Emirates NBD

1Q 2009 Financial Results

29 April 2009

بنك الامارات
Emirates Bank

NBD بنك دبي الوطني

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.

Highlights: First Quarter 2009

- Net Profits up **5%** to **AED 1,259**m

- Net Profits in Q1 2009 adversely impacted by AED 232m due to declining valuations of investment and other securities compared to AED 1.25bn in Q4 2008

- **Total income** up **20%** to **AED 2,612** m.
- **Net Interest margin** increased to **2.76%** compared to 2.01% FY 2008 and 2.37% 4Q 2008

- **Total cost** up **11**% to AED **911** m.
- Lower cost to income ratio for Q1 2009 of **34.9%** achieved through continued cost management initiatives (Q1 2008 37.6%)

- **Total assets** at AED **281.4bn**, stable compared to AED 282.4bn at the end of 2008.
- **Customer loans** at AED **214.4bn**, up **3%** from AED 208.9bn at the end of 2008.
- **Customer deposits** at AED **170.5bn**, up **5%** from AED 162.3bn at the end of 2008

- **Capital Adequacy Ratio** strengthen to **16.2%** from 11.4% at end-2008 driven by conversion of AED 9.3bn of Ministry of Finance deposits to Tier II capital and increase in Tier 1 ratio

- **Earnings per share** is up by **5**% to AED **0.25** (Q1 2008: AED 0.24)
- **Integration** fully on track for targeted completion in Q3 2009

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Group Performance

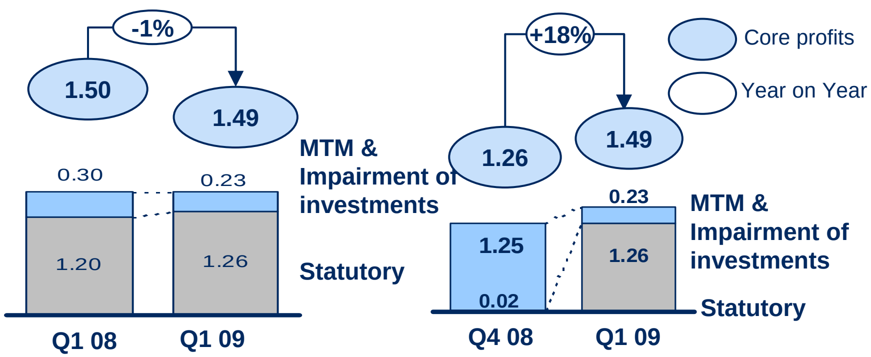
Emirates NBD

Comments

- 1Q 2009 Net Profit of AED 1,259m
  - up 5% from 1Q 2008 of AED 1,196m
  - up significantly from Q4 2008 Net Profit of AED 14m
- Relative stabilization of equity & bond markets resulted in lower negative impact from mark to market valuations
  - MTM write-downs & impairments on investments of -AED 162m vs. -AED 991m in 4Q 2008
  - MTM write downs on on credit default swaps (CDS) of -AED 70m vs. -AED 258m in 4Q 2008
- Core business continues to perform strongly
- 1Q 2009 core net profit reached AED 1.49bn, up 18% from Q4 2008 and stable vs. AED 1.50bn in Q1 2008

Core Business Performance

1Q 09 vs. 1Q 08 results | Q1 09 vs. Q4 08 results



Note 1: Core business trends exclude impact of MTM and impairments on investments and other securities

Key Performance Indicators

AED m	Quarter ended 31 March 2009	Variance vs. 1Q 2008
Total income	2,612	+20%
Operating expenses	(911)	+11%
Impairment allowances	(462)	+76%
Operating profit	**1,239**	**+13%**
Amortisation on intangibles	(23)	+15%
Associates	44	-63%
Net profit	**1,259**	**+5%**
Cost: income ratio (%)	34.9%	-2.7%
Net interest margin (%)	2.76%	+0.67%
EPS (AED)	0.25	+5%
Return on average shareholders' equity (%)	25.6%	+0.1%

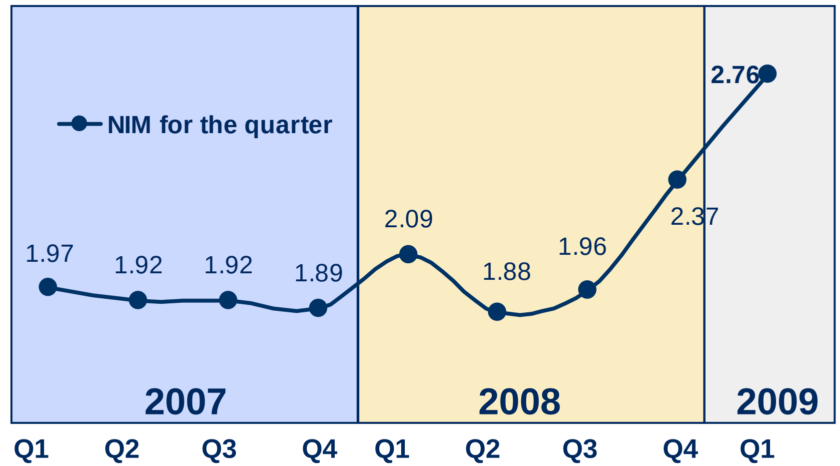
AED b	As at 31 Mar 2009	Var vs. 31 Dec 2008
Total assets	281.4	-0.3%
Loans	214.4	+2.6%
Deposits	170.5	+5.0%
Capital Adequacy Ratio (%)	16.2%	+4.8%

