

Q3 2013 Results Presentation

October 24, 2013



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Highlights

- Net interest income rose 18% q-o-q and 30% y-o-y helped by increased volumes in higher yielding retail products, declining EIBOR, cheaper bank borrowings, more efficient capital structure and contribution from our business in Egypt
- Non-interest income improved 13% y-o-y but declined 12% q-o-q due to seasonal effects
- Costs rose 7% q-o-q (2% excluding the newly acquired Egypt business), cost to income ratio improved by 0.3% to 33.0%
- Pre-impairment operating profit improved 8% q-o-q and 29% y-o-y
- Conservative provisioning in line with guidance for the year with net impairment allowances at AED 1.5 billion, increasing the coverage ratio by over 2% to 54.8%
- Gain of AED 191 million on disposal of stake in Union Properties
- Net profit of AED 775 million improved 21% y-o-y and declined 20% q-o-q
- Net loans increased 1% q-o-q
- Deposits declined 1% q-o-q
- Headline LTD ratio of 102.5% remains within 95-105% target range

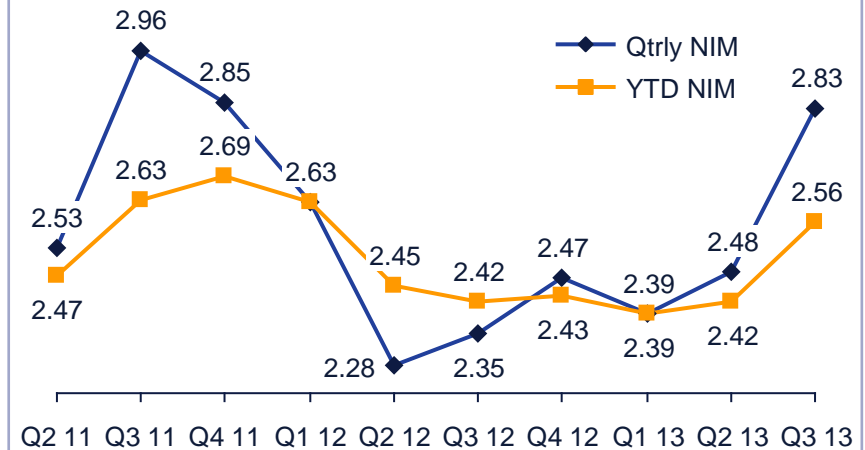
Key Performance Indicators

AED million	Q3 13	Q2 13	Better/ (Worse)	Q3 12	Better/ (Worse)
Net interest income	2,254	1,913	18%	1,730	30%
Non-interest income	891	1,007	(12%)	791	13%
Total income	3,145	2,920	8%	2,521	25%
Operating expenses	(1,038)	(973)	(7%)	(874)	(19%)
Amortisation of intangibles	(16)	(16)	0%	(20)	21%
Pre-impairment operating profit	2,091	1,931	8%	1,627	29%
Impairment allowances	(1,515)	(996)	(52%)	(1,009)	(50%)
Operating profit	576	935	(38%)	618	(7%)
Share of profits from associates	34	41	(16%)	27	26%
Gain on disposal of stake in associate	191	0	n/a	0	n/a
Taxation charge	(26)	(3)	(654%)	(5)	(420%)
Net profit	775	973	(20%)	640	21%
Cost: income ratio (%)	33.0%	33.3%	0.3%	34.7%	1.7%
Net interest margin (%)	2.83%	2.48%	0.35%	2.35%	0.48%
AED billion	30-Sep-13	30-Jun-13	%	31-Dec-12	%
Total assets	332.3	334.8	(1%)	308.3	8%
Loans	234.4	231.8	1%	218.2	7%
Deposits	228.6	230.3	(1%)	213.9	7%

