Q1 2013 Results Presentation

April 25, 2013

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Q1 2013 Financial Results Highlights

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Highlights

- **Net profit of AED 837 million**, improved by +34% vs. Q4 2012 and +31% vs. Q1 2012
- **Net interest income** broadly stable q-o-q and y-o-y recording AED 1,748 at the end of Q1 2013
- **Non-interest income** improved by 19% q-o-q and declined by 3% y-o-y; **core fee income improved by 21% q-o-q**
- **Costs improved by 4% y-o-y, 5% q-o-q** to AED 909 million due to cost optimisation initiatives
- Continued balance sheet **de-risking** and conservative provisioning resulted in net **impairment allowances** of **AED 888 million**
- **Net loans increased** 1% q-o-q and 8% y-o-y
- **Deposits increased** 4% q-o-q and 7% y-o-y
- **Headline LTD ratio at 99%** vs.102% at end of 2012

Key Performance Indicators

AED million	Q1 2013	Q1 2012	%	Q4 2012	%
Net interest income	1,748	1,777	-2%	1,766	-1%
Non-interest income	882	909	-3%	740	+19%
Total income	**2,630**	**2,686**	**-2%**	**2,506**	**+5%**
Operating expenses	(909)	(942)	-4%	(958)	-5%
Amortisation of intangibles	(15)	(20)	-25%	(20)	-25%
Pre-impairment operating profit	**1,706**	**1,724**	**-1%**	**1,528**	**+12%**
Impairment allowances	(888)	(1,101)	-19%	(940)	-6%
Operating profit	**818**	**623**	**+31%**	**588**	**+39%**
Share of profits of associates	26	24	+8%	37	-30%
Taxation charge	(7)	(6)	+17%	0	-100%
Net profit	**837**	**641**	**+31%**	**625**	**+34%**
Cost: income ratio	34.6%	35.1%	-0.5%	38.2%	-3.6%
Net interest margin	2.39%	2.63%	-0.24%	2.47%	-0.08%

AED billion	31-Mar-13	31-Mar-12	%	31-Dec-12	%
Loans	220.6	204.1	+8%	218.2	+1%
Deposits	223.0	208.5	+7%	213.9	+4%

Net Interest Income

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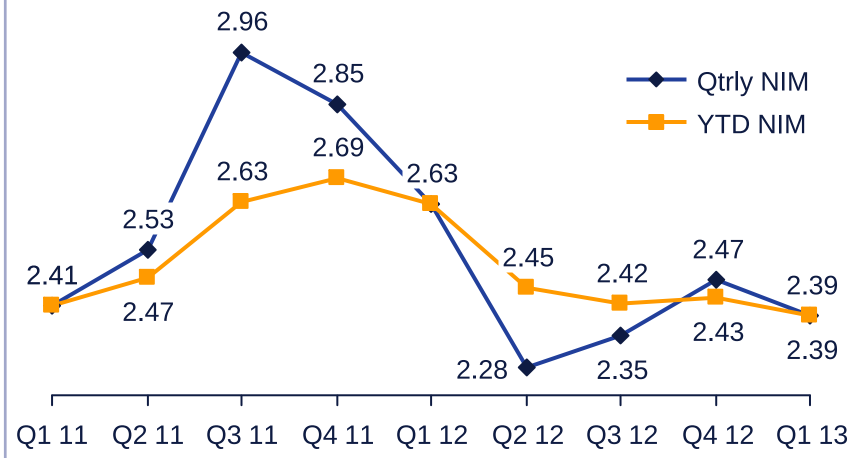
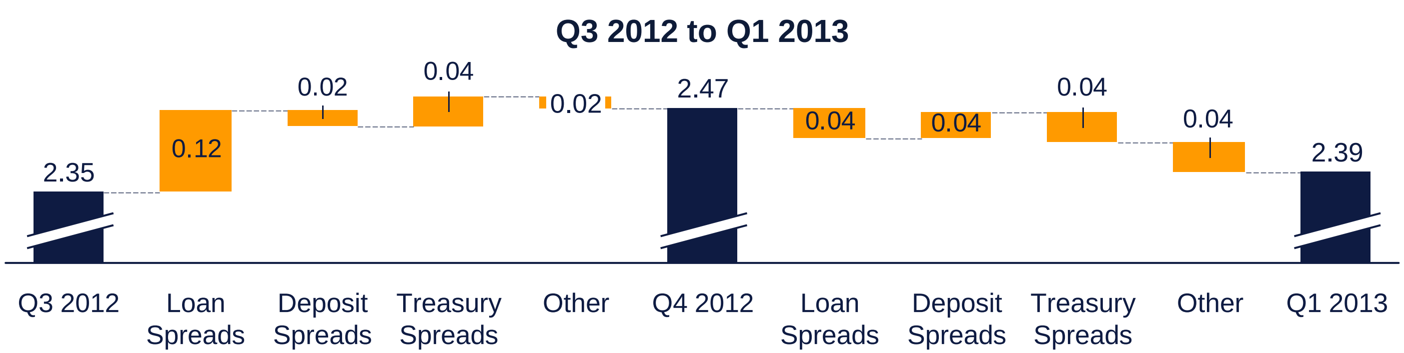
Highlights