1Q 2009 Financial Results

Net Interest Margins and Cost to Income Ratio

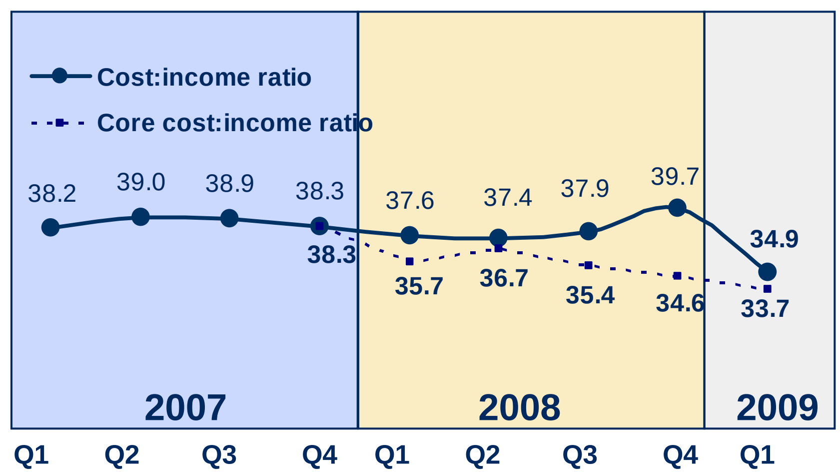
Net Interest Margins

- Net interest margin (NIM) increased from 2.37% in 4Q 2008 (2.01% in FY 2008) to 2.76% in 1Q 2009
- Increase in NIM primarily driven by re-pricing of loans & and the benefit of proactive balance sheet management
- FY 2009 NIM is expected to be lower than the 1Q 2009 margin to a target of c.2.0%:
  - expected shift in deposits from low cost current & saving accounts to higher cost time deposits
  - Reduced differential between Eibor & Libor



Cost to Income Ratio

- The cost:income ratio declined from 39.7% for FY 2008 to 34.9% in 1Q 2009
- Excluding the impact of MTM write-downs on investment and other securities, the core business cost:income ratio declined from 34.6% for FY 2008 to 33.7% in 1Q 2009
- We have invested heavily in our IT platforms which is creating a scalable platform for future growth and enabling process and productivity improvements
- A comprehensive programme to optimise the overall cost base is currently underway
- Emirates NBD is continuing to target a mid-30s core business cost income ratio for FY 2009



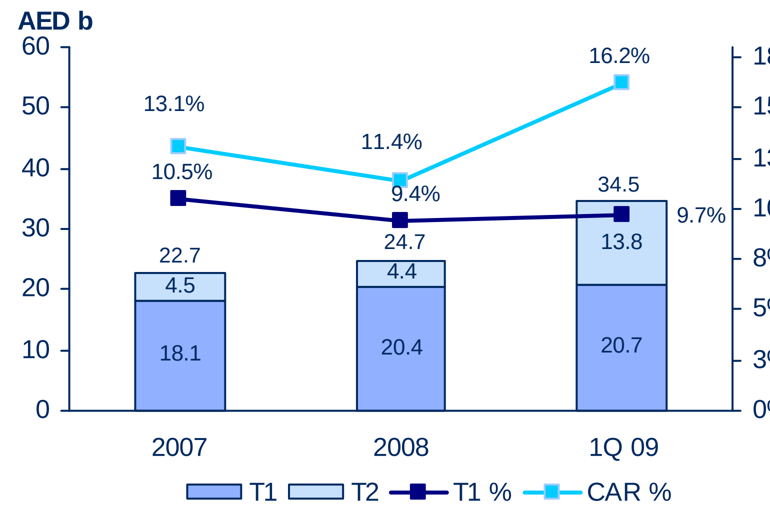
Note 1: Core cost:income ratio excludes impact of MTM on investments and other securities in 2008 and 2009

Capital Adequacy

Comments

- Capital adequacy ratio at 16.2% in Q1 2009 (Q4 2008: 11.4%)
- Tier 1 capital increased from 9.4% at Q4 2008 to 9.7% at Q1 2009 as profit generation exceeded the payment of the 2008 full year dividend
- Tier 2 capital increased by AED 9.4b, primarily due to the conversion of the Ministry of Finance deposits into Tier 2 capital (AED 9.3b of the AED 12.6b qualifies as Tier 2 capital as at 31/03/09)
- Risk Weighted Assets (RWAs) fell by 2% from 4Q 2008 due to continued focus on management of RWA
- Emirates NBD targeting Tier 1 ratio of 11% as at the end of Q2 2009, in line with regulatory requirements:
  - Continued profit generation will boost Tier 1 capital
  - Emirates NBD are looking to issue at least AED 3.5b Tier 1 perpetual securities in 2Q 2008 by way of private placements
  - Emirates NBD will exchange c. AED 500m of lower Tier 2 bonds to new shorter-term senior unsecured debt creating a Tier 1 capital benefit of c. AED 120m

Capital Ratios



Capital Movement Schedule

FY 2008 to 1Q 2009 (AED b)	Tier 1	Tier 2	Total
Capital as at 31.12.08	**20.4**	**4.4**	**24.7**
Net profits generated	1.3	-	1.3
FY 2008 dividend paid	-1.0	-	-1.0
Conversion of MOF deposits	-	9.3	9.3
Other	0.0	0.1	0.2
Capital as at 31.03.09	**20.7**	**13.8**	**34.5**

