

For immediate release

Emirates NBD Announces Q3 2012 Results

Net profit of AED 1.9 billion

Operating Profit up 87% to AED 1.9 billion

Dubai, 22 October 2012

Emirates NBD (DFM: EmiratesNBD), the leading bank in the region, today announced its results for the nine months ended 30 September 2012.

Results Highlights

- ❑ **Net profit for the 9 months ended 30 September 2012 of AED 1.9 billion**, up 272% compared with AED 0.5 billion in the same period of 2011 after excluding the AED 1.8 billion non-recurring gain on subsidiaries
- ❑ **Total income of AED 7.7 billion**, up 4% from the comparable period in 2011
- ❑ **Operating profit before impairment allowances of AED 5.0 billion**, up 1% from the first 9 months of 2011
- ❑ **Net impairment loss on financial assets of AED 3.1 billion**, improved by 22% compared with the comparable period in 2011
- ❑ **Operating profit of AED 1.9 billion**, up 87% from the comparable period in 2011
- ❑ **Moderate increase in impaired loans ratio** during the first 9 months of 2012 of **0.6% in line with expectations**
- ❑ **Total assets up 7% at AED 305.4 billion** compared with AED 284.6 billion at the end of 2011
- ❑ **Customer loans at AED 212.5 billion**, up 5% relative to AED 203.1 billion at the end of 2011
- ❑ **Customer deposits at AED 214.2 billion**, up 11% from AED 193.3 billion at the previous year-end
- ❑ **Headline loan to deposit ratio improved to 99%** from 105% at the end of 2011
- ❑ **Capital adequacy ratio at extremely healthy level of 19.9%**

Commenting on the Group's performance, Emirates NBD's Chief Executive Officer, Mr. Rick Pudner, said: "During the first 9 months of 2012 we have delivered a strong set of financial results with operating profits for the period up 87%. This performance demonstrates our ability to take advantage of gradually improving economic conditions and to deliver on a clear strategic course. While the outlook continues to be cautious and uncertain, our strong levels of capitalisation and liquidity offer both resilience and flexibility for the future and an ability to take advantage of selected growth opportunities."

Emirates NBD's Chief Financial Officer, Mr. Surya Subramanian, said: "The operating performance for the first 9 months of 2012 has been strong with good top-line growth supported by a sustained cost optimisation initiative, reporting declining operating costs over the last three quarters. In addition, while the Bank has continued to maintain conservatism in de-risking its balance sheet, non performing loan formation has been modest and within expected levels, resulting in a reduced risk cost. Finally, the bank has further optimised its balance sheet during the period through its focus on growth in stable low-cost deposits and the issuance of almost AED 12 billion in medium term liabilities."

Financial Review

AED million	9 Months ended 30 Sept. 2012	9 Months ended 30 Sept. 2011	Change (%)	Quarter ended 30 Sept. 2012	Quarter ended 30 Sept. 2011	Change (%)
Net interest income	5,146	5,329	-3%	1,730	1,950	-11%
Non-interest income	2,560	2,110	+21%	790	655	+21%
Total income	7,706	7,439	+4%	2,521	2,605	-3%
Operating expenses	(2,711)	(2,483)	+9%	(874)	(850)	+3%
Operating profit before impairment allowances	4,995	4,956	+1%	1,647	1,755	-6%
Impairment allowances	(3,064)	(3,921)	-22%	(1,009)	(1,571)	-36%
Operating profit	1,931	1,035	+87%	638	184	+246%
Amortisation of intangibles	(60)	(70)	-15%	(20)	(23)	-15%
Associates	74	(427)	-117%	27	19	+44%
Gain on subsidiaries	-	1,813	n/a	-	-	n/a
Taxation charge	(16)	(19)	-17%	(5)	(5)	-3%
Net profit	1,929	2,332	-17%	640	175	+267%
Cost to income ratio (%)	35.2%	33.4%	+1.8%	34.7%	32.6%	+2.1%
Net interest margin (%)	2.42%	2.63%	-0.21%	2.35%	2.96%	-0.61%
EPS (AED)	0.31	0.38	-19%	0.10	0.02	+428%
Return on average shareholders' equity (%)	10.0%	12.7%	-2.7%	9.9%	2.8%	+7.1%