Highlights

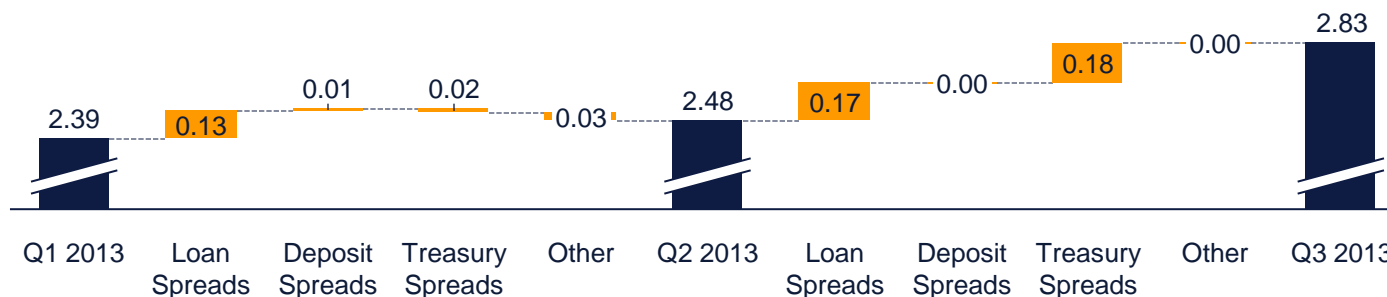
- NIM improved by 35bps to 2.83% in Q3 2013 from 2.48% in Q2 2013 due to a 17bps increase in loan spreads and an 18bps increase in Treasury spreads
- Loan spreads improved as retail volumes increased for this higher yielding business, coupled with increased margins from the Egyptian business and a positive impact from the drop in EIBOR rates.
- Treasury spreads improved due to cheaper bank borrowings and from increased hedging income as the Bank took advantage of the recent rise in swap rates to hedge some positions

Net Interest Margin (%)



Net Interest Margin Drivers (%)

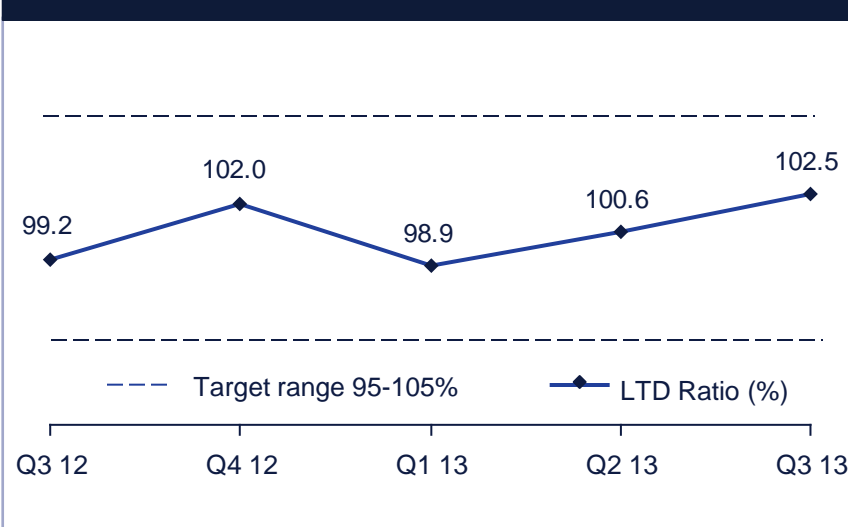
Q1 2013 to Q3 2013



Highlights

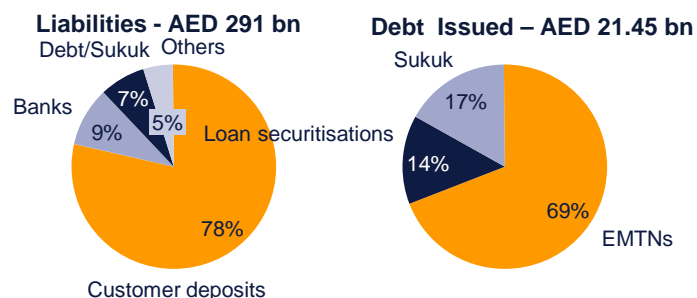
- Headline LTD ratio of 102.5% at Q3 2013
- The LTD ratio is being managed within a target range of 95%-105%
- Liquid assets* of AED 33.7 billion as at 30 September 2013 (11.6% of total liabilities)
- Debt maturity profile comfortably within existing funding capabilities
- Issued AED 3.67 billion of Tier 1 capital notes in 2013
- Issued AED 3.12 billion of Tier 2 notes in 2013
- Issued AED 3.08 billion of senior debt in 2013
- Repaid AED 7.8 billion to Ministry of Finance in H1 2013

Loan to Deposit (LTD) Ratio (%)