AED b	1Q 09	FY08	Diff %
Risk Weighted Assets	213.0	217.3	-2.0%

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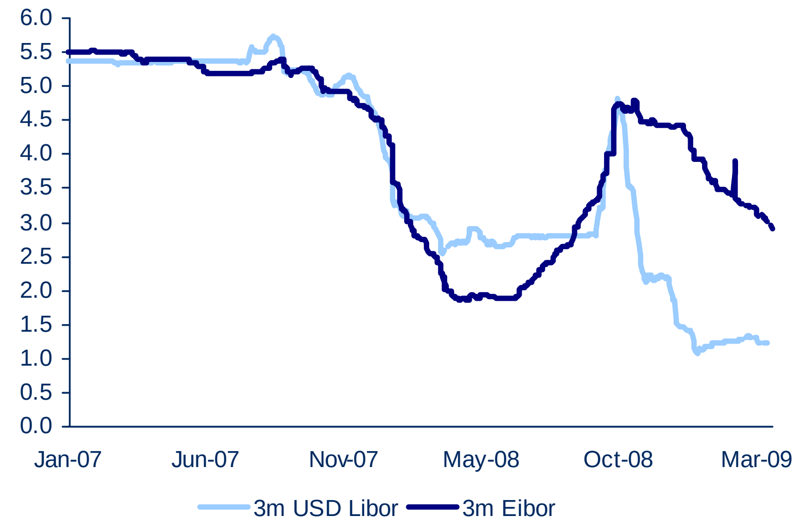
Funding and Liquidity

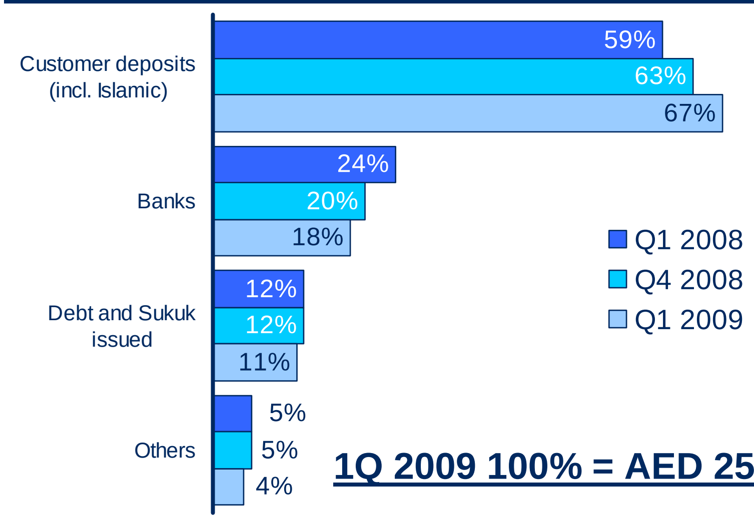
Comments

- Liquidity in the UAE Banking system has further improved in 1Q 2009, helped by the various Government initiatives
- Formal deposit guarantee documentation expected soon
- Funding remains stable and deposit mobilisation initiatives proving successful
- Continue to access stable interbank lines and ECP market opening up
- Liquidity backstop facilities of c. AED 15b remain unused
- Term debt maturity profile is well within our funding capacity; repaid scheduled AED 3.3b in 1Q 2009

Interbank Rates

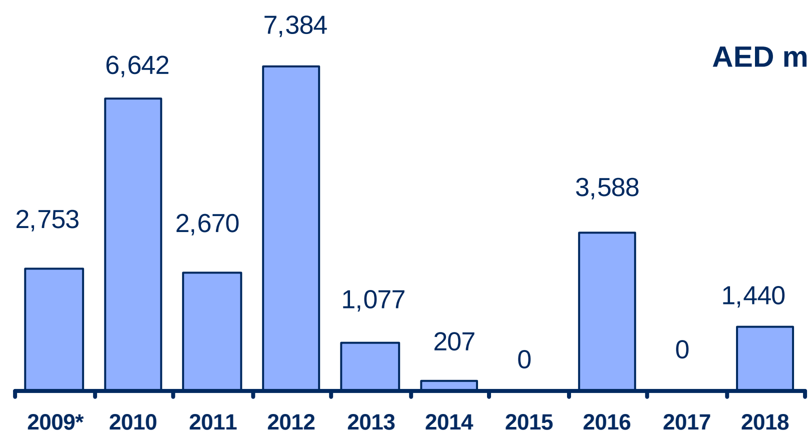


Composition of Liabilities – Q1 2009



1Q 2009 100% = AED 255.5b

Maturity Profile : EMTNs



100% = AED 25.7b

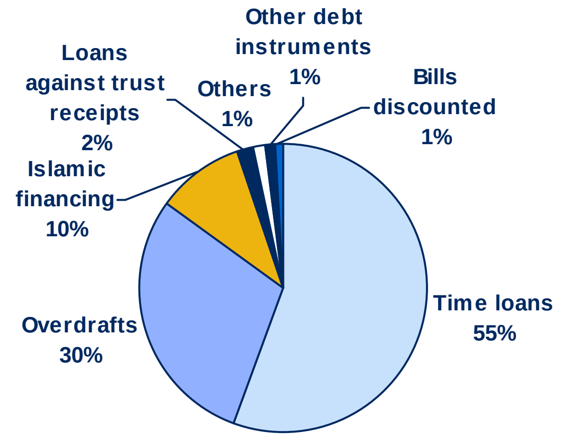
* For 2009, AED2,753 represents remaining maturities for the 9 months ended 31.12.2009

