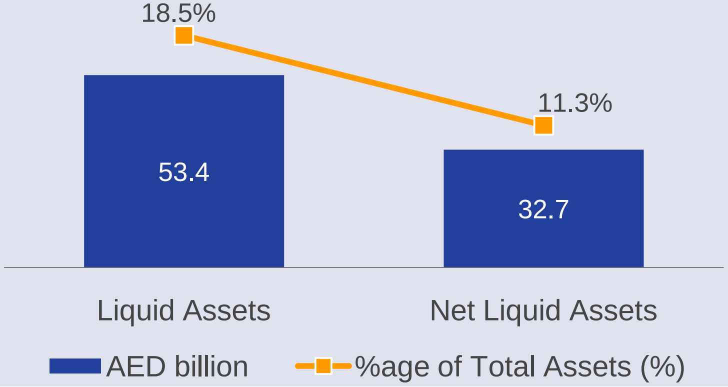
- Headline **LTD ratio of 96%** at Q2 2011 due to pro-active management action to target range of 95%-100%
- **Central Bank LTD ratio of 94%** at Q2 2011
- **Liquid assets of AED 53.4 billion** as at 30 June 2011 (18.5% of total assets);
- **Backstop facilities** of AED 36.2 billion **unused**
- **Debt maturity profile** well **within** existing **funding capacity**
- **LT2 exchange offer** conducted during Q2 2011

Loan to Deposit Ratios (%)

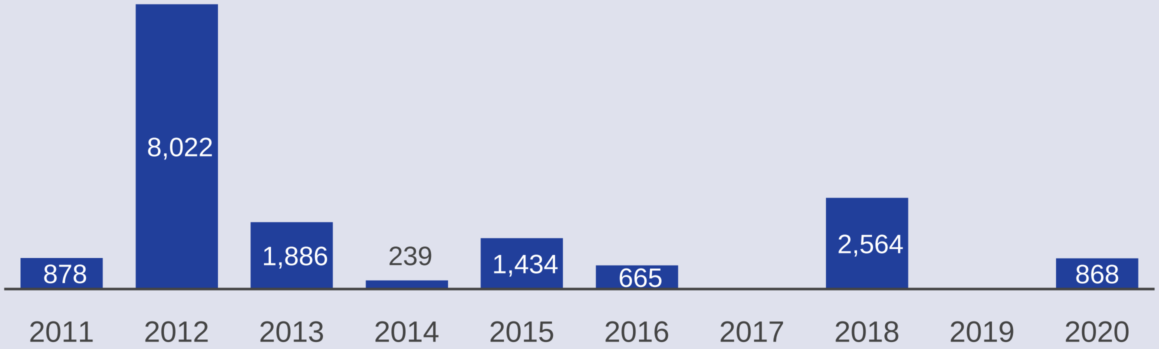


Liquid Assets and Maturity of Debt Issued (AED million)

Liquid Assets
Q2 2011



Maturity Profile of Debt issued
100% = AED 16.6b



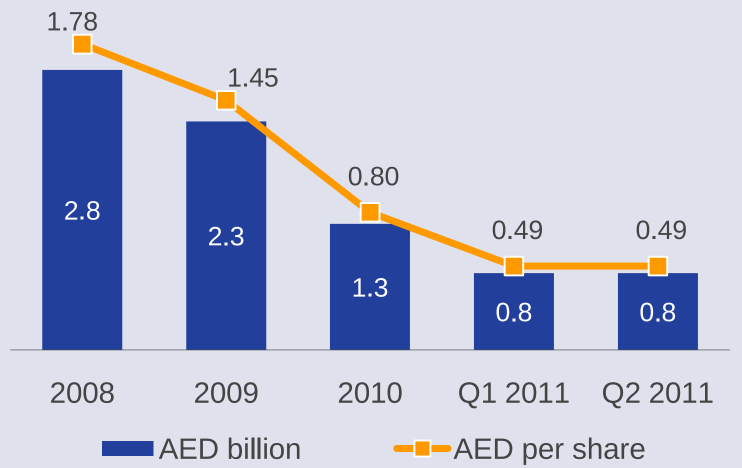
Associates and Joint Ventures

Composition of Balances

Highlights

- **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 1.3 billion at the end of Q2 2011

Investment in Union Properties



Composition of Associates & Joint Ventures (AED million)