- **NIM declined by 8 bps** from 2.47% in Q4 2012 to **2.39%** in Q1 2013 resulting in a decrease in net interest income to AED 1,748 million
- Q1 2013 NIM decline is driven mainly by lower spreads in treasury and loans partly offset by increase in deposit spreads

Net Interest Margin (%)



Net Interest Margin Drivers (%)



Funding and Liquidity

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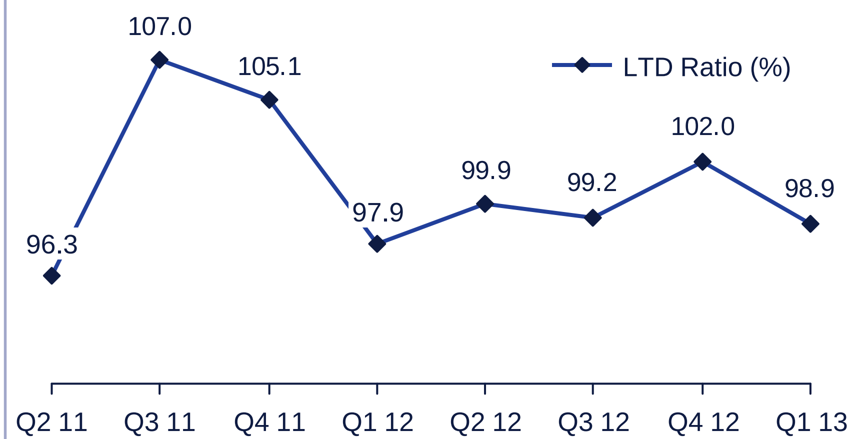
Highlights

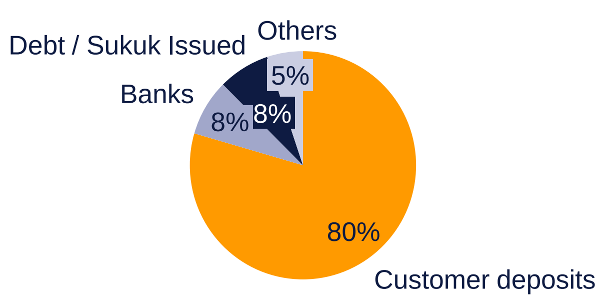
- Headline **LTD ratio of 99%** at Q1 2013
- The **LTD ratio is being managed** to the revised **target range of c.95%-105%**
- **Liquid assets*** of **AED 31.9 billion** as at 31 March 2013 (11% of total liabilities)
- **Issued AED 1.75 billion** medium term debt during 2013 via private placements
- **Raised AED 2.75 billion** of Tier 2 notes in March 2013
- **Repaid AED 1.3 billion** Of subordinated debt
- **Repaid AED 3 billion** to Ministry of Finance in April 2013

Loan to Deposit (LTD) Ratio (%)



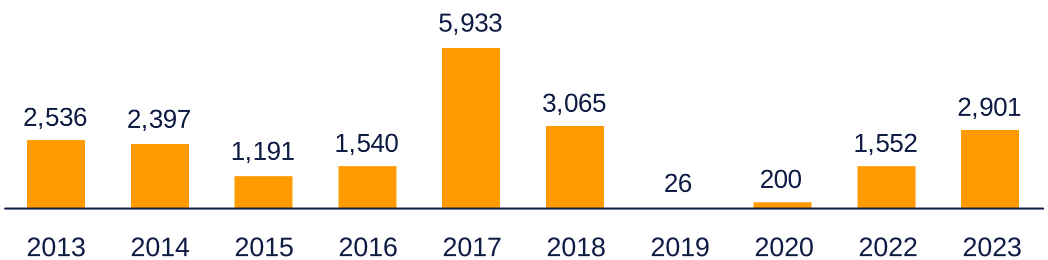
Composition of Liabilities and Maturity of Debt Issued (AED million)