Credit Quality

Comments

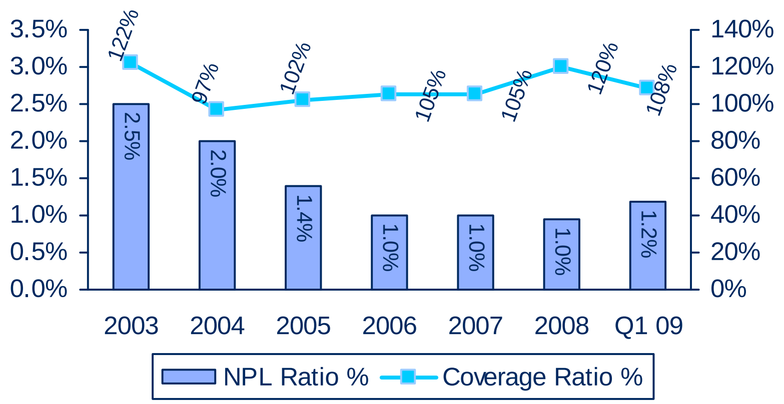
- Loan portfolio is balanced and well secured
- Emirates NBD's credit quality remains healthy across the Bank's corporate and retail portfolios
- Moderate increase in delinquencies and non-performing loans witnessed and is within expectations
- NPL ratio, excluding impaired investment securities, increased to 1.2% in Q1 2009 from 1.0% reported in 2008
- Added AED 224m to portfolio impairment provisions in 1Q 2009 as a measure of prudence in the current environment

Loan Portfolio by Type – Q1 2009



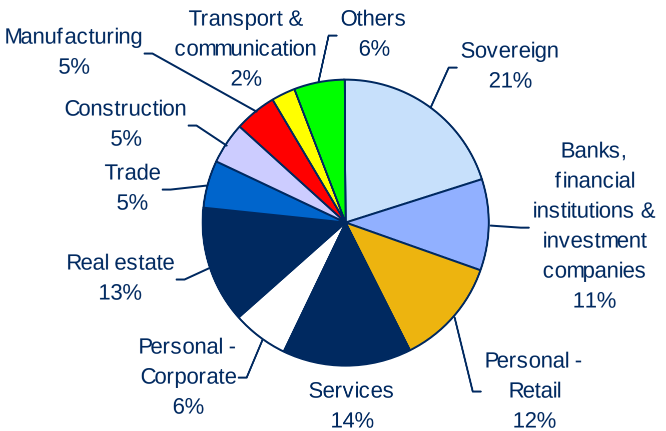
100% = AED 218.8b

NPL & Coverage Ratios



Note 1: 2008 NPL and coverage ratios excludes investment securities classified as non-performing loans (fully provided)

Loan Portfolio by Sector – Q1 2009



100% = AED 218.8b

Investments & Trading Securities

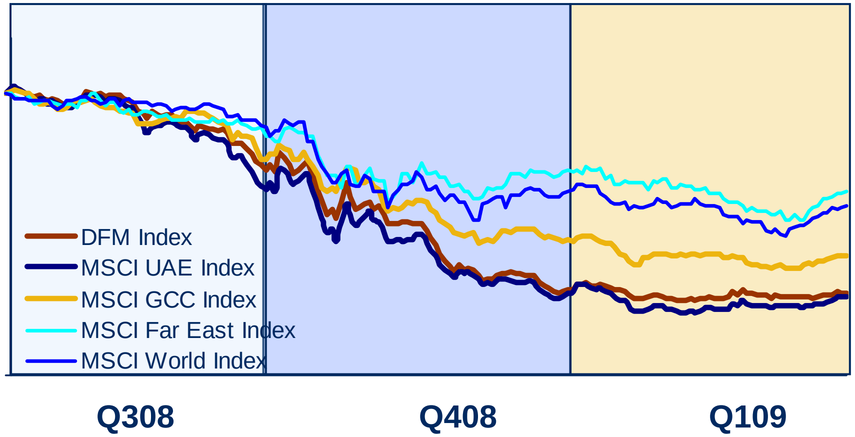
Comments

- Relative stabilization of equity and bond markets resulted in lower adverse impact due to mark to markets and impairments on investment securities
- Underlying quality of investment portfolio remains good and some losses on fixed income securities will reverse if held to maturity and no credit event occurs
- Portfolio is being monitored and managed closely by senior management committee to reduce exposure where opportunities arise or where future distress in anticipated

1Q 2009 MTM Impact

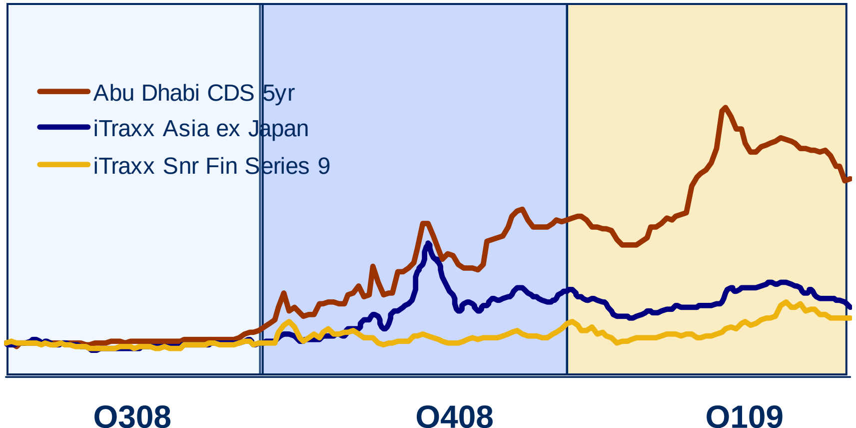
AED million	Total Balance	P&L impact		Cumulative changes in FV
		Income	Impairm.	
Investment Securities	18,157	(28)	(109)	(128)
Trading Securities	713	(10)	-	-
Subtotal	**18,870**	**(18)**	**(109)**	**(128)**
Investment Securities in L&R	2,344	-	(35)	-
1Q 2009	**21,214**	**(18)**	**(144)**	**(128)**
1Q 2008	27,062	-	(193)	50
4Q 2008	22,009	(520)	(471)	(1,479)
FY 2008	**22,009**	**(793)**	**(1,011)**	**(1,810)**