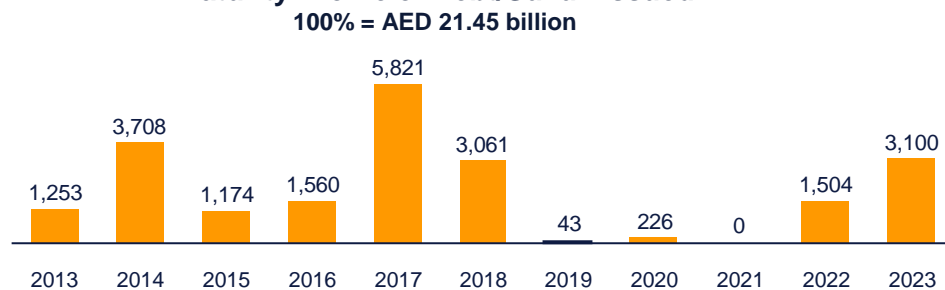


Composition of Liabilities/Debt Issued and Maturity Profile of Debt Issued (AED million)

Liabilities and Debt Issued



Maturity Profile of Debt/Sukuk Issued

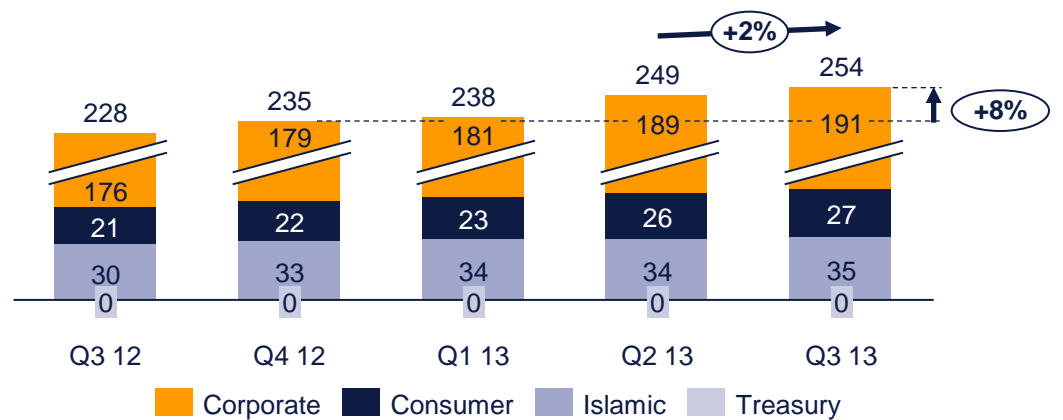


*including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

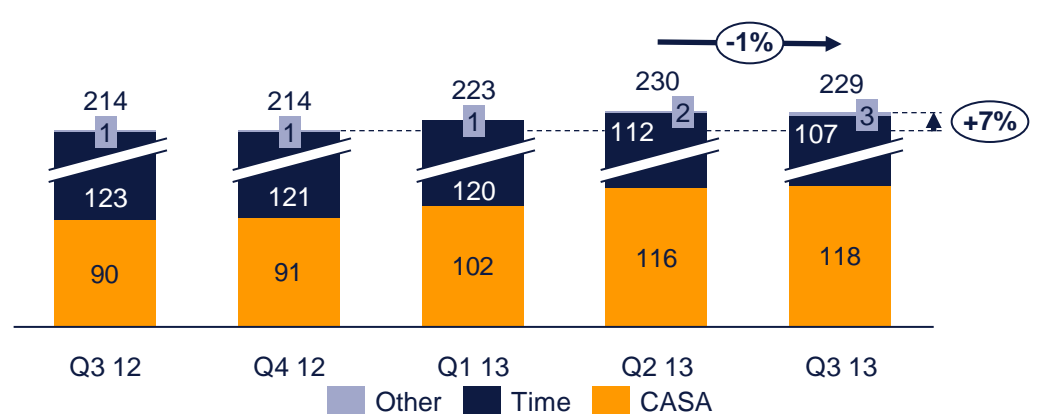
Highlights

- Signs of modest pickup in new underwriting across all business segments with 8% growth in gross loans from the start of 2013 and 2% growth over the quarter
- Consumer lending showing strong growth, up 5% q-o-q and 27% y-o-y with growth spread across all areas including Personal Loans, Mortgages, Credit Cards and Car Loans
- Islamic financing showed good growth, up 2% q-o-q and 16% y-o-y
- More costly time deposits continue to decline.
- 30% CASA growth since start of year
- CASA deposits as a percentage of total deposits have increased to 52% at end of Q3 2013 from 43% at the end of 2012

Trend in Gross Loans by Type (AED billion)



Trend in Deposits by Type (AED billion)