AED billion	As at 30 Sept. 2012	As at 31 Dec 2011	Change (%)	As at 30 June 2012	Change (%)
Total Assets	305.4	284.6	+7%	298.4	+2%
Loans	212.5	203.1	+5%	208.2	+2%
Deposits	214.2	193.3	+11%	208.4	+3%
Impaired loan ratio (%)	14.4%	13.8%	+0.6%	14.3%	+0.1%
Impaired loan coverage ratio (%)	48%	43%	+5%	46%	+2%
Capital Adequacy Ratio (%)	19.9%	20.5%	-0.6%	19.5%	+0.4%
Tier 1 Ratio (%)	13.2%	13.0%	+0.2%	12.8%	+0.4%

Total Income

Total income for the 9 months ended 30 September 2012 amounted to AED 7,706 million, up 4% compared with AED 7,439 million in the same period of 2011. Total income for Q3 2012 declined by 3% from Q3 2011 but improved by 1% from Q2 2012 to AED 2,521 million.

Net interest income for the 9 months ended 30 September 2012 reduced by 3% to AED 5,146 million from AED 5,329 million in the comparable period of 2011. On a quarterly basis, Q3 2012 net interest income of AED 1,730 million declined by 11% from Q3 2011 but improved by 6% from Q2 2012 levels. The improving trend in net

interest income relative to the previous quarter was primarily attributable to higher loan spreads during the quarter which increased the net interest margin during Q3 2012 to 2.35% from 2.28% in the previous quarter.

Non-interest income recorded a year-on-year increase of 21% to AED 2,560 million for the first 9 months of 2012, driven by higher investment securities income and a 5% improvement in core fee income across most fee income categories.

Total Costs

Costs in the first 9 months of 2012 amounted to AED 2,711 million, an increase of 9% over the comparable period in 2011 due to the inclusion of the Dubai Bank cost base in the current period, without which costs were flat. The cost to income ratio for the period increased by 1.8% to 35.2% but improved on a quarterly basis to 34.7% in Q3 2012 from 35.8% in Q2 2012 due to cost optimisation initiatives.

Credit Quality and Impairments

Emirates NBD continues to pro-actively manage credit quality; impaired loans across the Bank's corporate, retail and Islamic financing portfolios have increased moderately, within previously expected levels, during the first 9 months of 2012 by 0.6% to end the period at 14.4%.

The impairment charge in respect of the first 9 months of 2012 improved to AED 3,064 million compared with AED 3,921 million in the same period of 2011. This impairment charge was primarily composed of specific provisions made in relation to the Bank's corporate and Islamic financing portfolios. As at 30 September 2012 total portfolio impairment allowances amount to AED 3.7 billion or 2.6% of unclassified credit risk weighted assets, in excess of the UAE Central Bank requirement of 1.5% by AED 1.6 billion.

Associates and Joint Ventures

The positive contribution of the Bank's investments in associates and joint ventures during the period ended 30 September 2012 amounted to AED 74 million compared with a negative AED 427 million contribution in the comparable period of 2011. In the prior period this was principally driven by a reduction of AED 500 million recorded in the Bank's investment in Union Properties, while further impairments on this investment were not required in the first 9 months of 2012 as the Bank remains comfortable with the current book value of AED 532 million.

Net Profit

Net profit for the Group was AED 1,929 million for the 9 months ended 30 September 2012, 17% below the profit posted in the comparable period of 2011 of AED 2,332 million as the comparative period was aided by an AED 1,813 million gain on the stake sale of Network International. Net profit for Q3 2012 amounted to AED 640 million, 267% higher than the AED 175 million reported in Q3 2011.

Customer Loans and Deposits

Customer Loans as at 30 September 2012 (including Islamic financing) grew by 5% from end-2011 levels to AED 212.5 billion.

