

For immediate release

Emirates NBD Announces 2009 Results

Robust 2009 financial performance

Revenue up 28% to AED 10.8 billion; Operating Profit up 14% to AED 3.9 billion

Net Profit of AED 3.3 billion

Dubai, 11 February 2010

Emirates NBD (DFM: EmiratesNBD), the Middle East's largest banking group by assets, today announced its results for the year ended 31 December 2009.

Results Highlights

- ❑ **Strong income and improved efficiency drive financial performance**
 - **Total income for 2009 up 28% to AED 10.8 billion** compared with AED 8.5 billion for 2008
 - **2009 Operating profit before impairment allowances up 42% to AED 7.2 billion** (2008: AED 5.1 billion)
 - **Cost to income ratio in 2009 improved to 33.3%** through continued cost management (2008: 39.7%)
 - **Net profit of AED 3.3 billion for 2009** down 9% from 2008 (AED 3.7 billion) due to prudent credit impairment allowances and impact from investments in associates
- ❑ **Significantly improved capitalisation and liquidity metrics due to success of balance sheet management initiatives and continued proactive support from federal and local Government**
 - **Total assets stable at AED 281.6 billion** compared with AED 282.4 billion at end-2008
 - **Customer loans grew 3% to AED 214.6 billion** from AED 208.9 billion at end-2008
 - **Customer deposits increased 12% to AED 181.2 billion** from AED 162.3 billion at end-2008
 - **Loan to Deposit Ratio improved to 118% at 31 December 2009 from 129%** at the end of 2008
 - **Capitalisation strengthened significantly** from 2008 levels with Capital Adequacy Ratio of 20.8% (11.4% at 31 December 2008) and Tier 1 ratio of 13.3% (9.4% at 31 December 2008)
- ❑ **Credit quality remains robust across the Bank's corporate and retail portfolios**
 - **NPL ratio increased in line with expectations to 2.36% from 1.88% in Q3 2009**
- ❑ **Integration completed successfully and new Emirates NBD brand launched**

Commenting on the Group's performance, His Excellency Ahmed Humaid Al Tayer, Chairman of Emirates NBD said: "Emirates NBD's robust performance in 2009 highlights the resilience and strength of the Bank and cements our position as the region's leading banking group. While 2009 has witnessed continued stabilisation of local and international economies and improved sentiment and confidence, we continue to move forward in a prudent manner. The success of the largest banking merger in the region has proven our ability to capitalise on value-adding opportunities for our shareholders. We are confident about the strength and capabilities of Emirates NBD to continue to realise more success."

Emirates NBD's Chief Executive Officer, Mr. Rick Pudner, said: "While the operating environment during 2009 has been challenging, we have delivered a robust financial performance. Revenue growth for the year has been strong due to the broad-based strength of our businesses. At the same time, we have continued to realise cost efficiencies resulting from ongoing rationalisation and the integration process. Our historically conservative and strong credit and risk management framework is bearing fruit with credit metrics in line with our expectations. Our focus on balance sheet optimisation has yielded a strong capitalisation and significantly improved funding profile. The year culminated in the successful completion of our historic merger, on target and with synergies ahead of forecast."

Financial Review

AED million	Year ended 31.12.09	Year ended 31.12.08	Change (%)
Total income	10,848	8,447	+28%
Operating expenses	(3,615)	(3,356)	+8%
Operating profit before impairment allowances	7,233	5,091	+42%
Impairment allowances	(3,319)	(1,652)	+101%
Operating profit	3,914	3,439	+14%
Amortisation of intangibles	(94)	(96)	-2%
Associates	(477)	338	-241%
Net profit	3,343	3,681	-9%

Cost to income ratio (%)	33.3%	39.7%	-6.4%
Net interest margin (%)	2.81%	2.18%	+0.63%
EPS (AED)	0.60	0.66	-9%
Proposed DPS (AED)	0.20	0.20	0%
Return on average shareholders' equity (%)	16.2%	19.1%	-2.9%

AED billion	As at 31.12.09	As at 31.12.08	Change (%)
Total assets	281.6	282.4	-0.3%
Loans	214.6	208.9	+2.7%
Deposits	181.2	162.3	+11.6%
Capital Adequacy Ratio (%)	20.8%	11.4%	+9.4%
Tier 1 Ratio (%)	13.3%	9.4%	+3.9%

Total Income

Total income for 2009 rose by 28% to AED 10,848 million compared with AED 8,447 million in 2008. In the fourth quarter of 2009, total income grew by 44% to AED 2,569 million from AED 1,783 million in Q4 2008.