Composition of Liabilities



Maturity Profile of Debt/Sukuk Issued

100% = AED 21.3 billion



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

Loan and Deposit Trends

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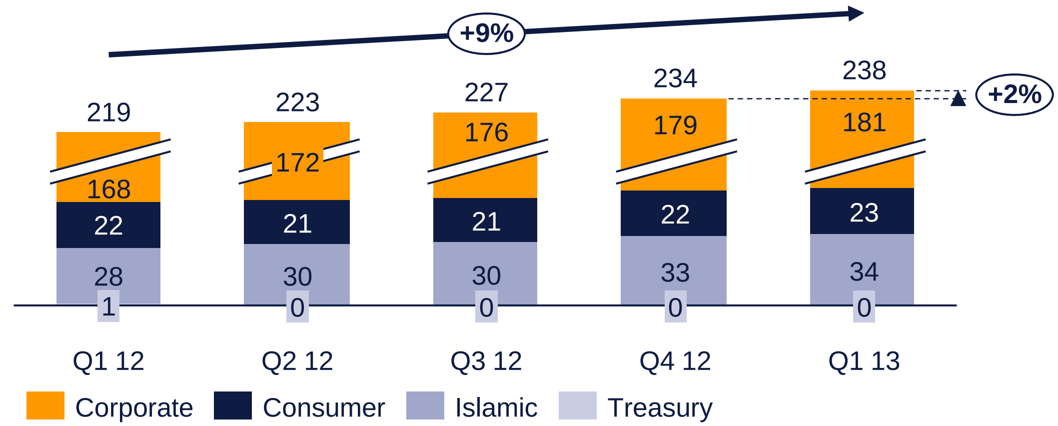
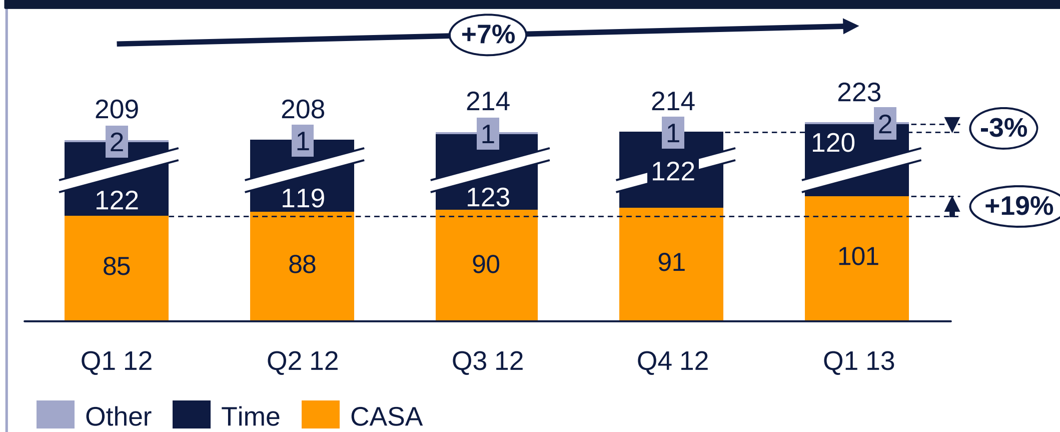
Highlights

- **Signs of modest pickup in new underwriting across all business segments with** 9% growth in gross loans from Q1 2012
- **Balance sheet optimisation initiatives successful** in improving deposit mix:
  - Growth of 7% in deposits
  - **CASA growth of 19%** or AED 16 billion from Q1 2012
  - 46% of total deposits in the form of CASA at end of Q1 2013 compared to 41% and 43% at end of Q1 2012 and Q4 2012 respectively

Trend in Gross Loans by Type (AED billion)



Trend in Deposits by Type (AED billion)



