Q2 2013 Results Presentation

July 22, 2013

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Q2 2013 Financial Results Highlights

Emirates NBD

Highlights

- **Net profit of AED 972 million**, improved by +50% vs. Q2 2012 and +16% vs. Q1 2013
- **Net interest income** improved by +17% y-o-y and +9% q-o-q
- **Non-interest income** improved by 17% y-o-y and by 14% q-o-q; **core fee income improved by 6% q-o-q**
- **Costs increased by 6% y-o-y, 4% q-o-q** while **Cost to Income Ratio** improved by 3.3% y-o-y and 2.1% q-o-q **after excluding acquisition costs** relating to the Egypt transaction
- Continued balance sheet **de-risking** and conservative provisioning resulted in net **impairment allowances** of **AED 997 million**
- **Net loans increased** 11% y-o-y and 5% q-o-q
- **Deposits increased** 3% q-o-q and 11% y-o-y
- **Headline LTD ratio at 101%** vs.100% at end of Q2 2012

Key Performance Indicators

AED million	Q2 2013	Q2 2012	Better/ (Worse)	Q1 2013	Better/ (Worse)
Net interest income	1,913	1,639	17%	1,748	9%
Non-interest income	1,007	860	17%	882	14%
Total income	**2,920**	**2,499**	**17%**	**2,630**	**11%**
Operating expenses	(973)	(894)	(9%)	(909)	(7%)
Amortisation of intangibles	(16)	(20)	20%	(15)	(7%)
Pre-impairment operating profit	**1,931**	**1,585**	**22%**	**1,706**	**13%**
Impairment allowances	(997)	(954)	(4%)	(888)	(12%)
Operating profit	**934**	**631**	**48%**	**818**	**14%**
Share of profits of associates	41	21	90%	26	54%
Taxation charge	(3)	(5)	40%	(7)	57%
Net profit	**972**	**647**	**50%**	**837**	**16%**
Cost: income ratio	33.3%	35.8%	2.5%	34.6%	1.3%
Net interest margin	2.48%	2.28%	0.2%	2.39%	0.09%

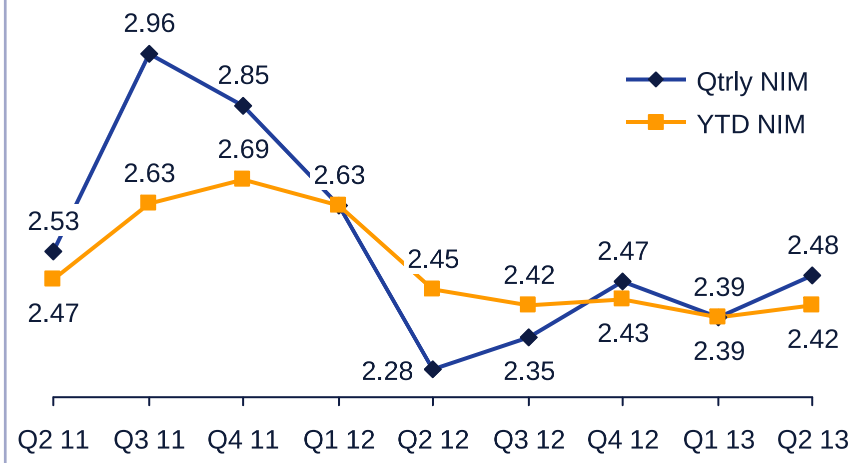
AED billion	30-Jun-13	30-Jun-12	Better/ (Worse)	31-Mar-13	Better/ (Worse)
Loans	231.8	208.2	11%	220.6	5%
Deposits	230.4	208.4	11%	223.0	3%