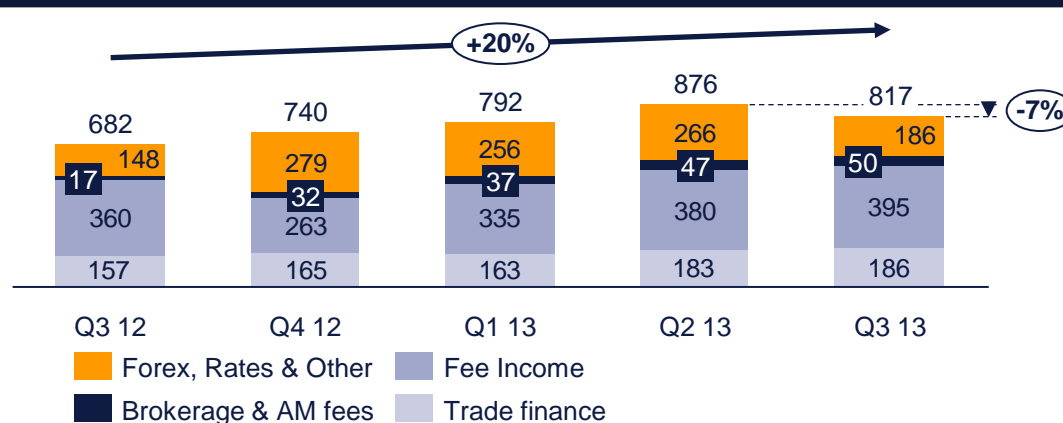
Highlights

- Non-interest income declined 12% q-o-q and improved 13% y-o-y
- Quarterly decline mainly due to seasonal factors
- Core gross fee income declined 7% q-o-q and improved 20% y-o-y, key trends being:
 - Forex, Rates & Derivatives income was 30% lower q-o-q and 29% higher y-o-y
 - Improvement in banking fee income (3% q-o-q and 12% y-o-y) arising from increased fee on Trade Finance and Loan Syndications
 - Improvement in brokerage & asset management fee income of 7% q-o-q and 192% y-o-y
- Non-Core fee income declined 14% q-o-q and improved 8% y-o-y due to:
 - Property income which declined 11% q-o-q and increased 458% y-o-y
 - Lower investment securities income in Q3 2013

Composition of Non Interest Income (AED million)

AED million	Q3 13	Q2 13	Better/ (Worse)	Q3 12	Better/ (Worse)
Core gross fee income	817	876	(7%)	682	20%
Fees & commission expense	(136)	(115)	(19%)	(86)	(58%)
Core fee income	681	761	(11%)	596	14%
Property income / (loss)	110	124	(11%)	20	458%
Investment securities	101	122	(17%)	175	(43%)
Total Non Interest Income	892	1,007	(12%)	790	13%

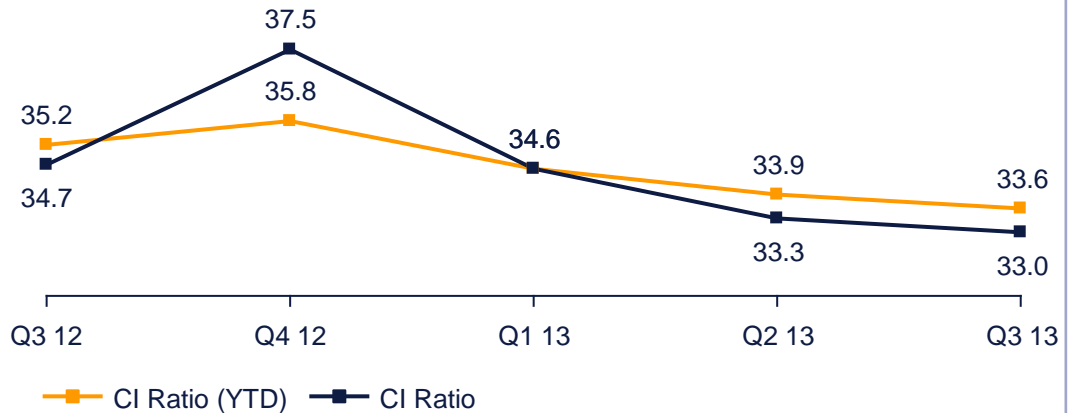
Trend in Core Gross Fee Income (AED million)