Net interest income reached AED 7,412 million for the full year and AED 1,924 million for the fourth quarter of 2009, an increase of 27% and 14% respectively on the comparable periods in 2008, driven by controlled growth in lending and an improvement in the 2009 net interest margin to 2.57% from 2.02% in 2008. The margin improvement resulted from increased asset yields across both corporate and retail businesses and the benefit of active balance sheet management, which in combination more than offset increased funding costs.

Non-interest income recorded a year-on-year improvement of 31% to AED 3,436 million in 2009. The increase was largely driven by a partial reversal in 2009 of mark to market losses on investment and other securities reported during 2008, offset to some extent by lower fees relating to trade finance and underwriting.

Total Costs

Costs amounted to AED 3,615 million in 2009, with growth over 2008 contained to 8% compared with income growth of 28% over the same period. Costs in the fourth quarter of 2009 rose by 14% to AED 947 million from AED 831 million in Q4 2008 compared with revenue growth of 44% over the same period. The 2009 cost to income ratio decreased to 33.3% from 39.7% in 2008, while the Q4 2009 ratio fell to 36.9% from 46.6% in Q4 2008. The positive, widening gap between income and expenses was achieved through proactive cost management and the accelerated realisation of integration synergies while maintaining substantial investment in the bank's distribution and technology infrastructure as well as in the governance and control environment.

Asset Quality and Impairments

Emirates NBD's credit quality remains robust across the Bank's corporate and retail portfolios, with the increase in delinquencies and non-performing loans increasing broadly within expected levels. The NPL ratio, excluding impaired investment securities, increased to 2.36% in Q4 2009 from 1.88% reported in Q3 2009 and 0.95% reported in 2008.

The impairment allowance on financial assets (excluding associates) in respect of 2009 grew to AED 3,319 million compared with AED 1,652 million in 2008. This was driven by an expected increase in specific impairments across retail and corporate portfolios and the addition of AED 1,287 million to portfolio impairment provisions as a measure of prudence in the current environment, partly offset by lower impairments on investment and trading securities.

Associates

The contribution of the Bank's investments in associates during 2009 amounted to negative AED 477 million compared to a positive contribution of AED 338 million during 2008, principally driven by losses incurred by Union Properties PJSC during 2009 as well as a AED 316 million impairment recognised on the Bank's investment in this company.

Net Profits

Net profits for the Group were AED 3,343 million for 2009, 9% below the profits posted in 2008 of AED 3,681 million due to the prudent credit impairment allowances taken by the Bank during 2009 as well as the negative contribution from the Bank's investment in associates.

Dividends

The Board of Directors will recommend to shareholders at the Annual General Meeting a 20% cash dividend for the 2009 financial year.

Customer Loans and Deposits

Customer Loans as at 31 December 2009 (including Islamic financing) reached AED 214.6 billion, growing 2.7% since the end of 2008.

Customer Deposits as at 31 December 2009 were AED 181.2 billion, an increase of 11.6% over the customer deposit base as at 31 December 2008.

Capital

The Bank's total capital adequacy ratio has strengthened significantly to 20.8% from 11.4% at the end of 2008. The Bank's Tier 1 capital ratio also improved from 9.4% at 31 December 2008 to 13.3% at 31 December 2009. This increase in capitalisation was due in the main to the issuance of AED 4 billion Tier 1 perpetual securities in Q2 2009 to the Investment Corporation of Dubai, the strong retained earnings generated during the period and the conversion of Ministry of Finance deposits into Tier 2 capital in Q1 2009.