Net Interest Income

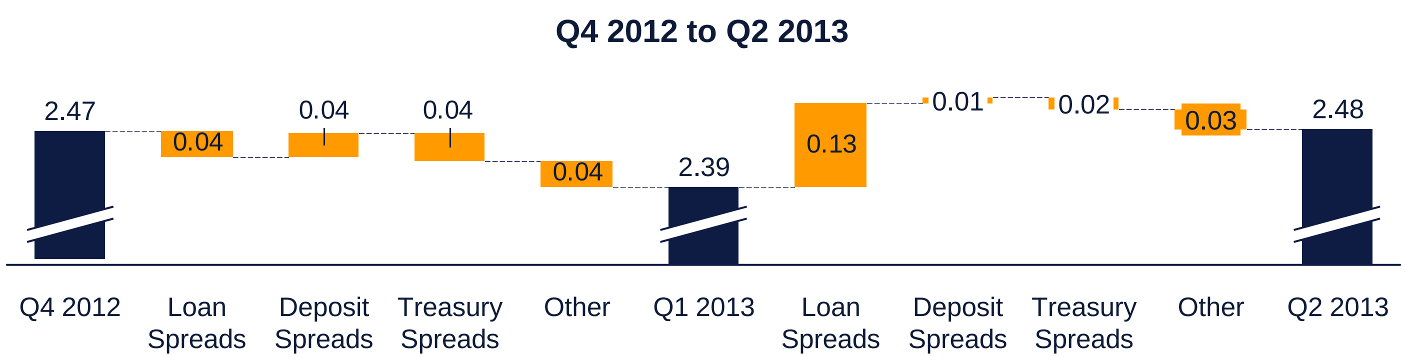
Highlights

- **NIM increased by 9 bps** from 2.39% in Q1 2013 to **2.48%** in Q2 2013 which coupled with balance sheet growth resulted in an increase in net interest income which is 9% higher than the previous quarter
- Q2 2013 NIM increase is driven mainly by higher spreads in loans and deposits partly offset by decrease in treasury spreads

Net Interest Margin (%)



Net Interest Margin Drivers (%)

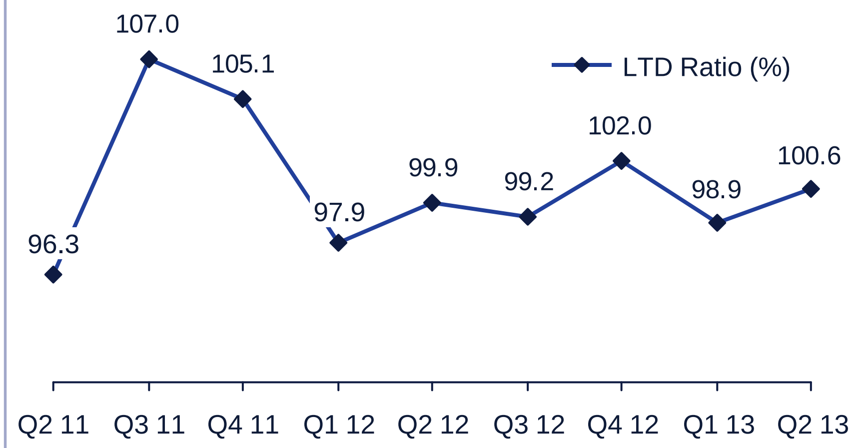


Funding and Liquidity

Highlights

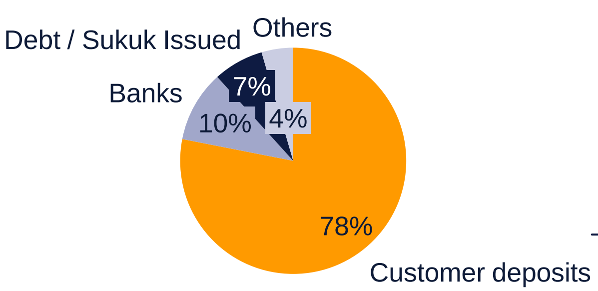
- Headline **LTD ratio of 100.6%** at Q2 2013
- The **LTD ratio is being managed** within a **target range of 95%-105%**
- **Liquid assets*** of **AED 32.2 billion** as at 30 June 2013 (11% of total liabilities)
- **Issued AED 2.42 billion** medium term debt during 2013 via private placements
- **Issued AED 3.6 billion** of Tier 1 capital notes
- **Issued AED 2.75 billion** of Tier 2 notes in March 2013
- **Repaid AED 1.3 billion** of subordinated debt
- **Repaid AED 7.8 billion** to Ministry of Finance in H1 2013

Loan to Deposit (LTD) Ratio (%)



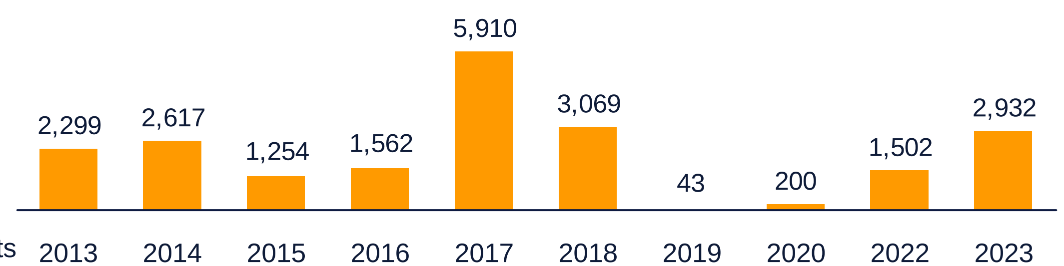
Composition of Liabilities and Maturity of Debt Issued (AED million)

