

For immediate release

Emirates NBD Announces First Quarter 2012 Results

Strong Operating Performance

Total Income of AED 2.7 billion; Net Profit of AED 641 million

Dubai, 25 April 2012

Emirates NBD (DFM: EmiratesNBD), the leading bank in the region, today announced its results for the quarter ended 31 March 2012.

Results Highlights

- ❑ **Q1 2012 net profit of AED 641 million** compared with AED 152 million in Q4 2010 and AED 1,413 million in Q1 2011
- ❑ **Total income of AED 2.7 billion**, up 8% from Q4 2011 and up 19% from Q1 2011
- ❑ **Operating profit before impairment allowances of AED 1.7 billion**, up 19% and 20% from Q4 2011 and Q1 2011 respectively
- ❑ **Moderate increase in impaired loans ratio** during the first quarter of 2012 of **0.3% in line with expectations**
- ❑ **Total assets up 4% at AED 296.7 billion** compared to AED 284.6 billion at the end of 2011
- ❑ **Customer loans at AED 204.1 billion**, broadly stable relative to AED 203.1 billion at the end of 2011
- ❑ **Customer deposits at AED 208.5 billion, up 8%** from AED 193.3 billion at the previous year-end
- ❑ **Headline loan to deposit ratio improved to 98%** from 105% at the end of 2011
- ❑ **Capital adequacy ratio stable at extremely healthy level of 19.1%**

Commenting on the Group's performance, Emirates NBD's Chief Executive Officer, Mr. Rick Pudner, said: "During the first quarter of 2012 we have continued to deliver stable and robust financial results, reflecting the strength of our business model and cementing our position as the region's leading banking group. Whilst uncertainties and challenges remain in the global economic environment, we remain confident about the strength and capabilities of Emirates NBD to continue to realise more success and our ability to capitalise on value-adding opportunities for our shareholders."

Emirates NBD's Chief Financial Officer, Mr. Surya Subramanian, said: "The operating performance for the first quarter of 2012 has been particularly strong as evidenced by the acceleration of top-line growth while at the same time showing improved operating efficiency relative to the previous quarter. The Bank has also continued to optimise its balance sheet during the quarter through its focus on growth in stable low-cost deposits and the issuance of more than AED 7 billion in medium term liabilities."

Financial Review

AED million	Quarter ended 31 Mar 2012	Quarter ended 31 Mar 2011	Change (%)	Quarter ended 31 Dec 2011	Change (%)
Net interest income	1,777	1,648	+8%	1,929	-8%
Non-interest income	909	612	+49%	562	+62%
Total income	2,686	2,260	+19%	2,491	+8%
Operating expenses	(942)	(808)	+17%	(1,025)	-8%
Operating profit before impairment allowances	1,744	1,452	+20%	1,466	+19%
Impairment allowances	(1,101)	(1,369)	-20%	(1,056)	+4%
Operating profit	643	83	+673%	410	+57%
Amortisation of intangibles	(20)	(23)	-13%	(23)	-13%
Associates	24	(477)	n/a	(228)	n/a
Gain on subsidiaries	-	1,835	-100%	-	n/a
Taxation charge	(6)	(5)	+19%	(7)	-17%
Net profit	641	1,413	-55%	152	+322%
Cost to income ratio (%)	35.1%	35.7%	-0.6%	41.1%	-6.0%
Net interest margin (%)	2.63%	2.41%	+0.22%	2.85%	-0.22%
EPS (AED)	0.10	0.24	-57%	0.02	+333%
Return on average shareholders' equity (%)	9.7%	23.7%	-14.0%	2.4%	+7.3%

AED billion	As at 31 Mar 2012	As at 31 Mar 2011	Change (%)	As at 31 Dec 2011	Change (%)
Total Assets	296.7	300.3	-1%	284.6	+4%
Loans	204.1	194.4	+5%	203.1	+0%
Deposits	208.5	212.0	-2%	193.3	+8%
Capital Adequacy Ratio (%)	19.1%	20.1%	-1.0%	20.5%	-1.4%
Tier 1 Ratio (%)	12.5%	12.7%	-0.2%	13.0%	-0.5%

Total Income

Total income for the quarter increased by 19% to AED 2,686 million compared with AED 2,260 million in Q1 2011 and grew by 8% compared with AED 2,491 million in Q4 2011.

