For immediate release

Emirates NBD Announces First Quarter 2011 Results

Strong Financial Performance

Total Income of AED 2.3 billion; Net Profit of AED 1.4 billion

Dubai, 26 April 2010

Emirates NBD (DFM: EmiratesNBD), the leading bank in the region, today announced its results for the quarter ended 31 March 2011.

Results Highlights

- **Q1 2011 net profit of AED 1.4 billion,** up 27% compared to Q1 2010 and up 251% from Q4 2010
- **Earnings per Share up 29%** to AED 0.24 (Q1 2010: 0.19)
- **Network International** strategic partnership transaction completed during Q1 2011, resulting in a **gain of AED 1.8 billion**
- Q1 2011 witnessed **further pro-active de-risking of the balance sheet**:
  - Portfolio impairment allowances increased by AED 628 million substantially to cover future contingencies, taking the total allowance to AED 2.8 billion or 1.8% of credit Risk Weighted Assets
  - Book value of investment in Union Properties reduced further by AED 500m
- **Moderate increase in impaired loans ratio** during the first quarter of 2011 **of 0.4% in line with expectations**
- **Encouraging revenue trends during Q1 2011**:
  - Growth in net interest income of 2% compared with Q4 2010
  - Stable net interest margin of 2.41% for Q1 2011 (Q4 2010: 2.41%)
  - Growth in core fee income of 19% and 7% compared with Q4 2010 and Q1 2010 respectively
- **Total assets up 5%** at **AED 300.3 billion** compared to AED 286.2 billion at the end of 2010
- **Customer loans** at **AED 194.4 billion**, **down 1%** from AED 197.1 billion at the end of 2010
- **Customer deposits** at **AED 212.0 billion, up 6%** from AED 200.0 billion at the previous year-end
- Headline **loan to deposit ratio further improved to 92%** from 99% at the end of 2010
- **Capital adequacy ratio stable at extremely healthy level of 20.1%**

Commenting on the Group's performance, His Excellency Ahmed Humaid Al Tayer, Chairman of Emirates NBD said: "Emirates NBD's improved performance during the first quarter of 2011 highlights the strength of the Bank and its ability to take advantage of improving economic conditions and of realising value-adding opportunities for our shareholders. Having faced and successfully addressed significant challenges during the last few years, the Bank is in a strong position to take advantage of further expected improvements in the business environment and capitalise on future value adding opportunities."

Emirates NBD's Chief Executive Officer, Mr. Rick Pudner, said: "During the first quarter of 2011 we have continued to deliver stable and robust financial results. The quarter witnessed the formalisation of the Network International transaction and the resultant gain demonstrates the value we are able to create and realise for our shareholders. From an operational perspective, the quarter has importantly seen a return to top-line growth across both net interest and core fee income categories."

Emirates NBD's Chief Financial Officer, Mr. Surya Subramanian, said: "We have accelerated investment in future growth opportunities, continued to de-risk the balance sheet and seen further improvements in our liquidity, while maintaining our capital adequacy at extremely comfortable levels."

Financial Review

AED million	Quarter ended 31 Mar 2011	Quarter ended 31 Mar 2010	Change (%)	Quarter ended 31 Dec 2010	Change (%)
Net interest income	1,648	1,729	-5%	1,620	+2%
Non-interest income	612	827	-26%	642	-5%
Total income	2,260	2,556	-12%	2,262	-0%
Operating expenses	(808)	(862)	-6%	(758)	+7%
Operating profit before impairment allowances	**1,452**	**1,694**	**-14%**	**1,504**	**-3%**
Impairment allowances	(1,369)	(555)	+147%	(201)	+581%
Operating profit	**83**	**1.139**	**-93%**	**1,303**	**-94%**
Amortisation of intangibles	(23)	(23)	-	(23)	-
Associates	(477)	(2)	n/a	(869)	-45%
Gain on subsidiaries	1,835	-	-	-	-
Taxation charge	(5)	(4)	+16%	(8)	-42%
Net profit	**1,413**	**1,110**	**+27%**	**403**	**+251%**
Cost to income ratio (%)	35.7%	33.7%	+2.0%	33.5%	+2.2%
Net interest margin (%)	2.41%	2.59%	-0.18%	2.41%	+0.01%
EPS (AED)	0.24	0.19	+29%	0.06	+306%
Return on average shareholders' equity (%)	23.7%	19.6%	+4.1%	6.9%	+16.8%

AED billion	As at 31 Mar 2011	As at 31 Mar 2010	Change (%)	As at 31 Dec 2010	Change (%)
Total Assets	300.3	289.7	+4%	286.2	+5%
Loans	194.4	212.0	-8%	197.1	-1%
Deposits	212.0	191.3	+11%	200.0	+6%
Capital Adequacy Ratio (%)	20.1%	19.6%	+0.5%	20.1%	+0.0%
Tier 1 Ratio (%)	12.7%	12.4%	+0.3%	12.8%	-0.1%

Total Income

Total income for the quarter declined by 12% to AED 2,260 million compared with AED 2,556 million in Q1 2010 and was stable compared with AED 2,262 million in Q4 2010.