Composition of Liabilities



Maturity Profile of Debt/Sukuk Issued

100% = AED 21.4 billion



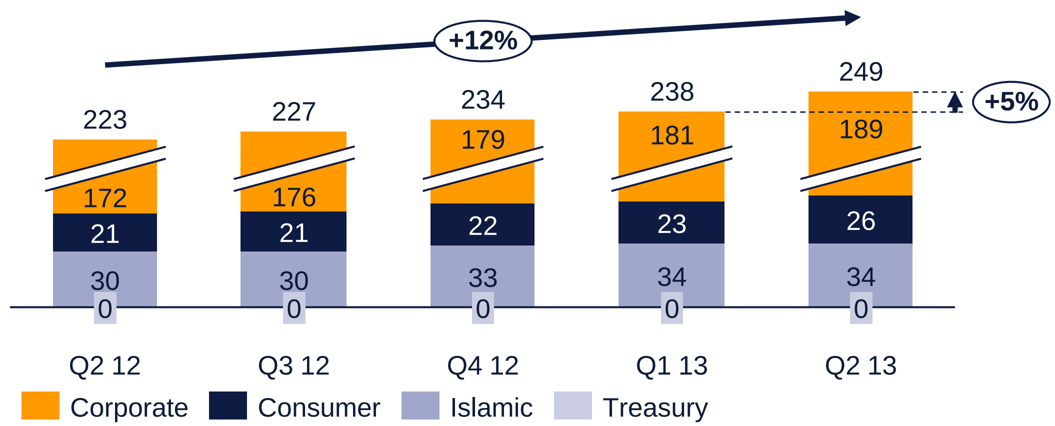
*including cash and deposits with Central Banks but excluding interbank balances and liquid investment securities

Loan and Deposit Trends

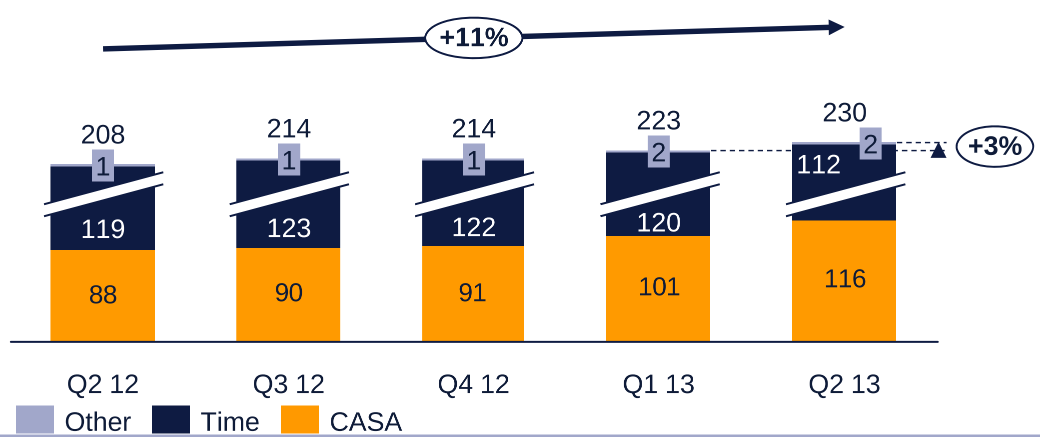
Highlights

- **Signs of modest pickup in new underwriting across all business segments with** 12% growth in gross loans from Q2 2012
- Gross loans given to customers of BNP Paribas Egypt are **AED 3.8 billion. 66% of these loans relate to corporate customers**
- Customer deposits of BNP Paribas Egypt are **AED 7.3 billion. 54% of these deposits are CASA**
- **Balance sheet optimisation initiatives successful** in improving deposit mix**:**
  - Growth of 11% in deposits
  - **CASA growth of 32%** or AED 28 billion from Q2 2012 and 13% from Q1 2013
  - 50% of total deposits in the form of CASA at end of Q2 2013 compared to 42% and 43% at end of Q2 2012 and Q4 2012 respectively

Trend in Gross Loans by Type (AED billion)



Trend in Deposits by Type (AED billion)