Equity Market performance



Source: Bloomberg

Bond Market performance

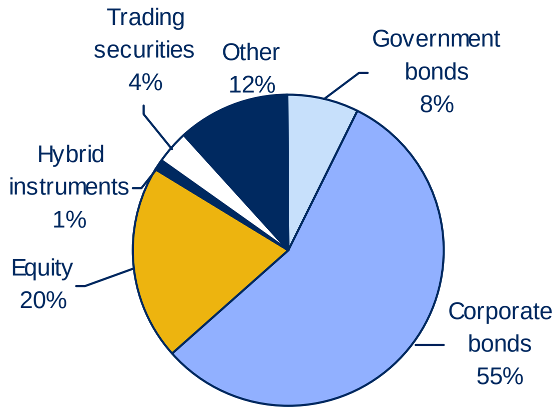


Source: Bloomberg and Reuters

Asset Quality

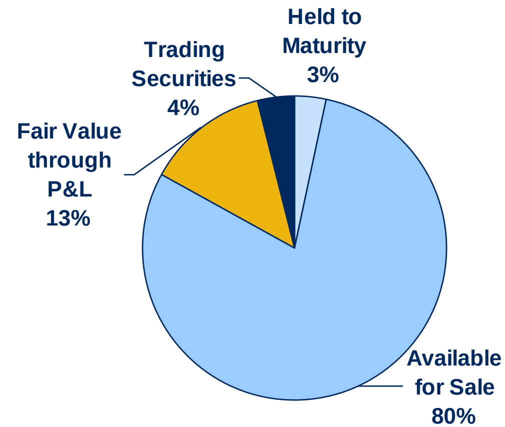
Investments & Trading Securities

Composition by Type: Q1 2009*



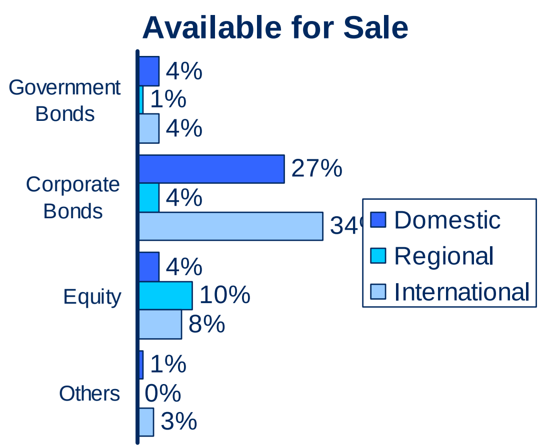
100% = AED 18.9b

Composition by Category: Q1 2009*

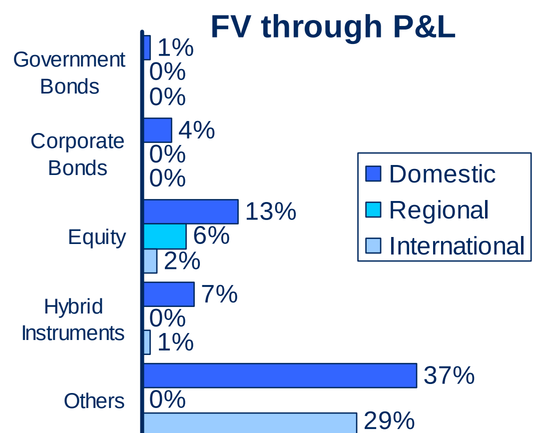


100% = AED 18.9b

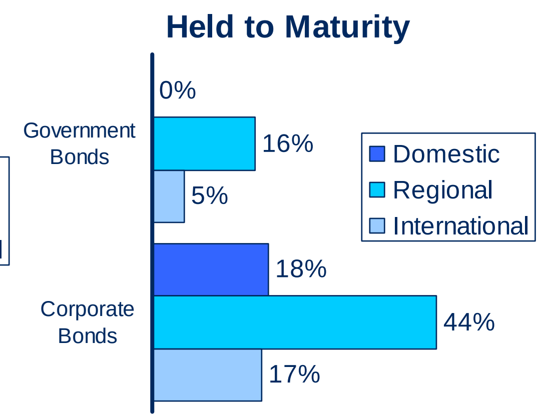
Composition by Category: Q1 2009**



Q1 2009 100% = AED 15.1b



Q1 2009 100% = AED 2.5b



Q1 2009 100% = AED 0.6b

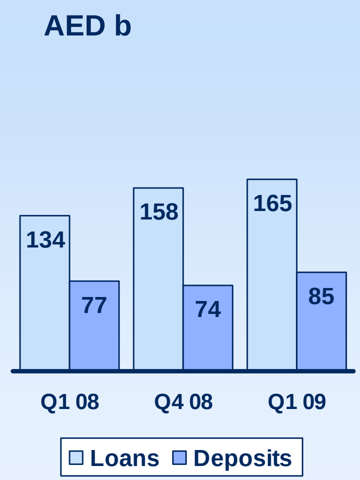
* Excl. investment securities in L&R of AED 2.3b ** Excl. investment securities in L&R of AED 2.3b and Trading Securities of AED 0.7b