Customer Deposits as at 30 September 2012 were AED 214.2 billion, an increase of 11% over the customer deposit base as at 31 December 2011.

The loan to deposit ratio improved in the first 9 months of 2012 to 99% from 105% at the end of 2011.

Capital

As at 30 September 2012, the Bank's total capital adequacy ratio and Tier 1 capital ratio were 19.9% and 13.2% respectively. While capital increased due to profit generation during the first 9 months of 2012, 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 1% over the period, resulted in a moderate decline of 0.6% in the total capital adequacy ratio relative to the end of 2011.

Group Initiatives

Tanfeeth

Tanfeeth continued to improve service delivery for Emirates NBD and Emirates Islamic Bank over the first 9 months of 2012, while further establishing its brand as the GCC's first shared services company.

Following the integration of 11 Emirates NBD back office operating units in H1 2012, Tanfeeth completed the integration of Emirates Islamic Bank's Call Center Operations and Retail Asset back office units during the third quarter of the year. In addition, Tanfeeth completed the integration of Emirates NBD's Trade Finance operating unit, the latest unit to move from Emirates NBD to Tanfeeth.

Tanfeeth's transformational team continued to successfully embed Tanfeeth's lean, customer-centric operating model across its business units as well as facilitating process improvement workshops with representatives across Emirates NBD to successfully streamline and improve the entire end-to-end process for credit cards and auto-loans.

The Tanfeeth leadership team has invested significantly in its people through a wide range of mentoring and training programs. In Q3 2012 Tanfeeth formally launched Excellerate, a 21-month global talent development program, that will ensure Tanfeeth's high-potential employees become future leaders, especially focusing on Emirati talent. This program will take the participants to two leading international IBM delivery facilities where they will learn global shared services best practice.

Forecasted savings through the efficiency and productivity improvements delivered by Tanfeeth to Emirates NBD and Emirates Islamic Bank are expected to be significant and on track.

Going forward, Tanfeeth will continue to deliver further value for Emirates NBD by increasing customer service while improving the quality and efficiency of its processes across the entire business chain.

Takeover of Dubai Bank

Following the takeover of Dubai Bank on 11 October 2011, an integration committee was established to oversee the assimilation of Dubai Bank into the Group. Synergy creation through a unified operating model, technology and interoperability have been major focus areas for the committee.

During the period, Emirates NBD appointed Jamal Bin Ghalaita as the new Chief Executive Officer (CEO) of Dubai Bank in order to unify 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.

Important milestones have been achieved during the 9 months ended 30 September 2012. These include the integration of the ATM network with the Group, unifying the senior and middle management teams, integrating head office functions such as Retail and Corporate Banking management and Shari'a, legal, risk, and credit functions. In addition, back office operations of the two banks were integrated during the period and products, rates and policies were aligned to Group standards.

In order to achieve culture unification, efforts continue to share the common vision and mission with Dubai Bank staff through town halls, branch visits and team meetings.

The remaining integration milestones, which are expected to be completed by year-end, include the integration of core banking systems and the rebranding of Dubai Bank branches to the Emirates Islamic Bank brand.

Business Performance

Consumer & Wealth Management (CWM)

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

Revenue for the Division increased by 15% for the nine months ended 30 September 2012 to AED 3,280 million from AED 2,862 million during same period in 2011, driven by 10% growth in net interest income to AED 2,342 million from AED 2,129 million and a 28% improvement in fee income to AED 939 million from AED 733 million. Revenue improved by AED 46 million in Q3 2012 to AED 1,060 million compared with Q3 2011, driven largely by growth of 23% in fee income.

In Q3 2012, CWM continued its focus on increasing productivity and revenue, with several initiatives being launched to improve processes and customer service, and deepening customer relationships.

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

CWM's sustained focus on deposit growth during the nine months period in 2012, particularly in current and savings account categories, resulted in growth of AED 11 billion in customer deposits from end-2011 levels to reach AED 86 billion.