Non-Interest Income

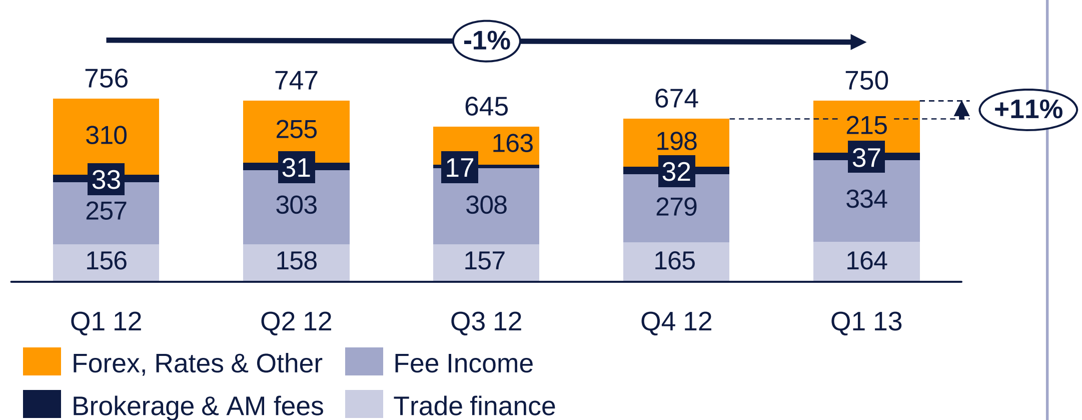
Highlights

- **Non-interest income** improved by 19% q-o-q but declined by 3% y-o-y
- Impact of **non-core items**:
  - **Higher investment securities income** in Q1 2013 of AED 124 million relative to AED 52 million in Q4 2012
  - **Lower property income** in Q1 2013 of AED 32 million relative to AED 61 million in Q4 2012
- **Core fee income improved q-o-q by 11%** and stable y-o-y, key trends being:
  - Improvement in banking fee income (20% q-o-q and 30% y-o-y) arising from increased fee on Loan Syndication and DCM transactions
  - Improvement in brokerage/asset management fee income (16% q-o-q and 12% y-o-y)
  - Forex, Rates & Other increased 9% q-o-q & was 31% lower y-o-y

Composition of Non Interest Income (AED million)

AED million	Q1 2013	Q1 2012	%	Q4 2012	%
Core gross fee income	750	756	-1%	674	+11%
Fees & commission expense	(24)	(38)	+37%	(47)	+49%
Core fee income	**726**	**718**	**+1%**	**627**	**+16%**
Property income	32	14	+129%	61	-48%
Investment securities income / (loss)	124	177	-36%	52	+138%
Total Non Interest Income	**882**	**909**	**-3%**	**740**	**+19%**

Trend in Core Gross Fee Income (AED million)



Operating Costs and Efficiency

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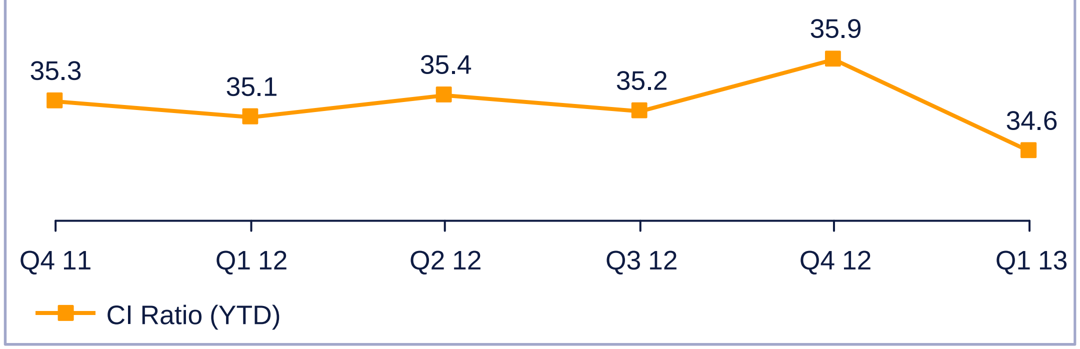
Highlights

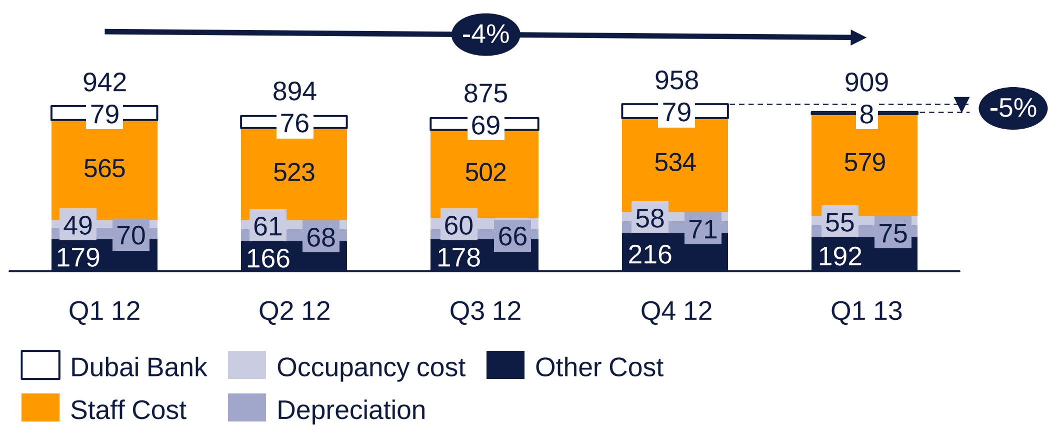
- **Q1 2013 Costs improved** by **4% y-o-y** due to cost optimisation initiatives
- Costs **improved by 5% q-o-q** to AED 909 million in Q1 2013 resulting from:
  - One off Dubai Bank Integration cost in Q4 2012 – AED 48 million
  - Lower legal & professional cost – AED 10 million
  - Lower depreciation due to retirement of assets in Q4 2012 – AED 8 million
  - Decrease in other costs – AED 18 million