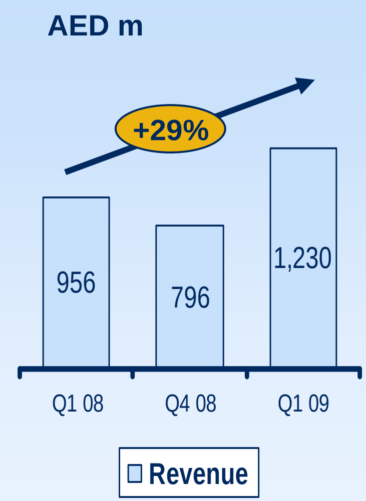
1Q 2009 Financial Results

Divisional Performance

Wholesale Banking

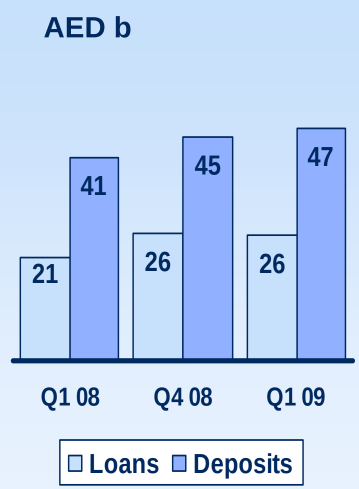
- Wholesale banking had another successful quarter
  - Continued success of transactions business
  - Key focus during the 1Q 2009 was on balance sheet optimisation, continued proactive management of credit quality, building non-risk based and fee generating businesses
- Revenue grew 29% year-on-year and 54% from Q408
- Loans grew 23% year-on-year and 4% from Q408
- Deposits grew 10% year-on-year and 15% from Q408

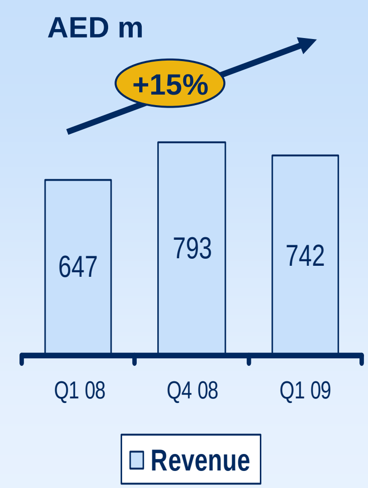




Consumer Banking & Wealth Management

- Continues to expand and build on distribution reach
  - Distribution network strengthened to 100 branches
  - ATM and SDM network now at 556
- Revenue grew 15% year-on-year and decreased by 6% from Q408 due to lower fee income
- Loans grew 22% year-on-year and decreased 2% from Q408
- Deposits grew 14% year-on-year and 4% from Q408



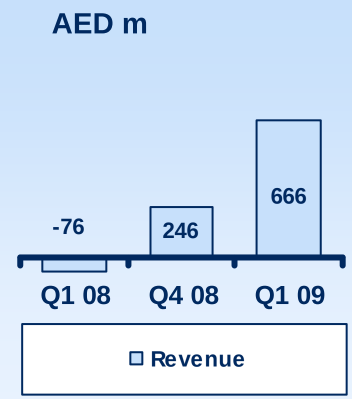


1Q 2009 Financial Results

Divisional Performance (cont'd)

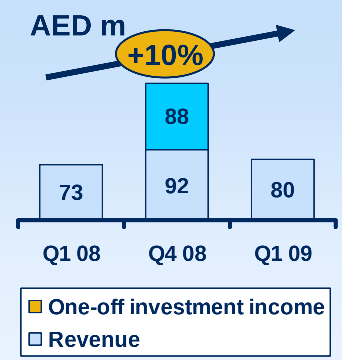
Global Markets & Treasury

- Volumes in customer transactions declined in 1Q 2009 in line with slower economic activity and the market's reduced appetite for risk
- Nevertheless, revenues increased by 177% in 1Q 2009 compared to Q4 2008 due to market stabilization and profiteering on investment positions
- Compared to Q1 2008, revenues rose by AED 742m due to lower mark to market impacts and greater opportunities in local and regional interest rate markets



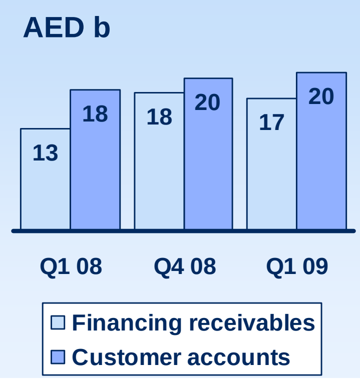
Network International

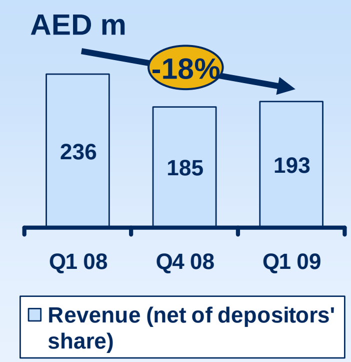
- Growth with revenues up 10% versus Q1 2008
- Serves over 10,000 merchants and 42 financial institutions in the region
- Increases in revenues versus Q1 2008 contributed by:
  - 42% increase in processing revenues
  - 5% decrease in acquiring revenues