Non-Interest Income

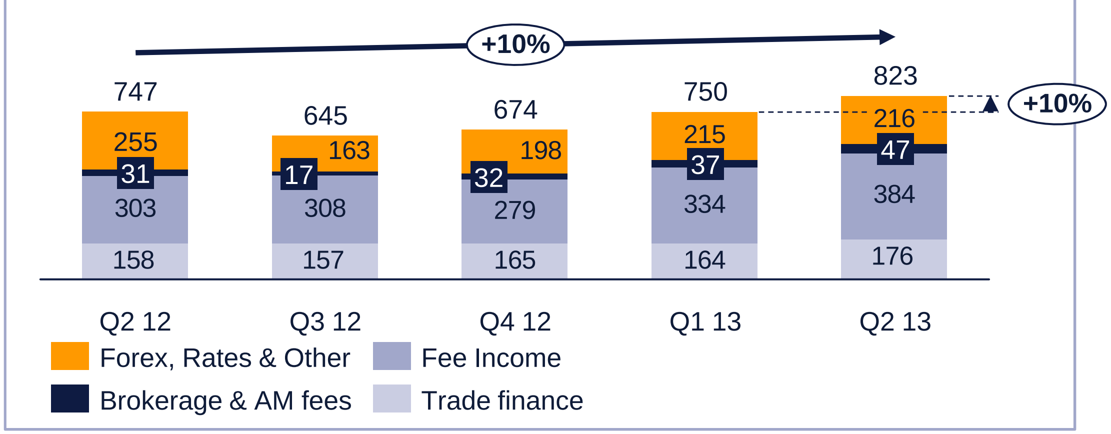
Highlights

- **Non-interest income** improved by 14% q-o-q and 17% y-o-y
- Increase of 80% y-o-y and 52% q-o-q in income from **non-core items** due to:
  - **Higher property income** in Q2 2013 from the gain on sale of properties held as inventory due to a robust real estate market
  - **Lower investment securities income** in Q2 2013 due to higher credit spreads
- **Core fee income improved q-o-q and y-o-y by 6%**, key trends being:
  - Improvement in banking fee income (15% q-o-q and 27% y-o-y) arising from increased fee on Loan Syndication as we reached out to regional customers
  - Improvement in brokerage/asset management fee income (27% q-o-q and 52% y-o-y)
  - Forex, Rates & Other was stable q-o-q & was 16% lower y-o-y

Composition of Non Interest Income (AED million)

AED million	Q2 2013	Q2 2012	Better/ (Worse)	Q1 2013	Better/ (Worse)
Core gross fee income	823	748	10%	750	10%
Fees & commission expense	(53)	(20)	165%	(24)	121%
Core fee income	**770**	**728**	**6%**	**726**	**6%**
Property income	116	5	2200%	32	263%
Investment securities income / (loss)	121	127	(5%)	124	(2%)
Total Non Interest Income	**1,007**	**860**	**17%**	**882**	**14%**

Trend in Core Gross Fee Income (AED million)