Integration Update

During 2009, Emirates NBD successfully completed the largest banking merger the region has ever witnessed, on target and with synergies ahead of forecast.

On 9 May 2009, the Bank completed the successful migration of Emirates Bank International (EBI) to the new Finacle core banking platform, a state-of-the-art application that is robust, modular, easy to use and scaleable. During the third quarter of 2009, the system integration continued with major milestones being the integration of the Retail loan systems on FinnOne, the General Ledger on Oracle and the integration of the Call Centre platforms. The final milestone of the system integration was the migration of National Bank of Dubai (NBD) customers onto Finacle which was completed on 21 November 2009. This date also marked the launch of the new Emirates NBD brand which is being rolled out across the branch network during Q1 2010, as well as the completion of the legal merger coinciding with the migration of all assets, liabilities and operations from EBI and NBD to Emirates NBD.

The merger synergies achieved in 2009 from the integration of the two banks amounted to AED 328 million, exceeding the 2009 target by 33%. In addition, the Bank has achieved recurring cost savings of AED 169 million and one-off cost synergies of AED 30 million in 2009 which already exceed the 2010 target by 12% and 15% respectively.

Business Performance

Consumer & Wealth Management (CWM)

The bank's CWM operation had a positive 2009, achieving growth in the business and the customer base despite difficult economic conditions. The deposit base grew strongly by 20% during the year while remaining cautious on new underwriting. Total income declined by 3% in 2009 to AED 2,928 million from AED 3,013 million in 2008.

A key event during 2009 was the launch of the Emirates NBD Private Banking business which now deploys over 50 relationship managers, recorded rapid growth and was recently recognised as the "Outstanding Private Bank for the Middle East" at the 19th Private Banker International Wealth Summit and Awards.

Emirates NBD's branch network, the largest in the country, grew further in 2009 with the addition of 8 new branches, taking the total to 102.

Wholesale Banking

The Wholesale Banking business registered a successful year with financial and business growth over previous periods despite difficult economic conditions. In 2009 Wholesale Banking registered strong revenue growth of 23% compared with 2008 driven by active re-pricing of loans and a continued focus on fee generating business. Deposits increased by 13% during 2009 and the advances portfolio increased by 9% since the end of 2008. With a combined market share of almost a fifth of corporate assets in the UAE the Wholesale Banking team is well positioned.

Wholesale Banking's continued focus on liquidity through dedicated efforts and resource channelisation for liquidity sourcing has resulted in strong deposit growth. During 2009, Wholesale Banking has further enhanced its product range through structured finance and syndication and a host of transaction banking products to add depth to client relationships. Transaction Banking has also played a key role in opening up new revenue streams of risk free non-funded products and services and is well placed to lead and support relationship teams in acquiring and deepening the Bank's wallet share with clients.

Synergies were realised in 2009 through integration of systems, processes and security documentation to enhance service levels and achieve cost reductions. Due to incentives offered for online banking to enhance efficiency, an increased number of customers are expected to shift from bank counters to alternative delivery channels like 'SmartBUSINESS' and 'Trade Online'.

Global Markets & Treasury (GMT)

During 2009 GMT witnessed continued improvement in global market conditions which resulted in a strong performance for the business with revenue reaching AED 1,511 million for 2009 compared with AED 303 million in 2008. The recovery in the equity markets and tightening of credit spreads were also key drivers for the better performance, along with higher demand for local securities. Improving markets conditions allowed the Bank to selectively reduce the size of the investment portfolio.

Network International

Revenues for Network International, the Bank's market leading card acquiring and processing business, improved in 2009 by 13% to AED 425 million compared with 2008. The primary driver of this revenue growth was a 19% increase in processing revenue which was achieved despite a challenging economic environment.

2009 saw Network International and Oberthur Technologies inaugurating their joint venture – Obernet Personalisation Bureau – in Dubai. The state of the art facility in the UAE will bring the world's most advanced card security and personalisation technology to the Middle East and North Africa region. Additionally, Network International signed a joint venture agreement with Bahrain Electronic Network for Financial Transactions

(BENEFIT), which is aimed at responding rapidly to GCC's growing demand for globally proven third party card processing practices and solutions, as well as to accelerate the development of the Cards industry across the wider GCC.