Emirates Islamic Bank

- Key focus during the first quarter of 2009 was on balance sheet optimisation and increased caution on new underwriting
- EIB achieved revenue declined by 18% in Q1 2009 (including depositors' share of profit) year-on-year
- Financing receivables declined 4% to AED 17b from Q408; Customer Deposits grew 4% to AED 20b from Q408
- 3 new branches in Q1 2009 taking the total to 29





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Financial and Operating Performance

Strategy and Outlook

Strategic Imperatives

Optimise balance sheet	**Prudent lending growth** • Support growth of important Group relationships in line with targeted asset/deposit ratios **Focus on funding** • Renewed focus on key market segments • Leverage distribution network • Continue to maintain and develop wholesale sources of medium to long term funding • Continued government action / support
Drive profitability	**Improve product/customer profitability** • Re-price and maximize product yields • Increase fee based income **Improve overall cost position** • Drive performance improvement program • Increase process efficiency • Migrate customers to lower cost channels
Enhance risk management	• Implementation of Basel II IRB approach • Advancement of Liquidity Risk Control and Management • Alignment and integration of Economic Capital and Stress testing Framework • Strengthen credit management and improve collection processes

Optimise Balance Sheet Initiatives

Optimise Balance Sheet

1 Maintain & develop wholesale funding & capital sources

- Continue to monitor market conditions and investor demand through ongoing dialogue and non-deal specific investor road shows
- Innovative & opportunistic funding and capital initiatives (e.g. Tier 2 bond conversion, explore securitisation opportunities)
- Risk weighted asset initiatives (e.g. investment portfolio rationalisation)
- Develop stable and longer-term interbank funding by leveraging long-term regional and international relationships (e.g. bilateral arrangements)

2 Continued government action / support

- Government action at Federal and Emirate level continues to reap gains
- Active engagement with regulators and key government bodies on policy development and monetary / fiscal actions
- Expected formal deposit guarantee

3 Capture deposit opportunities

- Product related initiatives: Value, e-saver, high yield deposits
- Proactive retention driven by dedicated retail retention team
- Intensified sales effort and incentives in corporate and retail businesses
- Re-focus on cash-rich corporate sectors (e.g. hospitals, schools, insurance companies, professional firms, etc…)

Optimise Balance Sheet Initiatives (cont'd)

Optimise Balance Sheet

4 Launch Private Banking

- Build up team and proposition
  - Add relationship managers to drive liability sales
  - Upgrade existing, qualified bank customers
  - Expand model into neighboring countries

5 Affluent / SMB re-launch

- Revised value proposition & operating model
  - Liability focus
  - Service promise for affluent
  - Focus on emerging affluent

6 Focused network expansion

- New low cost channel branches
  - Aligned to key micro-markets
  - Focus outside Dubai
- New ATMs & CDMs; optimise use of ATM/CDM network

Drive Profitability Initiatives

Drive Profitability

1 Streamline processes & productivity

- Leverage the recent significant investment in technology and infrastructure to streamline processes and improve productivity
  - Finacle core banking system
  - Oracle Financials – ERP
  - Consolidation of data centres at Al Barsha
  - Oracle HR Management System
  - Calypso Treasury Management System
  - Integrated Internet Banking platform

Creating a scalable platform for future growth

2 Optimise overall cost base

- Tighter governance of costs
- Redeployment of staff from lower volume front-end activities to governance areas such as controls, collections and liability generation
- Acceleration of integration cost savings initiatives
  - Align organisation and management model to new economic environment
  - Co-location/integration of functions
  - Eliminating duplicated systems & processes
- Purchasing savings through rationalisation of suppliers, leveraging scale and renegotiation of contracts

Drive Profitability Initiatives (cont'd)

Drive Profitability

3 **Maximise product yields and margins**

- Product re-pricing across corporate and retail portfolios.
- Shift product mix; e.g. focus on affluent and private banking customers
- Proactive balance sheet management to optimise funding costs

4 **Increase fee based income**

- Grow asset management; e.g. grow principal guaranteed & regional products
- Expand range of insurance products, e.g. bancassurance
- Leverage prime-banker status with key corporate customers to gain larger wallet share of fee income
- Augment existing corporate product base by tailored products to optimise value; e.g. on-line trade, Escrow Account, enhanced trade finance & cash management products

Enhance Risk Management Initiatives

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Enhance risk management

1 **Enhance Risk Manage-ment framework**

- Developed Risk Model Governance Framework, Risk Strategy and comprehensive MIS capability
- Development of Basel II Standardized Approach capital calculator for Emirates NBD completed in line with UAE Central Bank
- Developed Basel II compliant internal Rating system for corporate, SME and FI customers and development of Rating Masterscale
- Implemented group-wide Internal Capital Adequacy Assessment Process (ICAAP) in line with the Basel II guidelines
- Developed application and behavioral scorecards for Retail products
- Developed home loans application model
- Enhancement of current PIP methodology for Corporate and Retail segments
- Completed technical VaR implementation for trading desks
- Implemented initial pricing & valuation engine for the existing Treasury Sales Book

2 **Improve collections**

- In-source field collections to improve efficiency
- Expand tie up with international recovery agencies
- Set up retail restructuring/workout unit

Enhance Risk Management Initiatives (cont'd)

Enhance risk management

3

Strengthen credit policy

Corporate

- Sectoral caps harmonized for all Emirates NBD corporate counterparties
- Exposures to all economic sectors being carefully monitored
- Prudence in renewing existing facilities
- Intensified credit monitoring and controls
- Delegated authority matrix reviewed
- Review of securities to ensure quality and adequacy of coverage