Net interest income for the quarter declined by 5% to AED 1,648 million from AED 1,729 million in Q1 2010 but improved by 2% compared with AED 1,620 million in Q4 2010 driven primarily by a stabilisation of the net interest margin at 2.41% and growth in interest earning assets of 1% compared with the previous quarter. While pressure on the net interest margin from the negative mix impact of an improved funding profile continued during Q1 2011, this was offset by reduced deposit funding costs following pro-active downward re-pricing during the quarter.

Non-interest income recorded a year-on-year decline of 26% to AED 612 million in Q1 2011. The decrease was largely driven by lower positive income on investment securities and the deconsolidation of Network International. Core fee income recorded 7% and 19% growth in Q1 2011 compared to Q1 2010 and Q4 2010 respectively, driven by increased banking fee income and a pickup in trade finance activity.

Total Costs

Costs in Q1 2011 amounted to AED 808 million, an improvement of 6% over Q1 2010 resulting from cost management initiatives implemented during the latter half of 2010 and the deconsolidation of Network International, partly offset by an acceleration of investment in future growth opportunities during the quarter.

Asset Quality and Impairments

Emirates NBD continues to pro-actively manage credit quality and impaired loans across the Bank's corporate, retail and Islamic financing portfolios have increased moderately within previously expected levels.

The impairment charge in respect of Q1 2011 increased to AED 1,369 million compared with AED 555 million in Q1 2010 and AED 201 million in Q4 2010. This was primarily driven by an increase of AED 628 million to portfolio impairment allowances during the quarter, substantially to cover future contingencies. This takes total portfolio impairment allowances to AED 2.8 billion or 1.8% of unclassified credit risk weighted assets, in excess of the UAE Central Bank requirement of 1.5% by almost AED 500 million. The Bank is fully in compliance with all aspects of the UAE Central Bank provisioning circular No. 28/2010.

Associates and Joint Ventures

The contribution of the Bank's investments in associates and joint ventures during Q1 2011 amounted to negative AED 477 million compared to a negative contribution of AED 869 million in Q4 2010. This was principally driven by the Group's share of estimated losses incurred by Union Properties PJSC during the respective periods as well as impairments of AED 426 million and AED 360 million recognised on the Bank's investment in this company during Q1 2011 and Q4 2010 respectively. The Bank is comfortable with the resulting book value of its investment in Union Properties of AED 782 million.

During the quarter, Network International and Abraaj Capital formalised their partnership agreement to enhance Network International's ongoing growth and accelerate the geographical expansion of the company's market leading electronic payments platform. Under the terms of the partnership agreement, which has been approved by the relevant regulatory authorities, Abraaj Capital, through Abraaj Financial Technologies Holdings Limited, has acquired a 49 per cent stake in Network International, a previously wholly owned subsidiary of Emirates NBD. As a result of this transaction, Network International was accounted for as a jointly controlled entity from the start of 2011 and a gain on the transaction of AED 1.8 billion was recognised during Q1 2011.

Net Profits

Net profits for the Group were AED 1,413 million for Q1 2011, 27% above the profits posted in Q1 2010 of AED 1,110 million and up 251% from Q4 2010 profits of AED 403 million.

Customer Loans and Deposits

Customer Loans as at 31 March 2011 (including Islamic financing) declined by 1% from end-2010 levels to AED 194.4 billion.

Customer Deposits as at 31 March 2011 were AED 212.0 billion, an increase of 6% over the customer deposit base as at 31 December 2010.

The loan to deposit ratio improved further in Q1 2011 to 92% from 99% at the end of 2010.

Capital

The Bank's total capital adequacy ratio and Tier 1 capital ratio have remained broadly stable at 20.1% and 12.7% respectively from the end of 2010. While capitalisation ratios have increased due to strong profit generation during the quarter, this was offset by the dividend payable in respect of the 2010 financial year and an increase in risk weighted assets of 1% over the quarter.

Business Performance

Consumer & Wealth Management (CWM)

The Bank's Consumer Banking and Wealth Management division recorded a good performance during first quarter of 2011, achieving growth in their business and customer base.

Income for the Division increased by 5% in Q1 2011 to AED 869 million from AED 829 million in the same period of 2010, principally driven by 19% growth in fee income to AED 254 million in Q1 2011 from AED 213 million in Q1 2010. During the first quarter of 2011, CWM continued its focus on reducing costs and increasing productivity, with several initiatives being launched to improve processes and customer service. Consequently, CWM reported a 1.8% improvement in its cost to income ratio relative to Q1 2010.

Credit quality remained tightly managed and retail loan portfolio delinquencies during Q1 2011 continued to witness the improving trends evident throughout 2010.

CWM's sustained focus on deposit growth during Q1 2011 resulted in growth of AED 4.7 billion in customer deposits from end-2010 levels to reach AED 70.8 billion.

Key highlights of the first quarter include the launch of new products; Smart Saver FCY, Double Secure for the total card member base, Certificate of deposits with a vanilla CD offering as well as linked to structured product, Bon Appétit dining program and lastly, launch of ladies banking. In addition, the Division continued to gain market share in the credit cards and the liabilities businesses, driven by the launch of innovative products and services.