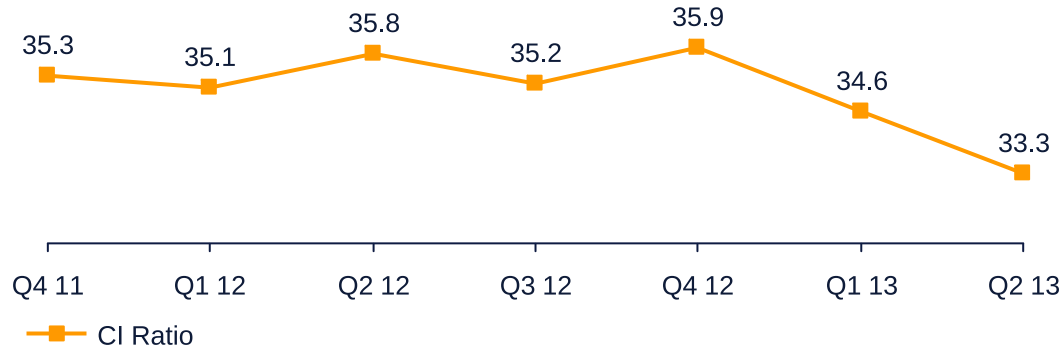


Operating Costs and Efficiency

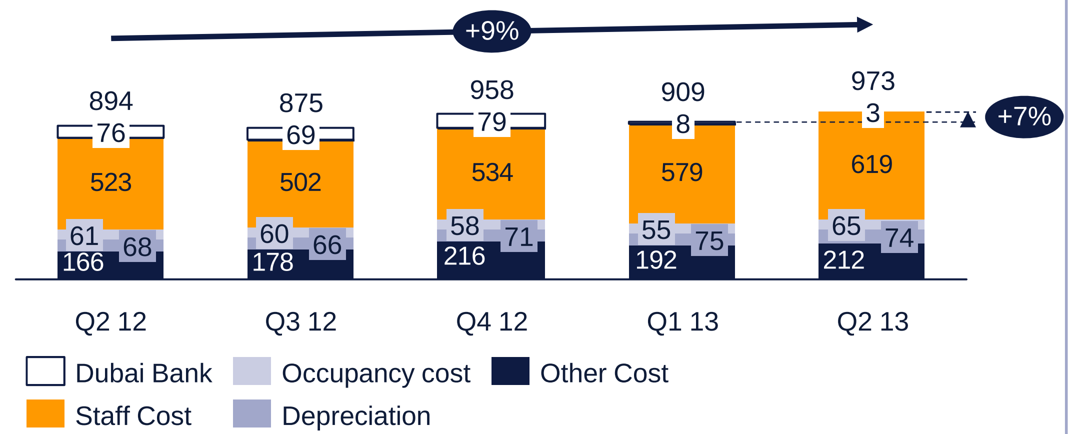
Highlights

- **Q2 2013 Costs increased** by **6% y-o-y** (Excluding costs of the Egypt acquisition). CI Ratio improved y-o-y and q-o-q
- Excluding the BNP Paribas Egypt numbers, the CI ratio would have been **33.1% at Q2 2013**
- Costs **increased by 7% q-o-q** by AED 64 million to AED 973 million in Q2 2013 resulting from:
  - BNP Paribas Egypt acquisition costs – AED 24 million
  - BNP Paribas Egypt administrative costs – AED 18 million
  - Increase in other costs by AED 20 million
  - The **cost to income ratio** will be managed to the longer term **target** range of **c.34%-35%**

Cost to Income Ratio (%)



Cost Composition (AED million)



Credit Quality

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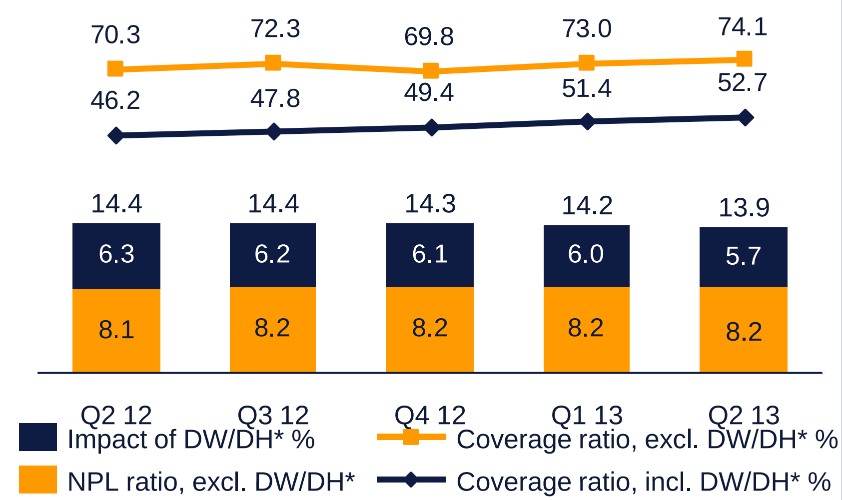
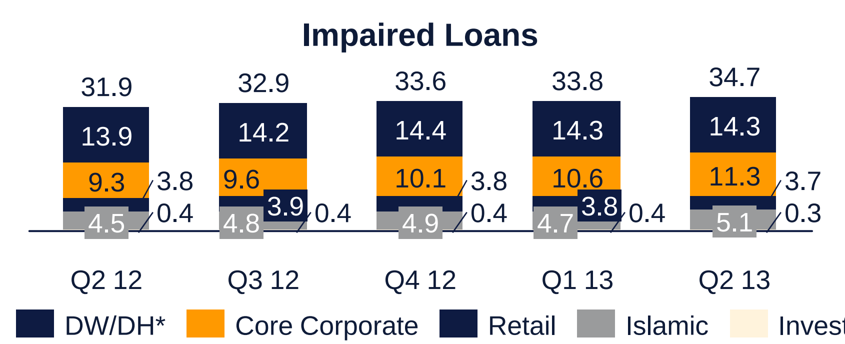
Highlights

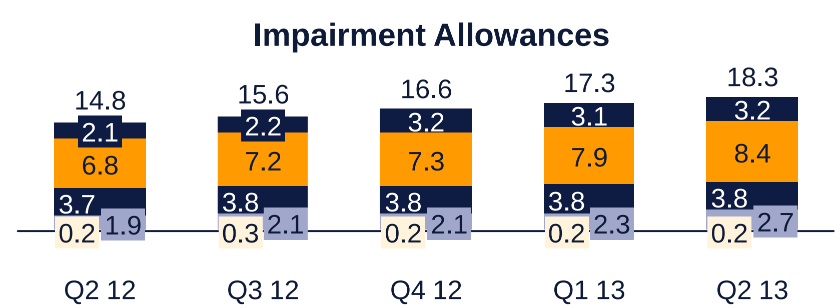
- **Q2 2013 net impairment charge** of **AED 997 million** driven principally by additional net **specific corporate loan provisions**
- Total **portfolio impairment allowances** amount to **AED 3.7 billion** or 2.8% of credit RWAs
- **Management targets** for impaired loan coverage ratios:
  - 80%-85% 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 = includes D1 (exposure AED 9.3 billion; provision AED 506 million) and D2B (exposure AED 4.6 billion; provision AED 2.51 billion)

