

Emirates NBD Announces 2009 Third Quarter Results

Strong third quarter performance

Third quarter Net Profit up 3% to AED 1.1 billion

Net Profit for 9 months ended 30 September of AED 3.2 billion

Dubai, 26 October 2009: Emirates NBD (DFM ticker: EmiratesNBD), the Middle East's largest banking group by assets, today announces its results for the 9 month period ending 30 September 2009.

Results Highlights

- ❑ **Strong income and improved efficiency drives financial performance**
 - **Total income up 24% to AED 8.3 billion for 9 months ended 30 September 2009** compared to AED 6.7 billion for the same period last year
 - **Operating profit before impairment allowances in the first 9 months of 2009 up 36% to AED 5.6 billion** (Q3 2008 YTD: AED 4.1 billion)
 - **Cost to income ratio improved to 32.2%** for Q3 2009 year-to-date through continued cost management (Q3 2008 YTD: 37.9%)
 - **Net profit of AED 3.2 billion for the 9 months ended 30 September 2009** down 14% from the comparable period in 2008 (AED 3.7 billion) due to prudent credit impairment allowances
 - **Third quarter net profit up 3% to AED 1.1 billion** from Q3 2008
- ❑ **Significantly improved capitalisation and liquidity metrics due to success of balance sheet optimisation initiatives and continued proactive support from federal and local Government**
 - **Total assets increased 3% to AED 291.0 billion** from AED 282.4 billion at end-2008
 - **Customer loans grew 4% to AED 217.1 billion** from AED 208.9 billion at end-2008
 - **Customer deposits increased 13% to AED 183.6 billion** from AED 162.3 billion at end-2008
 - **Loan to Deposit Ratio improved to 118% at 30 September 2009 from 127%** at the end of the previous quarter
 - **Capitalisation strengthened significantly** from 2008 levels with Capital Adequacy Ratio of 19.9% (11.4% at 31 December 2008) and Tier 1 ratio of 12.7% (9.4% at 31 December 2008)
- ❑ **Credit quality remains healthy across the Bank's corporate and retail portfolios**
 - **NPL ratio increased in line with expectations to 1.88% from 1.56% in Q2 2009**
- ❑ **Integration fully on track for completion in 2009**

Commenting on the Group's performance, His Excellency Ahmed Humaid Al Tayer, Chairman of Emirates NBD said: "Emirates NBD's strong performance in the third quarter of 2009 continues the resilient trend from previous quarters, reflecting the strength of our business model and cementing our position as the region's leading banking group. The third quarter of 2009 has witnessed continued stabilisation of local and international economies and sentiment and confidence. However, 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 in the first 9 months of the year has been challenging, we have delivered a robust financial performance. Revenue growth in the period 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 robust credit and risk management framework is bearing fruit with credit metrics in line with our expectations. In line with our focus on balance sheet optimisation, we have taken steps to bolster our capital base during the first 9 months of the year and have significantly improved our funding profile."

Financial Review

AED million	9 months ended 30.09.09	9 months ended 30.09.08	Change (%)
Total income	8,278	6,664	+24%
Operating expenses	(2,667)	(2,525)	+6%
Operating profit before impairment allowances	5,611	4,139	+36%
Impairment allowances	(2,374)	(810)	+193%
Operating profit	3,237	3,329	-3%
Amortisation of intangibles	(71)	(61)	+15%
Associates	(2)	399	-101%
Net profit	3,164	3,667	-14%
Cost to income ratio (%)	32.2%	37.9%	-5.7%
Net interest margin (%)	2.55%	1.96%	+0.59%
EPS (AED)	0.57	0.66	-14%
Return on average shareholders' equity (%)	18.4%	24.4%	-6.0%

AED billion	As at 30.09.09	As at 31.12.08	Change (%)
Total assets	291.0	282.4	+3.1%
Loans	217.1	208.9	+3.9%
Deposits	183.6	162.3	+13.1%
Capital Adequacy Ratio (%)	19.9%	11.4%	+8.5%

Total Income

Total income for the first 9 months of 2009 rose by 24% to AED 8,278 million compared to AED 6,664 million in the comparable period of 2008. In the third quarter of 2009, total income grew by 39% to AED 2,768 million from AED 1,985 million in Q3 2008.

Net interest income reached AED 5,488 million in the 9 months of 2009 and AED 1,845 million for the third quarter of 2009, an increase of 33% and 32% respectively on the comparable periods in 2008, driven by controlled growth in lending and an improvement in the 2009 year-to-date net interest margin to 2.55% from 1.96% in Q3 2008 year-to-date. 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 11% to AED 2,790 million in Q3 2009 year-to-date. The increase was largely driven by positive mark to market gains on investment and other securities during the first 9 months of 2009, partly offset by lower fees relating to trade finance and underwriting.

Total Costs

In the 9 months ended 30 September 2009, costs amounted to AED 2,667 million, with growth contained to 6% from the comparable period of 2008 compared to income growth of 24% over the same period. Costs in the third quarter of 2009 rose by 10% to AED 850 million from AED 774 million in Q3 2008 but declined 6% compared to Q2 2009 (AED 906 million). The 2009 year-to-date cost to income ratio decreased to 32.2% from 37.9% in 2008 year-to-date, while the Q3 2009 ratio fell to 30.7% from 39.0% in Q3 2008. The positive, widening gap between income and expenses is was achieved through proactive cost management and the accelerated realisation of integration synergies while maintaining substantial investment in the bank's IT and infrastructure platforms 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 within expected levels. The NPL ratio, excluding impaired investment securities, increased to 1.88% in Q3 2009 from 1.56% reported in Q2 2009 and 0.95% reported in 2008.