Net interest income for the quarter improved by 8% to AED 1,777 million from AED 1,648 million in Q1 2011 but declined by 8% compared with AED 1,929 million in Q4 2011 driven primarily by a normalisation of the net interest margin to 2.63% from 2.85% in the previous quarter. The expected reduction in the net interest margin arose primarily from loans re-pricing to lower EIBOR rates and from the negative mix impact of an improved funding profile.

Non-interest income recorded a year-on-year increase of 49% to AED 909 million in Q1 2012. Although the improvement was aided by higher positive income on investment securities and the absence of write-downs on investment properties, core fee income also grew strongly by 17% and 14% compared to Q1 2011 and Q4 2011 respectively, driven by increased foreign exchange income and a pickup in trade finance activity.

Total Costs

Costs in Q1 2012 amounted to AED 942 million, an improvement of 8% over Q4 2011 resulting from lower non-staff costs. As a result, the cost to income ratio for Q1 2012 of 35.1% improved relative to 41.1% reported in Q4 2011.

Credit 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 by 0.3% to end the quarter at 14.1%.

The impairment charge in respect of Q1 2012 reduced to AED 1,101 million compared with AED 1,369 million in Q1 2011 but increased modestly from AED 1,056 million reported in Q4 2011. This impairment charge was primarily composed of specific provisions made in relation to the Bank's corporate portfolio and a further AED 234 million addition to portfolio impairment allowances during the quarter. This takes total portfolio impairment allowances to AED 4.0 billion or 2.7% of unclassified credit risk weighted assets, in excess of the UAE Central Bank requirement of 1.5% by almost AED 1.8 billion.

Associates and Joint Ventures

The contribution of the Bank's investments in associates and joint ventures during Q1 2012 amounted to AED 24 million compared to negative contributions of AED 477 million and AED 228 million in Q1 2011 and Q4 2011 respectively. The negative contribution in comparative quarters was principally driven by the impairments recognised on the Bank's investment in Union Properties during those quarters. Further impairments on the investment in Union Properties were not required in Q1 2012 as the Bank is comfortable with the current book value of AED 532 million.

Net Profit

Net profit for the Group was AED 641 million for Q1 2012, 55% below the profits posted in Q1 2011 of AED 1,413 million as the comparative quarter was aided by a AED 1,835 million gain on the stake sale of Network International. Relative to Q4 2011, however, net profit more than tripled due to the improved operating

performance witnessed during the current quarter and the absence of further impairments on associates and investment properties.

Customer Loans and Deposits

Customer Loans as at 31 March 2012 (including Islamic financing) were broadly stable compared with end-2011 levels at AED 204.1 billion.

Customer Deposits as at 31 March 2012 were AED 208.5 billion, an increase of 8% over the customer deposit base as at 31 December 2011.

The loan to deposit ratio improved in Q1 2012 to 98% from 105% at the end of 2011.

Capital

As at 31 March 2012, the Bank's total capital adequacy ratio and Tier 1 capital ratio were 19.1% and 12.5% respectively. While capital increased due to profit generation during the quarter, this was more than offset by the dividend payable in respect of the 2011 financial year and the commencement of the capital amortisation of the Ministry of Finance Tier 2 deposits. These impacts, together with an increase in risk weighted assets of 2% over the quarter, resulted in a decline of 1.4% in the total capital adequacy ratio relative to the previous quarter.

Group Initiatives

Tanfeeth

During the quarter, the integration of eight Emirates NBD back office operating units were finalised, taking Tanfeeth's official head-count to 1,500 employees. This represents a significant growth trajectory as compared to May 2011 when Tanfeeth was first established as Emirates NBD's 'Center of Excellence' and comprised of just one operating unit and 200 staff.

After establishing a large transformational team, Tanfeeth's work to embed a customer-centric operating model, underpinned by 'Lean' methodologies within each business unit now continues. Particularly within Emirates NBD's Retail Cards Center and Call Center Operations which represent Tanfeeth's most mature operations, this has delivered significant improvements to Emirates NBD's speed-to-market, cost-per-transaction and most importantly, its customer service levels.

In Q1 2012, Tanfeeth also continued solidifying its long-term, strategic partnership with IBM. Approximately 25 seconded IBM employees were integrated into Tanfeeth, providing increasing access to IBM's global process

capabilities in services, tools and training. IBM is also now managing part of Tanfeeth's delivery portfolio, including Finance and Accounting Services and Human Resource Services.

Looking forward, Tanfeeth has a clear strategy in place to deliver further value for Emirates NBD and also take advantage of the clear opportunity in the GCC region to improve customer service.