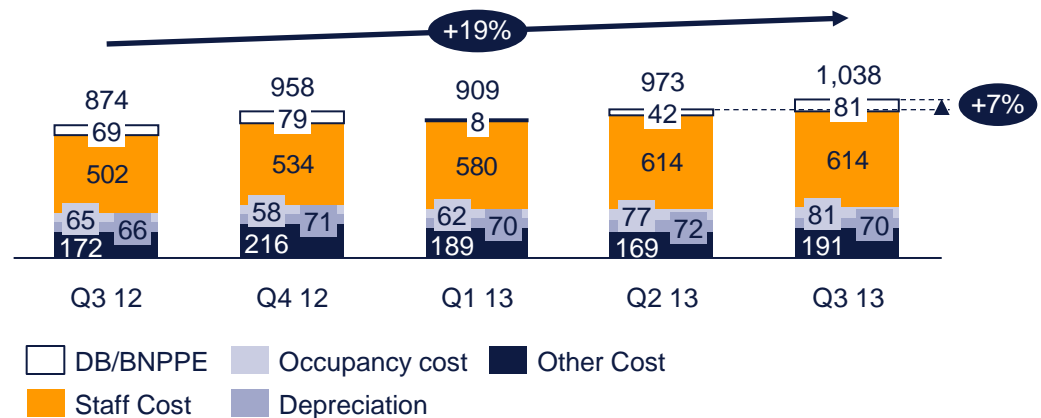
Highlights

- Cost to Income Ratio improved by 0.3% q-o-q to 33.0%
- Costs increased by 7% q-o-q and by 19% y-o-y
- Excluding the costs of the Egypt operation costs in Q3 increased by 2% q-o-q
- The cost to income ratio is within the longer term target range of 34 -35%

Cost to Income Ratio (%)



Cost Composition (AED million)

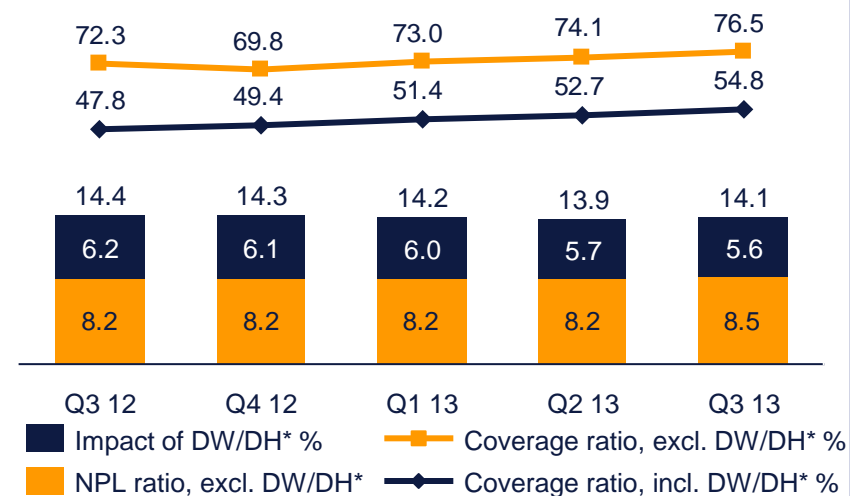


Highlights

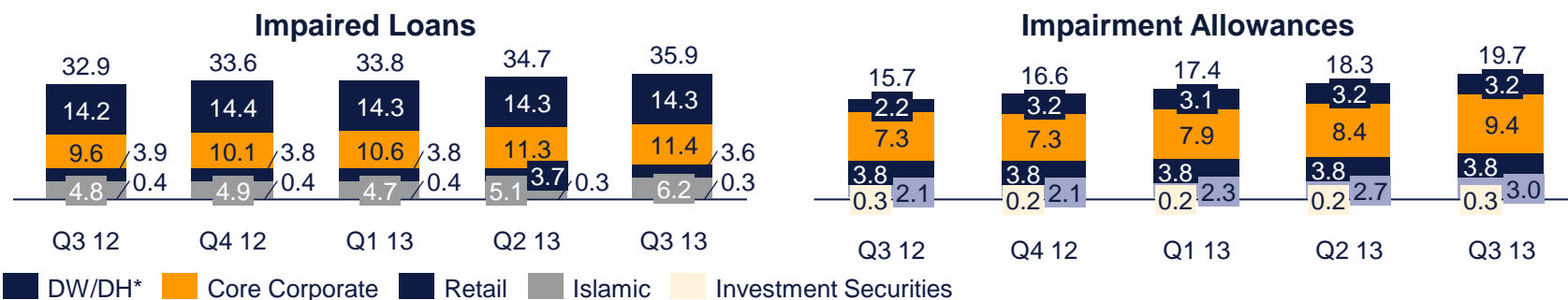
- The impaired loans ratio increased by 0.2% q-o-q to 14.1%
- Net impaired loans increased by AED 1.2 billion mainly due to a AED 1.1 billion increase in impaired loans in the Islamic corporate portfolio
- Net provisions increased by AED 1.5 billion
- Coverage ratio increased by over 2% to 54.8%
- Total portfolio impairment allowances amount to AED 3.9 billion or 2.5% of credit RWAs
- 2013 Management targets for coverage ratios:

Underlying NPL Portfolio	80-85%
Overall impaired Loans	55-60%
- Going forward the Bank aims to keep improving the coverage ratios through continued conservative provisioning.

Impaired Loan & Coverage Ratios (%)



Impaired Loans and Impairment Allowances (AED billion)

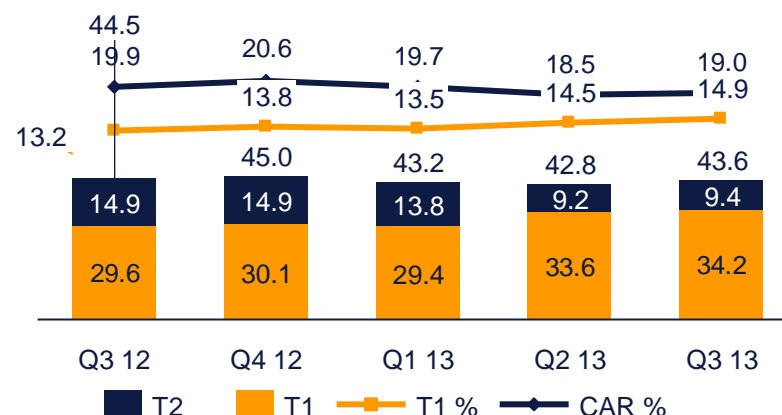


*DW/DH = includes D1 (exposure AED 9.36 billion; provision AED 482 million) and D2B (exposure AED 4.62 billion; provision AED 2.51 billion)

Highlights

- CAR and T1 improved by 0.5% and 0.4% q-o-q to 19.0% and 14.9% respectively resulting from:
 - increase in Tier 1 capital through profit generation
 - Ongoing issuance of Tier 2 private placements
 - 1% reduction in RWAs, primarily market risk
- Tier 1 Capital has now improved by 1.7% y-o-y from 13.2% to 14.9%.
- To date we have repaid AED 7.8 billion of the AED 12.6 billion Ministry of Finance Tier 2 deposits.

Capitalisation



Capital Movements (AED billion)

31 Dec 2012 to 30 Sep 2013	Tier 1	Tier 2	Total
Capital as at 31 Dec 2012	30.1	14.9	45.0
Net profits generated	2.4	-	2.4
FY 2012 dividend paid	(1.4)	-	(1.4)
Tier 1 issuance	3.7	-	3.7
Repayment of Tier 2	-	(6.2)	(6.2)
Amortization of MOF T2 / subordinated debt	-	(1.1)	(1.1)
Interest on T1 securities	(0.1)	-	(0.1)
Tier 2 issuance	-	3.1	3.1
Repayment of subordinated debt	-	(1.3)	(1.3)
Other	(0.5)	-	(0.5)
Capital as at 30 Sep 2013	34.2	9.4	43.6

Risk Weighted Assets – Basel II (AED billion)



Highlights

- On 9 June 2013, Emirates NBD acquired a 95.2% stake in BNP Paribas Egypt
- Acquisition of the remaining 4.8% shares were completed in September 2013
- The total consideration was USD 500 million which is 1.4 times the fair value of net assets acquired
- The difference between the fair value of assets acquired and purchase consideration is the goodwill
- The fair value of the assets and liabilities was determined by an external expert
- The purchase price allocation exercise resulted in following allocations;
 - i) Banking license AED 357m
 - ii) Core deposits AED 99m
 - iii) Goodwill AED 136 m
- Acquisition related costs of AED 24.4 million were incurred and are included in General & Administrative expenses