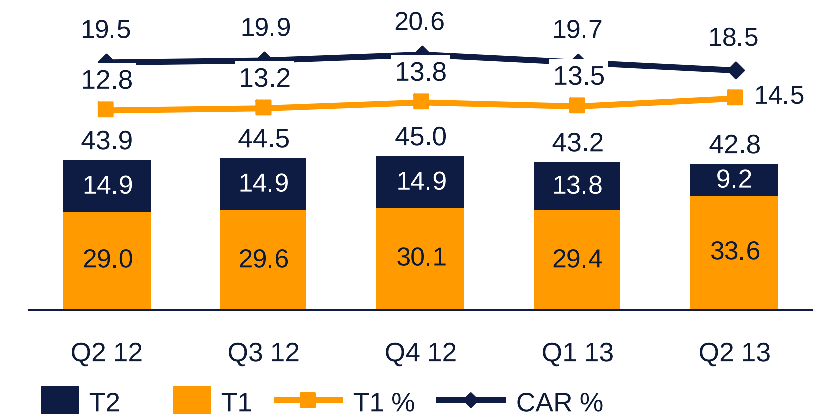
Capital Adequacy

Emirates NBD

Highlights

- **CAR declined** 1.2% while **T1 increased by** 1% q-o-q to 18.5% and 14.5% respectively resulting from:
  - Increase in Tier 1 capital by AED 3.5 billion in H1 2013 due to the newly issued T1 capital of AED 3.7 billion in May 2013, net profit of AED 1.8 billion, deduction of goodwill and intangibles of AED 0.5 billion related to the Egypt acquisition and the dividend payout of AED 1.4 billion paid in March 2013
  - 5% increase in RWAs due to the inclusion of BNP Paribas Egypt's assets
  - **Net decrease in T2 capital** of AED 5.7 billion due to the repayment of T2 of AED 7.8 billion (eligible after amortization: AED 6.2 billion) during Q2 2013 partially offset by the new issuance of T2 capital of AED 2.88 billion
  - The impact of the Egypt acquisition was anticipated when we first announced the transaction and excluding the same, ENBDs T1% and the CAR% would have been at 15.5% and 19.6% respectively

Capitalization

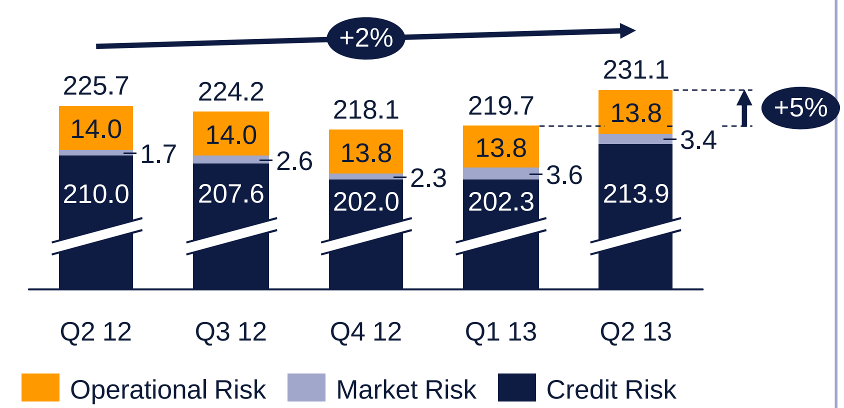


Capital Movements (AED billion)

31 Dec 2012 to 30 Jun 2013	Tier 1	Tier 2	Total
Capital as at 31 Dec 2012	**30.1**	**14.9**	**45.0**
Net profits generated	1.8	-	1.8
FY 2012 dividend paid	(1.4)	-	(1.4)
Newly issued T1	3.7	-	3.7
Repayment of T2*	-	(6.2)	(6.2)
Amortization of MOF T2 / subordinated debt	-	(1.08)	(1.08)
Interest on T1 securities	(0.1)	-	(0.1)
Newly issued T2	-	2.88	2.88
Repayment of subordinated debt	-	(1.3)	(1.3)
Other	(0.5)	-	(0.5)
Capital as at 30 Jun 2013	**33.6**	**9.2**	**42.8**

* Net of amortization

Risk Weighted Assets – Basel II (AED billion)



Acquisition of BNP Paribas Egypt

Highlights

- **On 9 June 2013,** Emirates NBD acquired a **95.2%** stake in BNP Paribas Egypt
- Acquisition of the remaining 4.8% of share is under process and the transfer of ownership of these shares will be completed in 2013
- **Total consideration of USD 500 million** is 1.4 times the estimated fair value of net assets acquired
- The difference between the fair value of assets acquired and purchase consideration is **goodwill and intangibles**
- The **fair value** of the assets and liabilities was **determined by an external expert**
- The purchase price allocation exercise is currently in progress, hence the goodwill and intangibles will be adjusted once the exercise is completed
- **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	1,748
Acquisition related cost (Capitalized)	2
Minority interest	88
Total	**1,838**