Income Statement AED million	Q2 2011	Q2 2010	Change (%)	Q1 2011	Change (%)
Union Properties	-	8	n/a	(500)	n/a
- Share of profit/(loss)*	-	8	n/a	(74)	n/a
- Impairment of investment	-	-	n/a	(426)	n/a
National General Insurance	10	8	+30%	4	+133%
Network International	22	1	n/a	19	+16%
Total	**32**	**17**	+93%	**(477)**	**n/a**

Balance Sheet AED million	Q2 2011	Q4 2010	Change (%)	Q1 2011	Change (%)
Union Properties	782	1,282	-39%	782	-
National General Insurance	131	130	+1%	121	+9%
Network International	1,322	-	n/a	1,300	+2%
Total	**2,235**	**1,412**	**+58%**	**2,203**	**+1%**

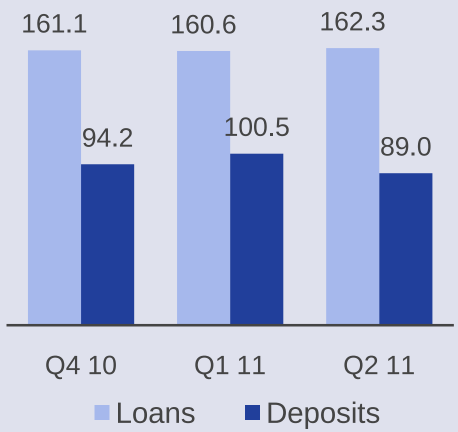
** Emirates NBD share of losses for Union Properties for Q1 2011 includes an amount of AED 74 million loss pertaining to the 2010 financial year*

Divisional Performance

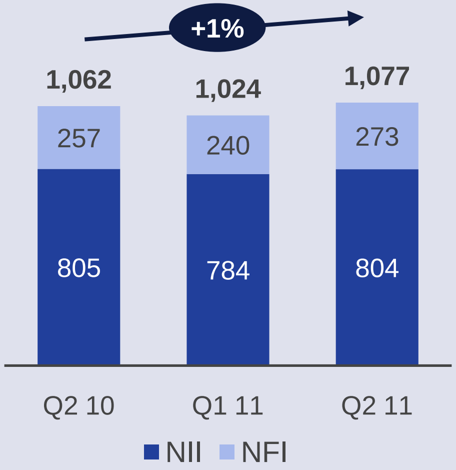
Wholesale Banking

- **Key focus** during Q2 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** increased 1% year-on-year due to a 6% improvement in fee income, while net interest income was stable; compared with Q1 2011, both net interest income and fee income rose by 2% and 14% respectively
- **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



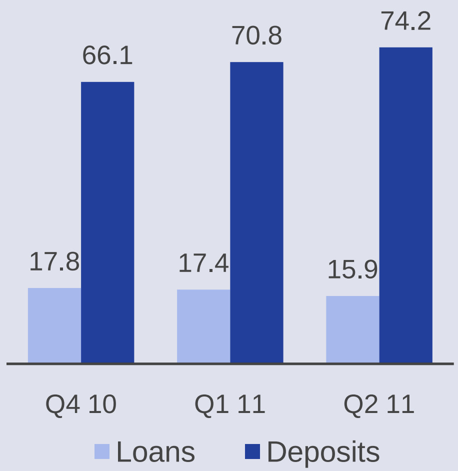
Revenue Trends
AED million



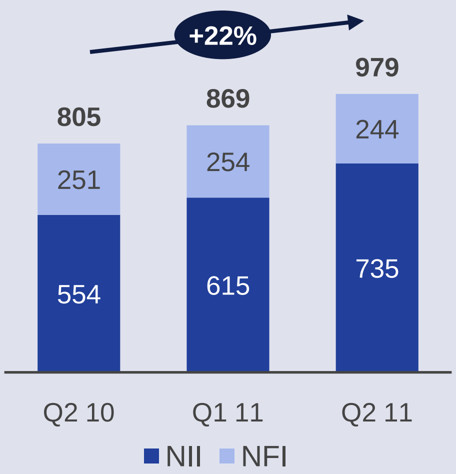
Consumer Banking & Wealth Management

- 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 2010 to reach AED 33.7 billion
- **Revenue** improved 22% year-on-year due to strong 33% growth in net 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