Emirates NBD's branch network, the largest in the country, has continued to expand with the addition of four branches during the year, taking the total to 109. Its distribution capability was further complemented by growth in its ATM network with an addition of 5 new ATMs across the Emirates taking the total ATM and SDM network to 626.

Wholesale Banking

In the light of the economic conditions and challenges that faced the banking sector globally and locally, Wholesale Banking continues to deliver a consistent performance. The Division recorded total income of AED 1,024 million during Q1 2011, down 4% compared with Q4 2010. Customer Deposits increased by 7% since the end of 2010 while the advances portfolio remained stable during the last quarter as a moderate pickup in new underwriting has offset normal loan repayments.

With a combined market share of almost a fifth of corporate assets in the UAE, the Wholesale Banking team is well positioned to capitalise on expected improvements in economic activity. Wholesale Banking continued to enhance its customer service aspects and product range through a host of banking products to add depth to client relationships. This included incentivising customers to migrate to alternative delivery channels such as online banking, 'Smart BUSINESS' and 'Trade Online' to enhance efficiency and customer service.

Global Markets & Treasury (GMT)

GMT reported total income of AED 148 million for the first quarter of 2011 compared with AED 277 million in Q1 2010 driven mainly by lower sales and trading income and lower positive gains on principal investments. Q1 2011 was a challenging quarter for the Trading business, which was dominated by political tensions in the Middle East, financial crisis in some of the European countries and the natural disaster in Japan, resulting in increased volatility in global equity markets and lower foreign institutional interest in Regional markets. The Trading desk was however able to take advantage of renewed interest in Middle East credit which benefitted from “flight to quality”.

In terms of Treasury Sales, the low interest rate scenario continued to affect clients’ decisions to hedge their interest rate exposure, thereby reducing the income from sales of balance sheet hedging products. The Foreign Exchange flow business has shown signs of stabilising compared with previous years as regional trade flows pick up.

Emirates Islamic Bank (EIB)

Total income (net of customers’ share of profit) for EIB was AED 184 million for Q1 2011, an improvement of 14% from Q1 2010. Customer accounts grew by 9% to AED 27.5 billion during the first quarter of 2011 while financing receivables declined 3% to AED 15.4 billion from end-2010.

As at 31 March 2011, EIB’s branch network totaled 31 with a combined ATM and SDM network of 91.

IT and Operations (ITO)

During Q1 2011, Group IT has contributed to the delivery of both innovative and cost savings initiatives, with the launch of electronic statements and the implementation of server virtualisation. Both initiatives are new to Emirates NBD and will reduce costs but most importantly reduce the bank’s impact on the environment.

To meet regulatory requirements and to capitalise on new emerging market needs, a Prepaid Payroll Card system was launched during the quarter. This provides companies a secure, safe and easy to manage, electronic wage management solution to address their payroll servicing needs in accordance with the Government mandate.

Group IT have successfully maintained the ISO 9001: 2008 Quality Management certification in March 2011. This is issued from BSI and is an external validation of the continuous improvement initiatives for both quality and governance within the department. A focus area has been around service level management with the introduction of reporting to monitor the bank’s customer facing applications.

Operations activities have continued to concentrate on increasing our efficiency and throughput on banking transactions and ITO was awarded "STP Award" in the Outward Payments function from Deutsche Bank.

Outlook

During Q1 2011, conditions in the local economy have continued to improve. In particular, underlying economic activity in traditional trade, logistics, manufacturing and hospitality sectors are showing signs of recovery while the oil and gas industry continues to benefit as oil prices hold strong above USD 100 per barrel. While regional geopolitical unrest impacted local markets during the quarter as global investors reduced risk exposure across the region, conditions have improved considerably more recently and have highlighted the UAE and Dubai as relative "safe havens".

Emirates NBD has a clear strategy in place to further enhance shareholder returns and take advantage of the expected further improvements in local economic activity. This strategy is built around further optimisation of the balance sheet; driving income growth and profitability through key account planning, cross-selling and customer service enhancement initiatives; enhancement of platforms; and measured investment in key growth areas.

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Notes to editors:

Awards

"Best bank in the UAE" for the year 2011 by **Global Finance (**March 2011)

Emirates NBD Capital named **"Best investment bank in the UAE"** by **Global Finance** (February 2011)

"Human Resources Development in Banking and Financial sector" Award for 2010 at the **Sharjah Career Fair** 2011 (February 2011)

"Best Private Banking Services Overall in UAE" Award in 2011 by **Euromoney** (February 2011)

About Emirates NBD

Emirates NBD (DFM: Emirates NBD) is a leading bank in the region.

Emirates NBD has a leading retail banking franchise in the UAE, with 140 branches and over 700 ATMs and SDMs. It is a major player in the UAE corporate banking arena, and has a strong Islamic banking, investment banking, private banking, asset management and brokerage operations.

The bank has operations in the UAE, the Kingdom of Saudi Arabia, Qatar, Singapore, the United Kingdom and Jersey (Channel Islands), and representative offices in India and Iran. For more information, please visit: www.emiratesnbd.com

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