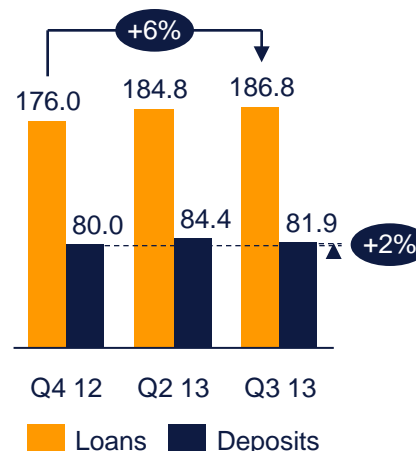
Financial Impact Upon Acquisition (AED million)

	AED million
Book value of assets	1,128
Fair value adjustments	118
Fair value of net assets acquired	1,246
Goodwill and intangibles	592
Purchase consideration paid	1,838
Represented by:	
Purchase consideration paid in cash	1,836
Acquisition related cost	2

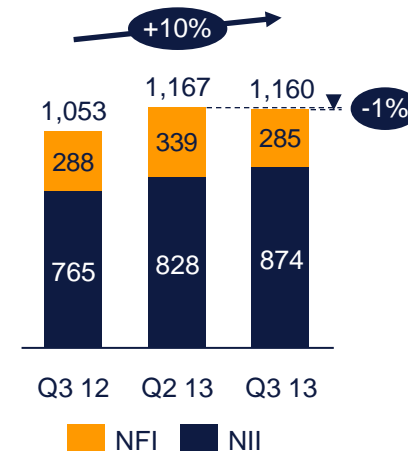
Wholesale Banking

- Continued focus on re-alignment to ensure enhanced future customer service quality and share of wallet, increased cross-sell of Treasury and Investment Banking products and increased Cash Management and Trade Finance penetration
- Revenue declined 1% q-o-q and increased 10% y-o-y
- Loans rose by 6% from end of 2012 as new underwriting more than offset normal loan repayments
- Deposits grew by 2% from end of Q4 2012

Balance Sheet Trends
AED billion



Revenue Trends
AED million



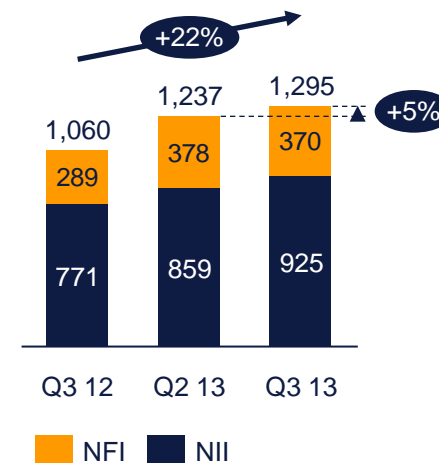
Consumer Banking & Wealth Management

- CWM continued to improve its position during the quarter
- Revenue improved 5% q-o-q and 22% y-o-y
- Deposits declined 3% q-o-q and increased 7% from end 2012
- Loans grew 8% q-o-q and 20% from end 2012 driven by growth in mortgages, personal loans, credit cards and auto loans
- The bank has added 8 ATM machines since end 2012. Branch count has been maintained as we promote our channel optimization strategy

Balance Sheet Trends
AED billion



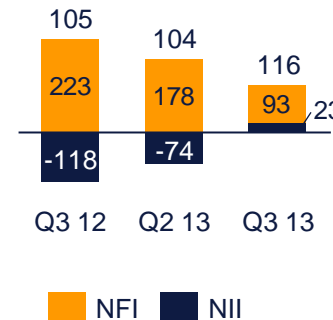
Revenue Trends
AED million



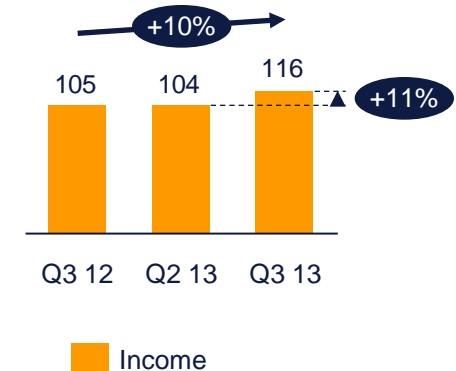
Global Markets & Treasury

- Total income at AED 116 M in Q3 2013 showed a marginal improvement compared to AED 104 M in Q2 2013 & AED 105 M in Q3 2012.
- Net interest income improved due to increased hedging income as Bank took advantage of recent swap rates rise to hedge some positions
- This is offset by lower non-funded income mainly from trading desk which faced challenges during Q3 2013 due to market volatility caused by US Fed's decision to defer quantitative easing.
- Sales desk continued to show healthy revenue growth on demand for foreign exchange and interest rate hedging products.