  Offset by
  - Increased salary cost due to increments & associated increase in terminal benefits – AED 35 million
- The **cost to income ratio** will be managed to the longer term revised **target** range of **c.34%-35%**

Cost to Income Ratio (%)



Cost Composition (AED million)



Credit Quality

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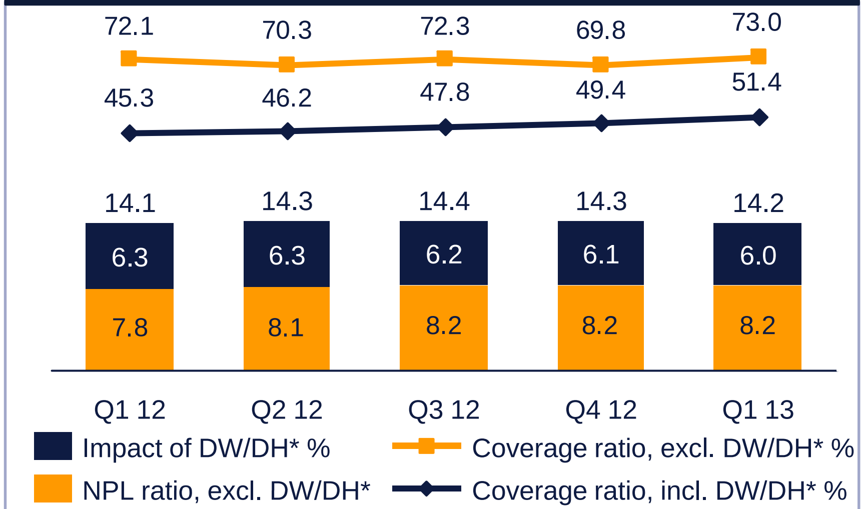
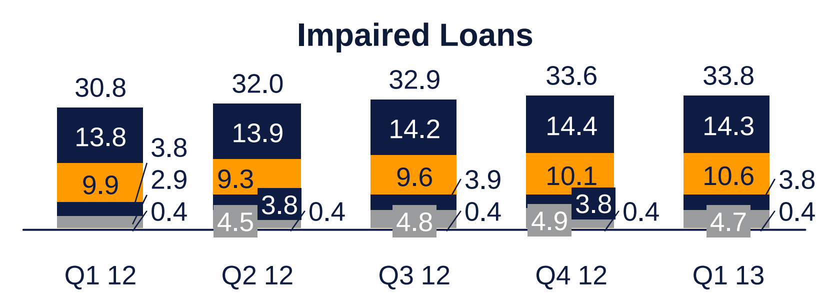
Highlights

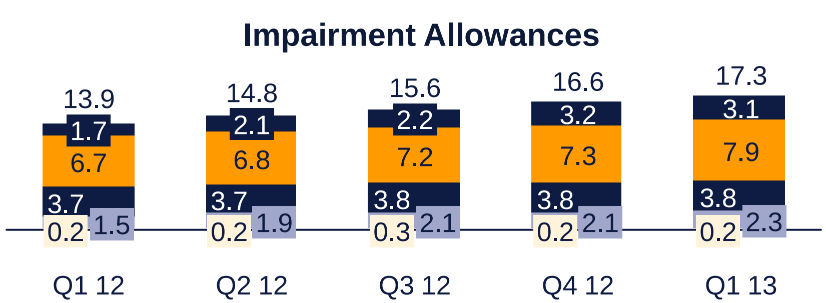
- **Q1 2013 net impairment charge** of **AED 888 million** driven principally by additional net **specific corporate loan provisions**
- Total **portfolio impairment allowances** amount to **AED 3.7 billion** or 3% of credit RWAs
- **Management targets** for impaired loan coverage ratios:
  - 80%-85% on underlying NPL portfolio
  - 55%-60% on overall impaired loans to be achieved by 2013
- Target coverage ratios to be achieved through more **conservative provisioning** for and recognition of impaired loans

Impaired Loan & Coverage Ratios (%)