As at 31 December 2009 Network International remains the region's largest payment and processing service provider of credit and debit cards, providing services to more than 10,000 merchants and processing cards for 49 banks and financial institutions in the region.

Emirates Islamic Bank (EIB)

The key focus for EIB in 2009 was on balance sheet optimisation and risk management. The year saw customer deposits reach AED 20.5 billion, an increase of 5% from end-2008 levels and financing receivables rose 1% to AED 18.0 billion from end-2008.

Total income (net of customers' share of profit) for 2009 was AED 843 million, a decline of 9% from 2008.

EIB expanded its branch network by opening 4 new branches during 2009, taking the total number to 30.

IT and Operations (ITO)

The ITO division led the project for the successful migration of EIB and NBD customers to our new Finacle core banking system during May and November 2009 respectively. During the second quarter of 2009 the Operations Processing Centre (OPC) centralised its servicing of the Branches and Corporate Banking Units (CBUs). This coincided with the launch of the Customer Relationship Management (CRM) system, which has already led to a significant improvement in customer service since implementation. During November 2009, the new Oracle ERP environment went live for Emirates NBD, providing a Group-wide scalable, integrated general ledger, financial control, purchasing and property management solution.

The Al Barsha Centre, which serves as the central base of Emirates NBD's IT and Operations activities (both manpower and systems) was formally inaugurated on 26 May 2009. It has been established as a centre of excellence that focuses on standard processes, higher efficiency and a common culture within the Bank. It is also intended to be a regional benchmark for technology efficient transaction processing.

Outlook

During 2009 local and international economies have shown signs of stabilisation and in some cases tentative recovery, while consumer sentiment and business confidence have improved. Nevertheless, uncertainties and challenges remain in the near term and Emirates NBD retains its cautious stance while selectively pursuing growth opportunities and improving profitability and efficiency.

The successful completion of the integration, together with recent investments made in the Bank's information technology and infrastructure capabilities, allow Emirates NBD to capitalise on value-added opportunities that may present themselves and provide platforms to further improve efficiency, increase customer service and extend the Bank's market reach and penetration.

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Notes to editors:

Awards

Arabian Business Private Banking of the Year Award 2009	December 2009
Asset Management Firm of the Year 2009 by MENAB Investor Awards	October 2009
Banking and Finance Implementation of the Year 2009 from Arabian Computer News	October 2009
Outstanding Private Bank in the Middle East by VRL Financial News	October 2009
Best Emerging Market Bank in the Middle East 2009 by Global Finance	October 2009
Best Bank in the UAE 2009 by Global Finance	October 2009
Best Trade Finance Provider in UAE 2009 by Global Finance	October 2009
Best Foreign Exchange Bank in UAE 2009 by Global Finance	October 2009
Best Deal Award for 2009 by Global Trade Review Magazine	July 2009
Best Retail Bank by The Banker Magazine	June 2009
Mohamed bin Rashid Al Maktoum Business Award for Finance	April 2009
Best Emerging Market Bank in the UAE by Global Finance	March 2009
Best Trade Finance Bank by Global Finance	February 2009
The "Islamic Home Finance award" by CPI Financial/Banker Middle East publication	February 2009

About Emirates NBD

Emirates NBD (DFM: EmiratesNBD) is the biggest banking group in the Middle East in terms of assets. The Group has a leading retail banking franchise in the UAE, with 132 branches, 705 ATMs and SDMs across both conventional and Islamic banking franchises. It is a major player in the UAE corporate banking arena, with a combined market share of almost a fifth of corporate loans. It also has strong Islamic banking, investment banking, private banking, asset management and brokerage operations.

The Group has operations in the UAE, the Kingdom of Saudi Arabia, Qatar, the United Kingdom and Jersey (Channel Islands), and representative offices in India, Iran and Singapore.

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