Revenue Trends AED million



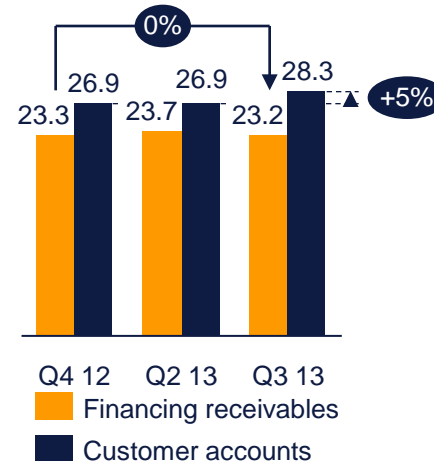
Net Revenue Trends AED million



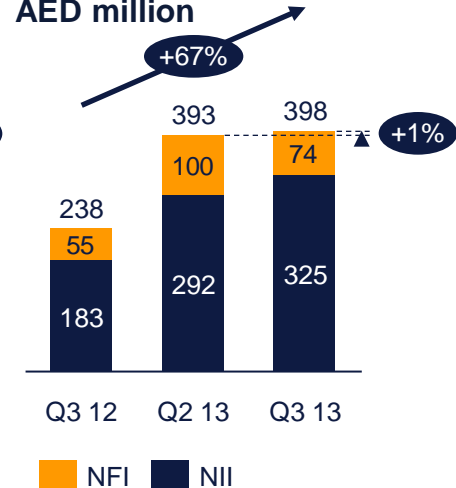
Islamic Banking

- Islamic Banking revenue improved +67% y-o-y and 1% q-o-q to AED 398 million in Q3 2013 (net of customers' share of profit)
- Financing receivables were largely unchanged at AED 23.2 billion from end 2012
- Customer accounts rose by 5% to AED 28.3 billion from end 2012
- At end Q3 2013, branches totaled 50 while the ATM & SDM network totaled 179

Balance Sheet Trends AED billion



Revenue Trends AED million



Economic Outlook

- We have **revised up** the **2013 GDP forecast** for the **UAE** to **4.4%**, on the back of higher than expected oil output year-to-date, as well as strong expansion in the non-oil private sector.
- We expect **GDP** to **grow** by a further **4.1%** in **2014**
- We retain our **2013 growth** forecast of **3.9%** for **Dubai**. Continued expansion in the **trade** and **hospitality** sectors as well as a **continued recovery** in **real estate** and **business services** should support broader business activity.
- Official inflation is likely to remain low in 2013, averaging around **1.5%** before rising to **3%** somewhat into 2014.
- **Emirates NBD is well placed** to take advantage of the strong continued growth in Dubai
- **Capitalisation and liquidity** continue to be **extremely strong**, offering resilience and flexibility for the future
- **Conservative provisioning, de-risked** and **strengthened balance sheet** offers strong platform for capturing future growth opportunities
- The Bank has a **clear strategy in place** and is focused on relentless execution

Profitability

- **Pre-impairment operating profit improved 8%** q-o-q and **16%** year-to date compared to Q3 2012 YTD
- **Net profit of AED 2,584m YTD improved 34%** compared to Q3 2012 YTD

Provisions

- Continued **conservative provisioning** with **net impairment allowances up 11%** year-to date to **AED 3,400 million**

Income

- Total income **improved** q-o-q and YTD by 8% and 13% respectively

Net Interest Margin

- YTD **NIM rose 0.14% to 2.56%** helped by increased volumes in higher yielding retail products, a fall in EIBOR rates, cheaper bank borrowings and a more efficient capital structure

CI Ratio

- Cost to Income ratio has improved to **33.0%** for Q3 and to **33.6%** YTD

Credit Quality

- **NPL ratio improved by 0.2%** since start of year to **14.1%**
- **Coverage ratio improved by over 5%** since start of year to **54.8%**

Capitalisation and Liquidity

- **Capitalisation and liquidity extremely strong** offering resilience for the future
- **Tier 1 ratio improved** by 1.1% since start of year to **14.9%**

Outlook

- Emirates NBD is **well placed** and has a clear strategy in place to take advantage of the **improving growth outlook**