Impaired Loans and Impairment Allowances (AED billion)





DW/DH* Core Corporate Retail Islamic Investment Securities

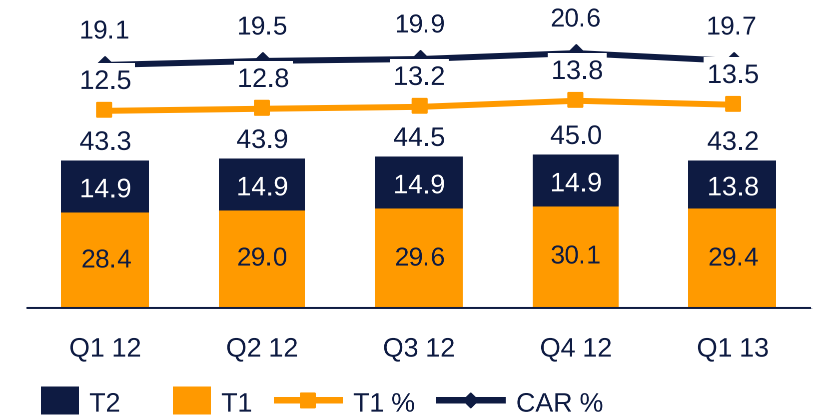
*DW/DH = includes D1 (exposure AED 9.3 billion; provision AED 529 million) and D2B (exposure AED 4.6 billion; provision AED 2.51 billion)

Capital Adequacy

Highlights

- **CAR and T1 declined** 0.9% and 0.3% q-o-q to 19.7% and 13.5% respectively resulting from:
  - decrease in Tier 1 capital by AED 0.6 billion in Q1 2013 due to the dividend payout of AED 1.4 billion paid in March 2013
  - 0.7% increase in RWAs
  - **Net increase in T2 capital** of AED 1.4 billion

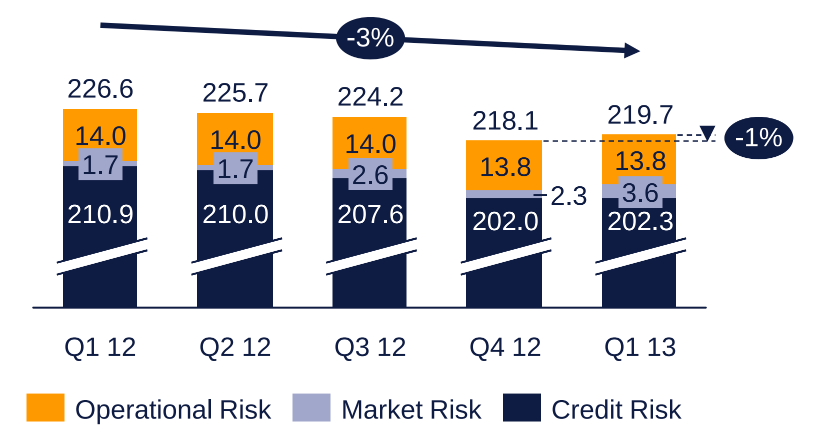
Capitalization



Capital Movements (AED billion)

31 Dec 2012 to 31 Mar 2013	Tier 1	Tier 2	Total
Capital as at 31 Dec 2012	**30.1**	**14.9**	**45.0**
Net profits generated	0.8	-	0.8
FY 2012 dividend paid	(1.4)	-	(1.4)
Interest on T1 securities	(0.1)	-	(0.1)
Amortisation of MOF T2	-	(2.5)	(2.5)
Newly issued T2	-	2.7	2.7
Repayment of subordinated debt	-	(1.3)	(1.3)
Capital as at 31 Mar 2013	**29.4**	**13.8**	**43.2**

Risk Weighted Assets – Basel II (AED billion)



Divisional Performance

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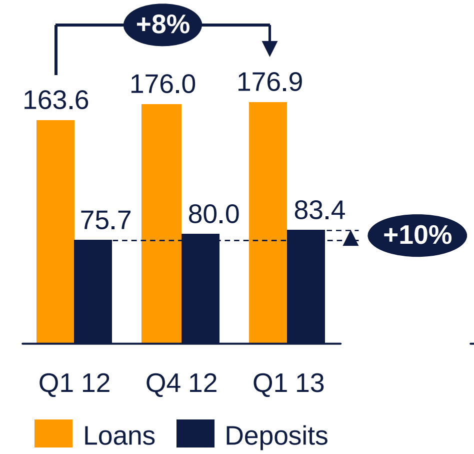
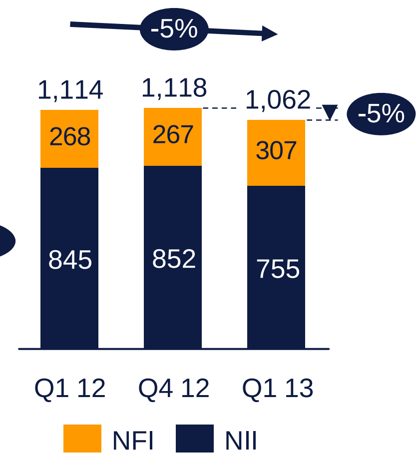
Wholesale Banking