Acquisition of BNP Paribas Egypt
Business Overview

Business Overview

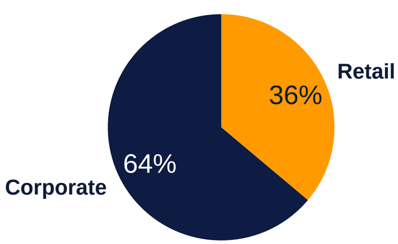
- **Full service commercial banking platform**:
  - Corporate Banking: focused on large corporate and MNCs; serves c.4,000 clients
  - Retail Banking: High growth segment; serves c.246,000 clients
  - Treasury: AUMs of c.$446m; serves c.670 clients
- **Wide presence in Egypt** through **61 branches and 169 ATMs**
- **Financially sound** with robust profitability and a healthy balance sheet

Financial Highlights

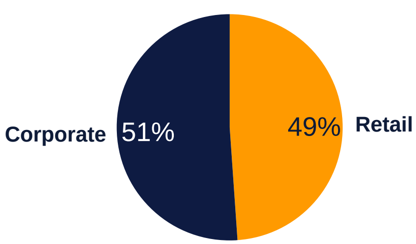
AED million	Dec 2011	Dec 2012
Net interest income	290	322
Non-interest income	191	143
Total income	**481**	**465**
Operating expenses	(301)	(261)
Pre-impairment operating profit	**180**	**204**
Impairment allowances	(18)	(23)
Operating profit	**162**	**181**
Tax	(29)	(26)
Net Profit	**133**	**155**
Cost: income ratio	62.5%	56.1%
Net interest margin	3.5%	3.9%

Segment Breakdown

Gross Loans
100% = AED 3.5 billion



Deposits
100% = AED 7.6 billion



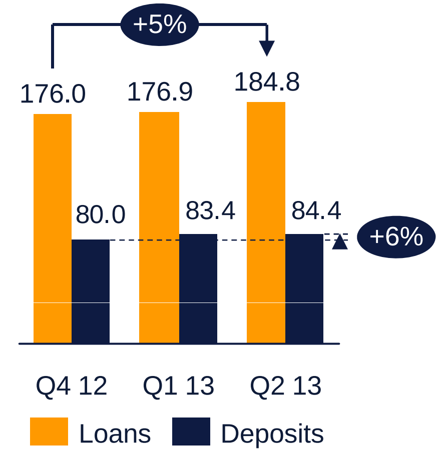
AED billion	Dec 2011	Dec 2012
Loans	4	3.5
Deposits	7.7	7.6
NPL Ratio	4.6%	3.8%
NPL Coverage ratio	116%	128%

Divisional Performance

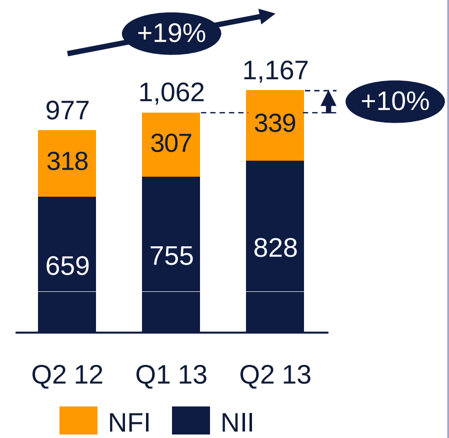
Wholesale Banking

- 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 increased 10% q-o-q and 19% y-o-y
- Loans rose by 5% from end of Q4 2012 as new underwriting more than offset normal loan repayments
- Deposits grew by 6% from end of Q4 2012