Key highlights in the nine months of 2012 include the launch of a number of new products and campaigns. Prominent among these were the Go4it Debit card Packages for Personal Banking customers; and 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 period saw the launch of a buy over campaign offering reduced rates to increase market share in mortgages; the launch of unique accident and health insurance product; life style protector insurance with NOL card; the launch of Personal Cash loan, Islamic insurance products; the re-launch of Recurring Deposit as an attractive savings tool as well as the launch of a high visibility Deposit Carnival campaign. The bank also entered into an exclusive partnership with Ikea to promote the sales of Credit Cards.

Emirates NBD's branch network, now stands at 104 branches across the UAE. The alternate distribution capability has been streamlined and rationalised across the Emirates with a total ATM and CDM network of 566.

Wholesale Banking

Despite a continuing challenging environment, Wholesale Banking delivered a creditable performance during the first 9 months of 2012. The Division recorded total income of AED 3,123 million during the period, down 7% compared with the corresponding period of 2011. Net interest income declined by 12% in the first 9 months of 2012 to AED 2,269 million compared with AED 2,582 million in the comparable period of 2011 due to loan spread compression resulting from increased competition for good quality underwriting as well as the increased cost of carry on non-performing loans. Strong growth was however achieved in fee income which rose 9% in the first 9 months of 2012 to AED 854 million compared with AED 782 million in 2011, reflecting a modest pickup in new underwriting as well as increased trade finance, cash management, foreign exchange and debt capital markets activity.

Customer Deposits increased by 13% since the end of 2011 while the advances portfolio grew 6% during the first 9 months of the year as a modest pickup in new underwriting was partly offset by normal loan repayments.

During the period ending 30 September 2012 Wholesale Banking through its Investment Banking unit executed several notable transactions, which included mandated lead arranger and / or bookrunner roles for a AED 1.14 billion conventional and Islamic facility for Palm District Cooling LLC, a AED 173.5 million term loan facility for IFA Hotels and Resorts FZE, a syndicated term loan facility for Sampath Bank with a transaction size of USD 62.5 million, a USD 1,035 million dual tranche syndicated financing facility for Dubai International Financial Centre Investments LLC, USD 290 million loan facilities for MAF Properties LLC, a USD 325 million Syndicated dual currency murabaha financing facility for Bank Asya, the largest participation bank in Turkey, a USD 100 million syndicated Islamic facility for Horizon Emirates Terminals Limited, a USD 1.75 billion conventional and Islamic financing facility for Dubai Duty Free and a USD 450 million syndicated murabaha financing facility for Albaraka Turk Katilim Bankasi, one of the leading participation banks in Turkey. Wholesale Banking further acted as joint lead arranger for the two 5 year USD 500 million Sukuk issued by Emirates Islamic Bank, executed 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 and acted as joint lead manager for the USD 650 million trust certificates issued by JAFZA.

Another key activity during the first 9 months of 2012 included the commencement of a comprehensive strategic review and transformation 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. To realise this vision, a number of initiatives have been established, each encompassing several individual projects, designed to enhance the Wholesale Banking segmentation and coverage model, realise its international expansion aspirations, improve cross-selling of cash management, trade finance, treasury and investment banking products and streamline operations and credit processes.

Global Markets & Treasury (GMT)

GMT reported total income of AED 548 million for the 9 month period ending 30 September 2012 compared with AED 484 million for the comparable period of 2011, driven mainly by higher gains on principal investments and a pickup in foreign exchange and treasury sales businesses.

The foreign exchange business improved during the first 9 months of 2012 due to volatility in the foreign exchange market. In addition, the business was able to capture short windows of trading opportunities in the Euro zone which aided foreign exchange income. Tightening of spreads in regional credit produced opportunities for the trading desk which resulted in strong third quarter for the credit trading desk.

Treasury sales recorded a good performance during the first 9 months of the year due to targeted marketing efforts and volatility returning in foreign exchange markets which resulted in Wholesale Banking clients hedging exposure. Furthermore, the low interest rate scenario encouraged some clients to lock in rates 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.