The impairment allowance on financial assets in respect of the first 9 months of 2009 grew to AED 2,374 million compared to AED 810 million in the comparable period of 2008, driven by an expected increase in specific impairments across retail and corporate portfolios and the addition of AED 957 million to portfolio impairment provisions as a measure of prudence in the current environment.

Customer Loans and Deposits

Customer Loans as at 30 September 2009 (including Islamic financing) reached AED 217.1 billion, growing 3.9% since the end of 2008.

Customer Deposits as at 30 September 2009 were AED 183.6 billion, an increase of 13.1% over the customer deposit base as at 31st December 2008.

Net Profits

Net profits for the Group were AED 3,164 million for the 9 months ended 30 September 2009, 14% below the record profits posted in the comparable period of 2008 of AED 3,667 million due to the prudent credit impairment allowances taken by the Bank during 2009. Net profits for Q3 2009 were AED 1,053 million, up 3% on Q3 2008 of AED 1,019 million and up 24% on Q2 2009 of AED 852 million.

Capital

The Bank's total capital adequacy ratio has strengthened significantly to 19.9% from 11.4% at the end of 2008. The Bank's Tier 1 capital ratio also improved from 9.4% at 31st December 2008 to 12.7% at 30 September 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

Integration continues to progress well and is on track, with completion expected on target in the fourth quarter of 2009. Over the last quarter, 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 will be the migration of NBD customers onto the new Core Banking system, Finacle, planned for November.

An important part in the integration process is the completion of the legal merger, which is expected to take place as well during the final quarter of 2009. After the legal merger and the completion of the system integration the Bank is aiming to start the roll-out of its new brand from December onwards.

Business Performance

Consumer & Wealth Management (CWM)

The bank's CWM operation had a positive first 9 months of 2009, achieving growth in the business and the customer base despite difficult economic conditions. The deposit base grew strongly by 23% in the 9 months ended 30 September 2009 while remaining cautious on new underwriting. Total income grew by

6% in Q3 2009 year-to-date to AED 2,353 million from AED 2,217 million in the corresponding period of 2008.

A key event in the first 9 months of 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 the 9 months ended 30 September 2009 with the addition of 5 new branches, taking the total to 99.

Wholesale Banking

The Wholesale Banking business registered another successful quarter with financial and business growth over previous periods despite difficult economic conditions. Wholesale Banking revenue in Q3 2009 registered a strong growth of 81% as compared to Q3 2008 whilst revenue was 56% higher for the 9 months ended 30 September 2009 versus the comparable period in 2008. Wholesale Banking deposits increased by 23% since 31 December 2008 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 poised.

Wholesale Banking's continuous focus on liquidity through dedicated efforts and resource channelisation for liquidity sourcing has resulted in strong deposit growth. In recent quarters, Wholesale Bank 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 our wallet share with clients.

Global Markets & Treasury (GMT)

The continuing improvement in global market conditions resulted in a strong performance for the GMT business in Q3 2009. Total income reached AED 1,252 million for the first 9 months of 2009. Further recovery in the equity markets and tightening of credit spreads were major drivers for the better performance, along with higher demand for local securities and increasing opportunities in trading.

Network International

Revenues for Network International, the Bank's market leading card acquiring and processing business, improved in Q3 2009 year-to-date by 10% to AED 247 million compared to Q3 2008 year-to-date. The primary drivers of this revenue growth comprised a 2% increase in acquiring income and a 25% increase in processing income which were achieved despite a challenging environment.

The first 9 months of 2009 saw Network International and Oberthur Technologies inaugurating their joint venture – Obernet Personalisation Bureau – in Dubai. The state of art facility in 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 30 September 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 in the region and processing cards for 47 banks and financial institutions in the region.

Emirates Islamic Bank (EIB)

The key focus for EIB in the first 9 months of 2009 was on balance sheet optimisation and risk management. The third quarter saw customer deposits reach AED 20.4 billion, an increase of 4% from end-2008 levels and financing receivables dropped 6% to AED 16.7 billion from end-2008.

Total income (net of customers' share of profit) for Q3 2009 year-to-date was AED 635 million, a decline of 16% from the corresponding period in 2008.

EIB expanded its branch network by opening 5 new branches during the first 9 months of 2009, taking the total number to 31.

IT and Operations (ITO)

The ITO division was an integral part of the successful migration of EBI customers to our new Finacle core banking system in May 2009 and preparations for the migration of NBD customers to Finacle in November are proceeding well. During in 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 new Oracle ERP environment and the Customer Relationship management (CRM) system, which has led to a reduction in customer complaints by 46% since implementation.

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

The third quarter of 2009 has witnessed continued stabilisation of local and international economies and improved consumer sentiment and business confidence. 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 largest banking merger the region has ever witnessed will complete this year, on target and with synergies ahead of forecast. The integration, together with recent investments made in the Bank's information technology and infrastructure capabilities, allows Emirates NBD to capitalise on value-added opportunities that may present themselves and provide platforms to further improve efficiency, increase customer service and extend our market reach and penetration.

END

Notes to editors:

Awards

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 2008 by Global Trade Review Magazine	July 2008
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 130 branches, 677 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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