Takeover of Dubai Bank

Following the takeover of Dubai Bank on 11 October 2011 as per the decree issued by His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, in his capacity as the Ruler of Dubai, an integration committee was established to oversee the assimilation of Dubai Bank into the Group. Technology and interoperability have been a major focus area for the committee and the first major milestone to be reached in the ongoing integration program was the successful completion of the first phase of integrating Dubai Bank's ATM network into the Emirates NBD Group during Q1 2012. The new single platform will enable Dubai Bank customers to access free of charge over 800 ATMs across the UAE, significantly enhancing convenience for all customers of the Group.

During the quarter, Emirates NBD appointed Jamal Bin Ghalaita as the new Chief Executive Officer (CEO) of Dubai Bank. The appointment of Bin Ghalaita was in addition to his current position as CEO of Emirates Islamic Bank and aims at unifying the management team of both Islamic subsidiaries under the umbrella of Emirates NBD. Following this appointment, a unified Executive Committee was appointed to manage both banks, comprising senior management from both Islamic subsidiaries.

Business Performance

Consumer & Wealth Management (CWM)

The Bank's Consumer Banking and Wealth Management division recorded a strong performance during first quarter of 2012, achieving growth in their business and customer base.

Revenue for the Division increased by 29% for the quarter ended 31 March 2012 to AED 1,121 million from AED 869 million in the comparable quarter of 2011, driven by 26% growth in net interest income to AED 776 million from AED 615 million and a 36% improvement in fee income to AED 345 million from AED 254 million. During the first quarter, CWM continued its focus on increasing productivity and revenue, with several initiatives being launched to improve processes and customer service.

Credit quality remained tightly managed and retail loan portfolio delinquencies during the first quarter of 2012 have reduced as compared to 2011 figures.

CWM's sustained focus on deposit growth during Q1 2012, particularly in current and savings account categories, resulted in growth of AED 7.2 billion in customer deposits from end-2011 levels to reach AED 82.6 billion.

Key highlights of Q1 2012 include the launch of a number of new products which include Deposit Balance Enhancement for Personal Banking, Priority Banking and Business Banking Customers; PRB Bank@Work Packages; Go4it Debit card Packages for Personal Banking customers; Get, Set, Gold sales contest for branches and direct sales; Ladies Banking package variants (Emirati, Executive and Home Maker) offering discounts, deals and offers across personal care, apparels, health and beauty and various other services. In addition, the quarter saw the launch of a buy over campaign offering reduced rates to increase market share. the launch of unique accident and health product, life style protector insurance with NOL card and the launch of a Pin2WIN and Cash Back activation campaign on inactive MasterCard customers.

During the quarter, a channel optimisation strategy was being pursued to enhance efficiency across all distribution channels, resulting in a reduction of 3 branches and 25 ATM/SDM machines. Emirates NBD's branch network now totals 109 branches across the UAE while the ATM and SDM network totals 605.

Wholesale Banking

Wholesale Banking continued to deliver a robust and steady performance during the first quarter of 2012. The Division recorded total income of AED 1,113 million during Q1 2012, up 9% compared with Q1 2011. Income growth was achieved across both net interest income and fee income which rose 8% and 12% respectively, reflecting a pickup in new underwriting and syndications as well as increased trade finance and cash management activity.

Customer Deposits increased by 8% since the end of 2011 while the advances portfolio grew 1% during the last quarter as a modest pickup in new underwriting was partly offset by normal loan repayments.

During Q1 2012 Wholesale Banking executed several notable transactions, which included mandated lead arranger roles for an AED 1.14 billion conventional and Islamic facility for Palm District Cooling LLC and an AED 173.5 million term loan facility for IFA Hotels and Resorts FZE. In addition, the Division acted as an initial mandated lead arranger, underwriter and bookrunner for a syndicated term loan facility for Sampath Bank with a transaction size of USD 62.5 million. Wholesale Banking further acted as joint lead arranger for the 5 year USD 500 million Sukuk issued by Emirates Islamic Bank as well as executing the role of joint lead arranger and bookrunner for the CHN 1 billion 3 year and USD 1 billion 5 year bonds issued by Emirates NBD during the quarter.

Another key activity during Q1 2012 included the commencement of a comprehensive strategic review and re-alignment process for Wholesale Banking. The new vision for the Division, defined as part of this process, is to become the dynamic Wholesale Banking powerhouse in the Middle East with a client centric approach based on superior credit processes, efficient and reliable operations and a high performance culture leading to deep and mutually beneficial customer relationships.