Financial Institutions

- Review of counterparty limits & reduction as appropriate
- Intensified utilization monitoring
- Liquidation of investments on a best effort basis

Retail

- Active revision of policies to ensure NPLs within acceptable ranges
- Roll out new scorecards
- Ongoing review of sectoral risk appetite
- Eligibility norms for company approvals raised
- Increase in income norms
- Debt Burden ratios scaled down and reduction in loan multiples
- Target end-user mortgage users (i.e. reduce LTVs and limit mortgages per customer)

Strategic Imperatives

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Evidence of success in Q1 2009:

Optimise balance sheet	• **Capital Adequacy Ratio strengthened** to 16.2% from 11.4% at the previous year-end due to conversion of AED 9.3bn of Ministry of Finance deposits to Tier II capital • Expect to exceed **Tier 1** of 11% by end of 2nd quarter • **Risk Weighted Assets declined** by 2% from the end of 2008 compared to 3% growth in loans and advances • Customer **deposits grew by 5%** compared to 3% growth in loans, improving the stable resources ratio
Drive profitability	• **Net interest margin improved** to 2.76% from 2.37% in 4Q 2008 due to re-pricing of assets and benefits of balance sheet management • **Core cost to income ratio** improved to 33.7% from 34.6% in 2008 • **Core return on average equity improved** to 30.3% from 25.0% in 4Q 2008 • **Core return on average assets improved** to 2.1% from 1.8% in 4Q 2008
Enhance risk management	• **Credit metrics remain healthy** and **within expectations** • **NPL ratio increased modestly** to 1.2% from 1.0% in 2008 • Differentiation of risk management and credit quality between banks will become more evident in future quarters

Outlook

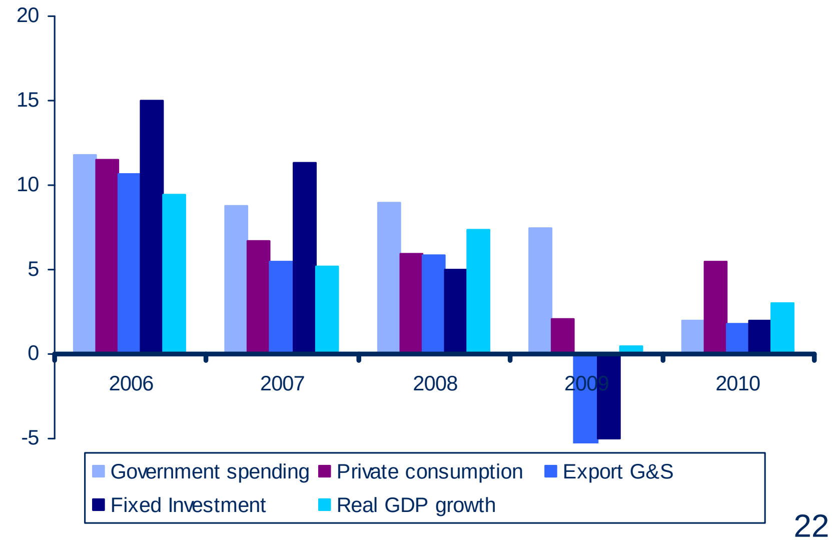
Outlook

- In 2009 the external environment combined with liquidity tightening and weakening demand should bring growth back towards 0.5%
- UAE's accumulated surpluses over recent years enable it to engage in counter-cyclical policies, providing a powerful fiscal stimulus
- Monetary policy is also responding to the crisis, with rates being cut and liquidity provided
- Current market correction provides potential to put growth back on a more sustainable long-term path
- 1Q 2009 witnessed signs of stabilisation in the international debt and equity markets and an improvement in local liquidity conditions and sentiment.
- Uncertainties remain in the Global and regional environment and we remain cautious and are taking measures to offset the possible effects
- The fundamentals of Emirates NBD's core business remains strong
- Success of EmiratesNBD's merger even more pronounced in the current climate as the Bank is more resilient due to scale and is seen as a stronger counterparty
- We are a consolidator of choice in the region and are well placed to take advantage of any attractive opportunities that may arise

Real GDP Growth Forecasts*

	2008	2009	2010
UAE	**7.4%**	**0.5%**	**3.0%**
UK	0.7%	-3.5%	-0.3%
Eurozone	0.7%	-3.0%	-0.2%
Germany	1.0%	-3.3%	-0.2%
US	1.1%	-3.5%	1.4%
China	9.0%	5.7%	7.6%
Japan	-0.7%	-6.7%	0.8%
Singapore	1.3%	-4.6%	2.2%

UAE Real GDP % y/y*



*Source: EIU, Emirates NBD forecasts

Summary

- Solid first quarter performance
- Net profit reached AED 1.2 billion, an increase of 5% versus Q1 2008
- Total income grew 20% year on year to AED 2.6 billion

- Capitalization improved significantly; CAR at 16.2%
- Liquidity has improved in 1Q 2009

- Credit quality remains healthy
- Expected moderate increase in NPLs in 1Q 2009 to 1.2% from 1.0%

- Emirates NBD has a clear plan to navigate through the current environment
- Strategic imperatives include balance sheet optimisation, driving profitability and risk management enhancement

- Growth of the UAE economy is expected to slow down to c.0.5%
- 1Q 2009 has witnessed some stabilization in the environment. However, uncertainties remain and Emirates NBD is retaining its cautious stance
- Emirates NBD is well positioned to take advantage of emanating opportunities

Emirates NBD

1Q 2009 Financial Results

29 April 2009

بنك الامارات
Emirates Bank

NBD بنك دبي الوطني