Balance Sheet Trends
AED billion



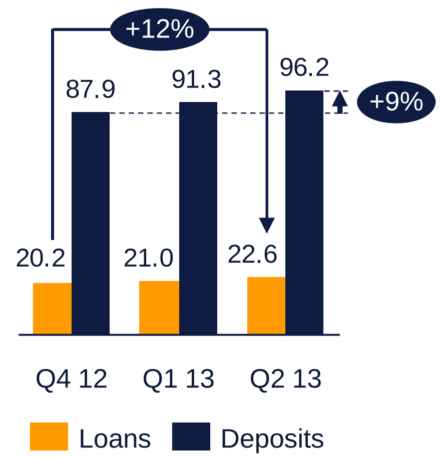
Revenue Trends
AED million



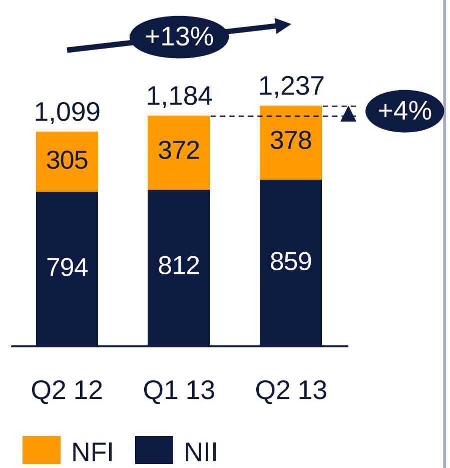
Consumer Banking & Wealth Management

- CWM continued to improve its position during the quarter
- Revenue improved 4% q-o-q and 13% y-o-y
- Deposits grew 5% q-o-q and 9% from end-2012
- Loans grew 8% q-o-q and 12% from end of 2012 driven by growth in personal loans, credit cards and the SME segment
- The bank has added 9 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

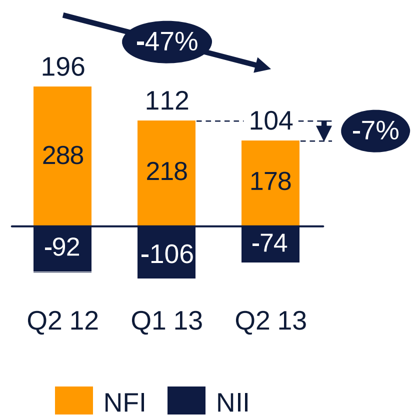


Divisional Performance (cont'd)

Global Markets & Treasury

- Revenue has marginally decreased to AED 104 million in Q2 2013 from a AED 112 million in Q1 2013 due to higher realization of AFS investments in Q1
- After excluding one off gains mainly arising from sale of certain investments in Q2 2012, on like to like comparison, 2013 Trading revenues are broadly in line with 2012
- Treasury sales revenues for Q2 2013 are marginally better than Q2 2012 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

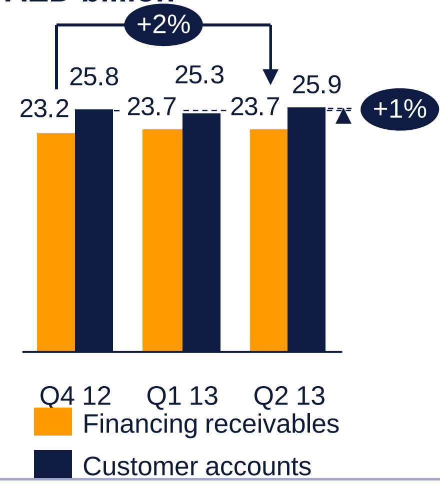
Revenue Trends
AED million



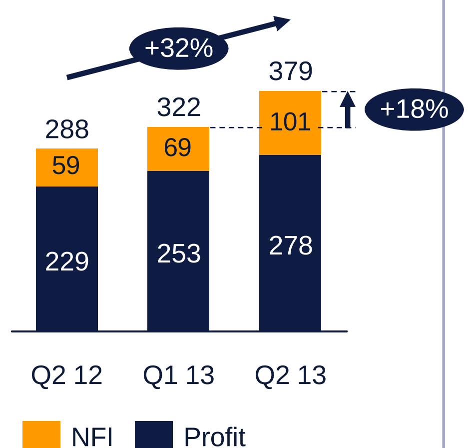
Islamic Banking*

- Islamic Banking revenue improved 32% y-o-y and by 18% q-o-q to AED 379 million in Q2 2013 (net of customers' share of profit)
- Financing receivables increased by 2% to AED 23.7 billion from end of Q4 2012
- Customer accounts increased by 1% to AED 25.9 billion from end of Q4 2012
- As at end of Q2 2013, branches totaled 49 while the ATM & SDM network totaled 176

Balance Sheet Trends*
AED billion



Revenue Trends*
AED million



*Includes Emirates Islamic Bank and Dubai Bank

Emirates NBD has 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 customer 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

Outlook

Emirates NBD

Economic Outlook

- During **2012** the UAE economy continued to display resiliency with an estimated **GDP growth of 4.4%** 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 be at **3.8% in 2013** from an estimated 4.4% 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 strong continued growth in Dubai
- **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

Emirates NBD

Profitability	• Net profit **improved significantly** q-o-q and y-o-y by 16% and 50% respectively to AED 972 million
Income	• Total income **improved** q-o-q and y-o-y by 11% and 17% respectively
CI Ratio	• Cost to Income ratio has improved q-o-q and y-o-y from 34.6% and 35.8% respectively to 33.3%
Credit Quality	• **NPL coverage improved by 1.3%** during Q2 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**

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