In the first 9 months of 2012, GMT successfully raised medium to long term liabilities which included the two USD 500 million 5 year Sukuk issued by Emirates Islamic Bank, a USD 1 billion 5 year RegS issue, a CNH 1 billion 3 year issue and in excess of USD 1.1 billion in private placement issuance.

Emirates Islamic Bank (EIB)

As a result of various strategic initiatives undertaken during the first 9 months of 2012, total income (net of customers' share of profit) for the period witnessed an increase of 28% to AED 707 million from same period last of year of AED 551 million. On a quarterly basis, total income for Q3 2012 amounted to AED 253 million, an improvement from the previous quarter of 9% and up from Q3 2011 by 45%. Customer accounts grew by 9% to AED 19.9 billion during the first 9 months of 2012 and financing receivables grew by 7% to AED 15.2 billion from end-2011.

During Q3 2012, EIB continued implementing its transformation plan focused on growth and efficiency. The Bank expanded its product suite by introducing new products notably Gold certificates, Infinite Skyward credit cards, and personal finance for self employed segment. As at 30 September 2012, the branch and ATM/CDM network totaled 35 and 123 respectively. The Bank is planning to open 2 additional branches in high-potential areas, Dubai Festival City and Deira area, by year-end.

IT and Operations (ITO)

During the first 9 months of the year, 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. 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 last quarter included launching the EIB Skywards Infinite Card, as well as the introduction of the RTA Card, which combines the power Visa cards with features and benefits of the NOL Card. Further, the Tradenet enhancements were initiated which provided new trading channels (mobile and online portal), DGCX was implemented to provide commodities trading capability, an E-Marketing tool was launched to support marketing campaigns across multiple channels and the Advent Private Banking capability was extended to our Singapore branch.

In the same period, Operations 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. Subsequent to the successful implementation of IBAN in Q4 2011, Operations has smoothly rolled out the Central Bank mandated project UAEFTS, a new payment system for domestic AED fund transfers in April 2012. The Customer Service Excellence Program (CSEP), which was launched in December 2011 and is aimed at identifying and addressing specific gaps in service deliveries and devising a self sustainable mechanism to ensure service remains focused towards customer needs and expectations, was successfully rolled out across all Emirates NBD branches and support units during Q2 2012. More than 10 processes have been identified on the basis of customer pain points, have been re-designed to make them more customer friendly.

At the start of 2012, the Procurement transformation continued with increased focus on further centralisation of the procurement activity and the benefits of adopting the right procurement model in 2011 for the Group were realised in terms of creating value through cost reduction in 2012.

Outlook

During the first 9 months 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

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

“**Best Foreign Exchange Providers in the 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**

Emirates NBD awarded “**Best Customer Attraction**” and “**Best Overall Customer Experience**” at the **Customer Experience & Service Excellence Summit 2012**

“**Best Bank Brand**” and award for leading PR and marketing company at the annual **Arab Achievement Awards 2012**

Emirates NBD Asset Management named ‘**Best Asset Management Company**’ at **Arab Achievement Awards 2012**

“**Best Corporate Card**” at Smart Card Awards Middle East

Emirates NBD Asset Management named “**MENA Sukuk Manager**” of the year at the 2012 **Global Investor/ISF Investment Excellence**

Awards

Emirates NBD Asset Management named “**Best Islamic Wealth Management Service Provider**” at the 2012 **Sukuk Summit - Islamic Finance Awards of Excellence**

Emirates NBD wins “**Asia’s Best Brand Award**” at the **3rd CMO Asia Awards for Excellence in Branding and Marketing**

Emirates NBD wins **Visa LEADER** award for “**The Best Issuing Institution**” in MENA region

Emirates NBD ranked **No. 1 service-oriented firm** in **Gulf News Honour List**

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 160 branches and over 740 ATMs and CDMs. It is a major player in the UAE corporate banking arena, and has strong Islamic banking, investment banking, private banking, asset management, global markets & treasury 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, Beijing and Iran. For more information, please visit: www.emiratesnbd.com

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