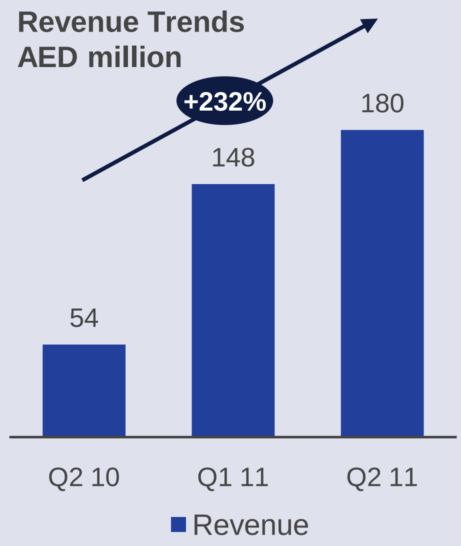
Revenue Trends
AED million



Divisional Performance

Global Markets & Treasury

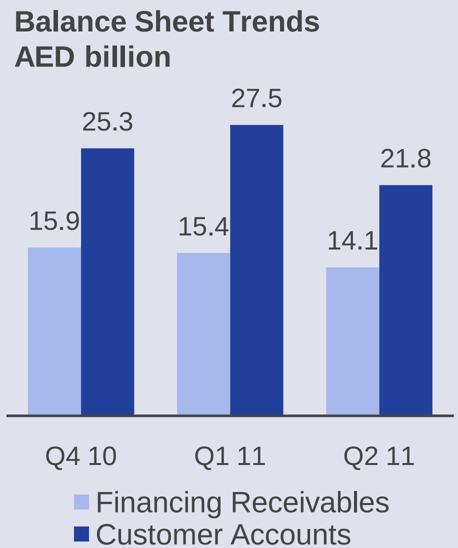
- **Revenue** improved to AED 180 million in Q2 2011 compared with AED 54 million in Q2 2010 driven primarily by valuation gains on investments and yield enhancement from balance sheet management activities
- **Treasury Trading** activity remained relatively subdued as continuing political tensions in the Middle East and financial crisis in some European countries led to increased volatility in global equity markets and lower foreign institutional interest in Regional markets
- **Treasury Sales** recorded a moderate pickup in activity toward the end of Q2 as customers started to exhibit greater demand for interest rate hedging products; foreign exchange flow business also improved with both retail and corporate clients in line with increased regional trade

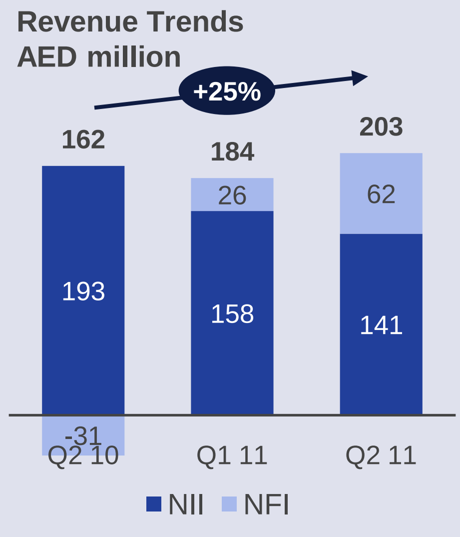


Emirates Islamic Bank

- EIB **revenue** increased by 25% year-on-year to AED 203 million in Q2 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** now 32 through the addition of 1 branch in Dubai and 1 branch in Sharjah during H1 2010; the ATM & SDM network totals 98

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





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% 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 ▪ **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% y-o-y 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**, although the impact has to date not been significant on local and regional markets
- **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 of AED 744 million for Q2 2011**, up 85% y-o-y; **Net profit for H1 2011** of AED 2.2 billion **up 43% from H1 2010**
- **Top-line trends encouraging** with pickup in q-o-q net interest income and non-interest income of 5% and 38% respectively
- **Improvement** of almost 1% **in impaired loans ratio** and reduced provisioning/NPL formation trends in Q2
  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**

Investor Relations
PO Box 777
Emirates NBD Head Office, 4th Floor
Dubai, UAE
Tel: +971 4 201 2606
Email: IR@emiratesnbd.com

Ben Franz-Marwick
Head, Investor Relations
Tel: +971 4 201 2604
Email: bernhardf@emiratesnbd.com

Emirates NBD