Global Markets & Treasury (GMT)

GMT reported total income of AED 247 million for the first quarter of 2012 compared with AED 148 million in Q1 2011 driven mainly by higher gains on principal investments and a pickup in foreign exchange and treasury sales businesses.

Treasury sales had a good quarter as the low interest rate scenario encouraged some clients to lock in cost through vanilla hedge structures. In addition, Treasury developed commodity-linked capital protected structured products which were well received by the client base and witnessed increased demand for floating rate notes from its clients. The foreign exchange business also improved during the quarter due to the recent volatility in the foreign exchange market, the seasonal demand and targeted marketing efforts. During the quarter, the Bank was named “Best Foreign Exchange Providers in the UAE” for 2012 from Global Finance.

In Q1 2012, GMT successfully raised medium to long term liabilities which included the USD 500 million 5 year Sukuk by Emirates Islamic Bank, a USD 1 billion 5 year RegS issue, a CNH 1 billion 3 year issue and in excess of USD 350 million in private placement issuance.

Emirates Islamic Bank (EIB)

Total income (net of customers’ share of profit) for EIB was AED 223 million for Q1 2012, an improvement of 21% from Q1 2011. Customer accounts grew by 5% to AED 19.2 billion during the first quarter of 2012 while financing receivables grew 1% to AED 14.3 billion from end-2011.

During the quarter, EIB launched a new home finance 5-year fixed rate product and expanded the personal finance product to new segments. In addition, a “double your salary” marketing campaign was launched targeted at acquiring new salary transfer accounts.

As at 31 March 2012, EIB’s branch network totalled 33 with a combined ATM and SDM network of 106.

IT and Operations (ITO)

During Q1, 2012, Group IT had been focused on a transformation program aimed at improving IT effectiveness and efficiency. This initiative is expected to enhance service levels on core IT activities, improve delivery time of projects and most importantly focus on delivering initiatives aligned with the Bank's strategic direction. Some key changes introduced so far have been portfolio and demand management to prioritise IT projects as well as organisational changes to support better project delivery. In parallel, Group IT has successfully maintained its Quality Management certification (ISO Standard 9001:2008), a certification that is accredited by BSI® and the United Kingdom Accreditation Service (UKAS).

Key IT projects delivered during the quarter include the enhancement of customer and transaction screening systems to enable real time detection of any fraudulent or sanctioned transactions, the completion of the first phase of integrating Dubai Bank's ATM network into the Emirates NBD Group and technical upgrades to SWIFT, the Kondor+ treasury system, internet banking, and the Finacle core banking infrastructure in the London branch. In addition, virtualisation of server environments has continued which has saved costs, freed up servers and licenses.

During the quarter, Operations activities have continued to concentrate on increasing efficiency and throughput on banking transactions and the Bank is continuing its focus on centralising core banking operations under the Tanfeeth umbrella in 2012 for increased efficiency and quality.

Outlook

During the first quarter of 2012, the UAE economy has continued to display resilience to global uncertainty, underpinned by a continued increase in oil output and strength in the trade, logistics, tourism and retail sales sectors. Nevertheless, the external environment remains challenging and the Bank maintains its cautious outlook. However, Emirates NBD's capitalisation, liquidity and operating profitability remain extremely strong offering both resilience and flexibility for the future. In addition, the Bank has a clear strategy in place to further enhance shareholder returns and take advantage of the selected growth opportunities. This strategy is built around further optimisation of the balance sheet and capital allocation; 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.

END

Notes to editors:

Awards

Banker Middle East "**Best SME insurance product**" award

“Best Bank in UAE” Award for 2012 from Global Finance

Emirates NBD Asset Management wins **“Specialist Fund of the Year”** at the 2012 MENA Fund Manager Performance Awards for its Emirates Global Sukuk Fund

Emirates NBD tops **“Brand Simplicity Index”** as region’s No.1 Retail Banking Brand by Siegel+Gale.

Emirates NBD wins **“Dubai Award for sustainable Transport”** fourth edition

Emirates NBD is Rated **Amongst 50 top Regional Companies** in the **Hawkamah ESG Pan Arab Index**

“Best Trade Finance Bank” award for 2012 from Global Finance

“Best Foreign Exchange Providers in the UAE” award for 2012 from Global Finance

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 163 branches and over 760 ATMs and SDMs. It is a major player in the UAE corporate banking arena, and has 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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