- 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 5% q-o-q and 5% y-o-y
- Loans rose by 8% from end of Q1 2012 as new underwriting more than offset normal loan repayments
- Deposits grew by 10% from end of Q1 2012

Balance Sheet Trends
AED billion



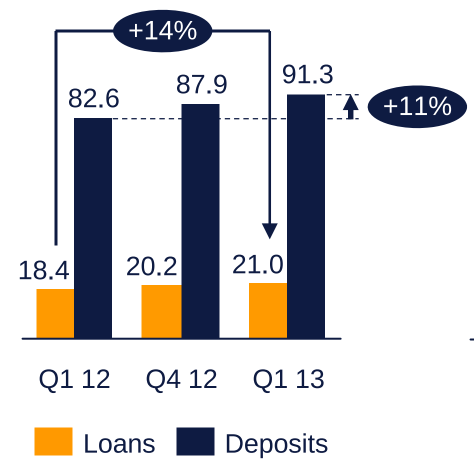
Revenue Trends
AED million



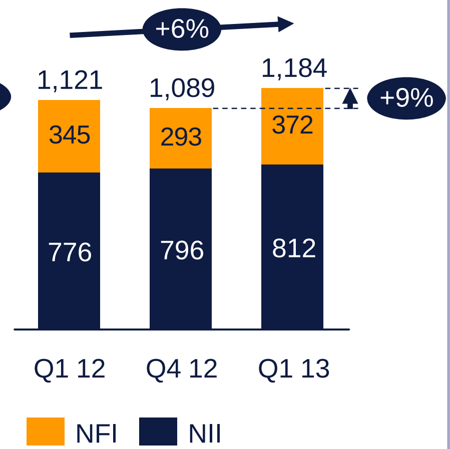
Consumer Banking & Wealth Management

- CWM continued to improve its position during the quarter
- Revenue improved 9% q-o-q and 6% y-o-y
- Deposits grew 4% q-o-q and 11% from end-2012
- Loans grew 4% q-o-q and 14% from end of Q1 2012 driven by growth in personal loans, credit cards and the SME segment
- The bank has added 11 ATM machines during the period. Branch count has been maintained as we promote our channel optimization strategy

Balance Sheet Trends
AED billion



Revenue Trends
AED million



Divisional Performance (cont'd)

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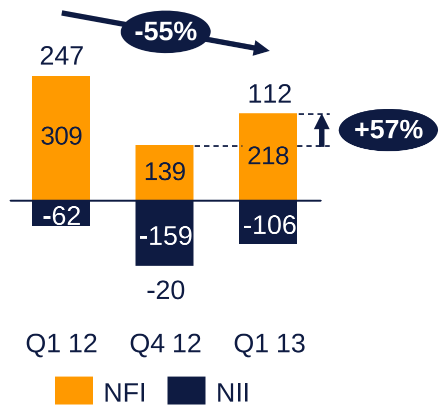
Global Markets & Treasury

- Revenue increased to positive AED 112 million in Q1 2013 from a negative AED 20 million in Q4 2012 driven by lower negative net interest income drag and higher investment income
- Tightening of spreads in regional credit markets produced opportunities for t trading desk which resulted in a good 1st quarter for credit trading desk
- Treasury Sales enjoyed a good quarter as volatility returned to the FX markets which saw some hedging interest from clients; the prevailing low interest rate scenario attracted some interest rate hedging activities as well

