Emirates NBD

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of Emirates NBD PJSC ("the Company") and its subsidiaries (collectively known as "the Group") for the year ended 31 December 2008.

The Company was incorporated in the UAE on 16 July 2007, pursuant to the approval from the Central Bank of the UAE on 3 July 2007, to grant the Company a banking licence.

The formation of the Company gave effect to the merger of Emirates Bank PJSC ("EBI") and National Bank of Dubai PJSC ("NBD") by acting as a holding company for both EBI and NBD. The financial year ended 31 December 2007 was the first financial year for the Group.

The financial statements are being prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of Preparation of Financial Statements

The application of IFRS in the merger transactions of EBI and NBD particularly IFRS 3 Business combinations, requires the Group to apply acquisition accounting. EBI has been deemed the acquirer, in the merger transaction between EBI and NBD, for accounting purposes. Applying the principle of reverse acquisition, the financial statements of Emirates NBD are prepared based on the continuation of EBI's consolidated financial statements.

The 2008 Group consolidated profit represents EBI's and NBD's consolidated profits for the year, whilst the consolidated profit for 2007 includes full year consolidated profits for EBI and only consolidated profits for NBD since the effective date of the merger (16 October 2007).

The consolidated balance sheet for the Group reflects the combined group of EBI and NBD as at 31 December 2008 and 31 December 2007 respectively.

Financial Commentary

The Group reported a consolidated profit of AED 3,681 million for the year 2008 driven by:

- the continuous focus on strengthening existing corporate customer relationships by providing wider range of products and tailored solutions;
- the expansion of the Group's retail footprint and improvement in customer experience by focusing on reach, service quality, efficiency and products;
- Continuous expansion and distinction in the Islamic banking sector;
- Enhanced operational efficiency, whilst continuing its investment in infrastructure technology and governance.

The Group has achieved synergies of AED 235 million exceeding its first year target by 90% comprising of revenue AED 104 million and cost synergy of AED 109 million targets.

The consolidated profits have been adversely affected by the global downturn in the form of write down of its investments.

Group Earning per Share increased to AED 0.73 (2007: AED 0.55).

The Group achieved a return on average equity of 14.5% (2007: 25.1%) and return on average total assets of 1.4% (2006: 2.2%).

Equity Holders' Funds

Total equity holders' funds as at the end of 2008 stands at AED 25,762 million.

Dividends and Proposed Appropriations

The Directors have recommended a cash dividend of 20% and a bonus issue of 10 ordinary shares for every hundred ordinary shares held to be paid out of the 2008 profit.

The Directors also propose the following appropriations from retained earnings:

		AED million
Retained earnings as at 01 January 2008		2,498
Group profit for the year		3,681
Retained earnings available for appropriation		6,179
(a)	Transfer to Legal and statutory reserves	(369)
(b)	Transfer to Regular reserve	(66)
(c)	2007 Cash dividend of 35% paid during 2008	(1,538)
(d)	Directors' fees for 2008	(13)
Balance of retained earnings as at 31 December 2008		4,193

Appointment of Directors and attendance at Board and Committee meetings during 2008

The Directors for the Company appointed on 18 July 2007 are as below:

H. E. Ahmed Humaid Al Tayer	Chairman
Mr. Abdullah Mohamed Saleh	Vice Chairman
H. E. Easa Saleh Al Gurg	Director
Mr. Fardan Ali Fardan Al Fardan	Director
H. E. Abdulla Ahmed Lootah	Director
Mr. Khalid Jassim Mohd Bin Kalban	Director
Mr. Hamad Mubarak Buamim	Director
Mr. Hussain Hassan Mirza Al Sayegh	Director
H. E. Abdulla Sultan Mohamed Al Owais	Director
Mr. Omar Abdullah Al Futtaim	Director
Mr. Butti Obaid Butti Al Mulla	Director
Mr. R. Douglas Dowie	Director

Emirates NBD Board (ENBD) Total No. of meetings : 7 Total Duration : 22:15

ENBD Board Audit Committee (BAC) Total No. of meetings : 6 Total Duration : 14:45

Mr. Khalid Jassim Mohd Bin Kalban (Chairman of the Committee)
Mr. Fardan Ali Fardan Al Fardan (Member)
Mr. Hamad Mubarak Buamim (Member)
Mr. Hussain Hassan Mirza Al Sayegh (Member)
Mr. R. Douglas Dowie (Member)

ENBD Board Follow Up & Remuneration Committee (BF&RC) Total No. of meetings : 2 Total Duration : 2:30

Mr. Hamad Mubarak Buamim (Chairman of the Committee)
Mr. Khalid Jassim Mohd Bin Kalban (Member)
H.E. Abdulla Ahmed Lootah (Member)
Mr. Butti Obaid Butti Al Mulla (Member)
Mr. R. Douglas Dowie (Member)

ENBD Board Risk Committee (BRC) Total No. of meetings : 5 Total Duration : 10:15

Mr. R. Douglas Dowie (Chairman of the Committee)
Mr. Hamad Mubarak Buamim (Member)
Mr. Hussain Hassan Mirza Al Sayegh (Member)
H.E. Abdulla Sultan Mohamed Al Owais (Member)
Mr. Butti Obaid Butti Al Mulla (Member)

ENBD Board Credit & Investment Committee (BCIC) Total No. of meetings : 42 Total Duration : 45:55

H.E. Ahmed Humaid Al Tayer (Chairman of the Committee)
Mr. Fardan Ali Fardan Al Fardan (Member)
Mr. Khalid Jassim Mohd Bin Kalban (Member)
H.E. Abdulla Ahmed Lootah (Member)
Mr. R. Douglas Dowie (Member)

Auditors:

KPMG and Ernst & Young were appointed as auditors of the Emirates NBD Group upon its incorporation. Both firms are eligible for re-appointment and have expressed their willingness to continue in office.

On behalf of the Board

Ahmed Humaid Al Tayer
Chairman

Dubai, UAE

12 February 2009