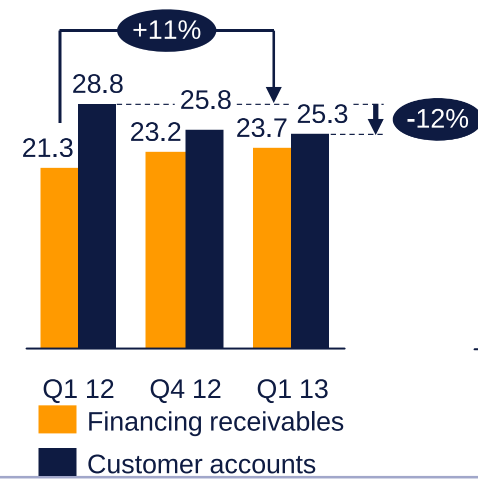
Revenue Trends
AED million



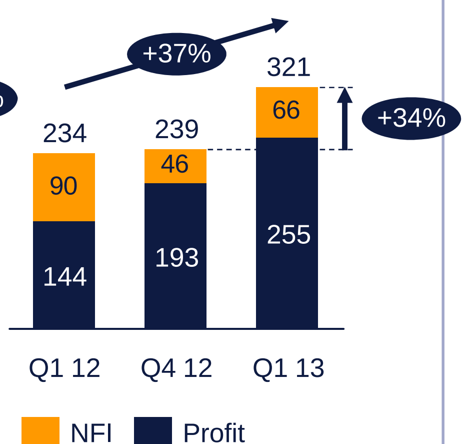
Islamic Banking*

- Islamic Banking revenue improved 37% y-o-y and by 34% q-o-q to AED 321 million in Q1 2013 (net of customers' share of profit)
- Financing receivables increased by11% to AED 23.7 billion from end of Q1 2012
- Customer accounts reduced by 12% to AED 25.3 billion from end of Q1 2012
- As at end of Q1 2013, branches totaled 49 while the ATM & SDM network totaled 171

Balance Sheet Trends*
AED billion



Revenue Trends*
AED million



*Includes Emirates Islamic Bank and Dubai Bank

Emirates NBD enters 2013 with a focused longer-term strategy built on 5 core building blocks

2013 Strategic Priorities

Emirates NBD

1 Deliver an excellent customer experience

- Continuous Group wide Current Service Excellence Program, e.g. end to end process optimization to improve turn-around times , etc.
- Further improvement of convenience and ease of access, e.g. through enhancement of mobile banking offering
- Active management of social media to drive custom service

2 Build a high performing organization

- Continue to drive Nationalization efforts
- Run Group wide Employee Engagement Program

3 Drive core business

- Roll-out of Wholesale Banking strategy, e.g. enhanced key account planning process involving Corporate, Retail Banking, Treasury and Wealth Management
- Further build-up of CASA book through strong Retail franchise
- Continuous focus to grow underpenetrated areas like SME business and Wealth Management
- Leverage new partnerships, e.g. collaboration with Porsche Financial Services to grow auto loan business in the region

4 Run an efficient organization

- Ongoing organizational review and streamlining of organizational set-up
- Completion of IT lean transformation
- Continuous performance transformation of back office functions in Tanfeeth

5 Drive geographic expansion

- Ongoing organic growth in KSA, UK and Singapore with additional focus of opening Rep Offices in selected markets
- Integration of BNP Paribas operations in Egypt post completion

Outlook

Economic Outlook

- During **2012** the UAE economy continued to display resiliency with an estimated **GDP growth of 3.7%** underpinned by rising oil output and modest private sector expansion
- Continued **strength and growth witnessed in Dubai's traditional** trade, logistics, tourism and retail sales **sectors** and signs of green shoots in the Dubai property market
- For **2013** the **external environment remains challenging** in the context of recessionary risks in the Eurozone, below trend US growth and an expected slowdown in Asia
- Nevertheless, the **UAE remains well-positioned** to enjoy robust **GDP growth of 3.8%** in 2013 driven by solid expansion in non-oil sectors offsetting an expected stabilisation in oil production
- In **Dubai, growth** is expected to **accelerate to 3.9% in 2013** from an estimated 3.2% in 2012 as manufacturing, tourism and hospitality and non-oil foreign trade continue to benefit from strengthening regional consumption and investment
- **Emirates NBD is well placed** to take advantage of the expected acceleration in Dubai's growth
- **Capitalisation and liquidity** continue to be **extremely strong**, offering resilience and flexibility for the future
- **Significantly 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

Summary

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Profitability	• Net profit **improved significantly** q-o-q and y-o-y by 34% and 31% respectively to AED 837 million
Income	• Top-line trends **stable** q-o-q and y-o-y
CI Ratio	• Cost to Income ratio has improved q-o-q and y-o-y from 38.2% and 35.1% respectively to 34.6%
Credit Quality	• **NPL coverage improved by 2%** during Q1 2013
Capitalisation and Liquidity	• **Capitalisation and liquidity** continue to be **extremely strong**, offering resilience and flexibility for the future
Strategy	• **Significant progress** made in achieving strategic imperatives
Outlook	• Emirates NBD is **well placed** and has a clear strategy in place to take advantage of the **improving growth outlook**

Investor Relations

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