

For immediate release

Emirates NBD Announces 2010 Results

Resilient 2010 financial performance

Total Income of AED 9.7 billion; Net Profit of AED 2.3 billion

Dubai, 10 February 2011

Emirates NBD (DFM: EmiratesNBD), the leading bank in the region, today announced its results for the year ended 31 December 2010.

Results Highlights

- ❑ **Total income for 2010 of AED 9.7 billion**, down 10% compared with 2009
 - Net interest income for the year of AED 6.8 billion, down 8% versus 2009
 - Non-interest income for 2010 of AED 2.9 billion, down 13% compared with 2009
- ❑ **Cost rationalisation initiatives proved successful:**
 - Operating expenses of AED 3.1 billion in 2010, a 14% improvement from 2009 across both staff and non-staff costs
 - Improved cost to income ratio of 31.4% for the year (2009: 32.9%)
- ❑ **Credit quality pro-actively managed and underlying trends remain within expectation:**
 - Required specific provisions for Dubai World exposure made in full during 2010
 - Prudent addition to portfolio impairment allowances of AED 335 million in 2010, taking total portfolio impairments to AED 2.2 billion
- ❑ **Excellent progress on balance sheet optimisation initiatives:**
 - Customer deposits at AED 200.0 billion, up 10% from AED 181.2 billion at the previous year-end
 - Customer loans at AED 197.1 billion, down 8% from AED 214.6 billion at the end of 2009
 - Headline loan to deposit ratio of 99% as at 31 December 2010 compared with 118% at end-2009
 - Capital adequacy ratio further strengthened to 20.1% compared with 18.7% at the end of 2009
- ❑ **Net profit in 2010 of AED 2.3 billion**, down 30% from the previous year
- ❑ **Earnings per Share of AED 0.37** for the year ended 31 December 2010 (2009: 0.58)
- ❑ **Cash dividend of AED 0.20** per share proposed

Commenting on the Group's performance, His Excellency Ahmed Humaid Al Tayer, Chairman of Emirates NBD said: "Emirates NBD's consistently resilient performance during the challenges of the last two years highlights the strength of the Bank and our historically conservative and prudent approach. Although the year showed signs of improving market and economic conditions, Emirates NBD continued with its prudent approach, taking steps to ensure we emerge strongly from the current economic environment. The success of our completed merger, the largest in the region, has proven our ability to capitalise on value-adding opportunities for our shareholders and we believe the bank will benefit from such opportunities in the coming years as we see improvements in economic activity in the region."

Emirates NBD's Chief Executive Officer, Mr. Rick Pudner, said: "While the operating environment during 2010 has remained challenging, we have delivered a robust financial performance. During the year we have achieved significant success in positioning the Bank for future growth opportunities through an improved funding and liquidity position, strengthened capitalisation, enhanced risk management capabilities and increased operating efficiency. We have also continued to invest selectively in growth areas such as Private Banking, SME Banking and our expansion in the UAE and regionally which is expected to reap further benefits in 2011. Furthermore, the successful implementation of the new Emirates NBD brand in 2010 has further enhanced the strength of our franchise and will support business growth in the coming years."

Financial Review

AED million	Year ended 31.12.10	Year ended 31.12.09	Change (%)
Net interest income	6,795	7,412	-8%
Non-interest income	2,926	3,382	-13%
Total income	9,721	10,794	-10%
Operating expenses	(3,053)	(3,551)	-14%
Operating profit before impairment allowances	6,668	7,243	-8%
Impairment allowances	(3,190)	(3,319)	-4%
Operating profit	3,478	3,924	-11%
Amortisation of intangibles	(94)	(94)	-
Associates	(1,024)	(477)	+114%
Taxation charge	(21)	(10)	+115%
Net profit	2,339	3,343	-30%
Cost to income ratio (%)	31.4%	32.9%	-1.5%
Net interest margin (%)	2.52%	2.81%	-0.29%
EPS (AED)	0.37	0.58	-35%
Proposed DPS (AED)	0.20	0.20	-
Return on average shareholders' equity (%)	10.3%	16.2%	-5.9%

AED billion	As at 31.12.10	As at 31.12.09	Change (%)
Loans	197.1	214.6	-8%
Deposits	200.0	181.2	+10%
Capital Adequacy Ratio (%)	20.1%	18.7%	+1.4%
Tier 1 Ratio (%)	12.8%	11.9%	+0.9%

Total Income

Total income for 2010 declined by 10% to AED 9,721 million compared with AED 10,794 million in 2009. In the fourth quarter of 2010, total income declined by 9% to AED 2,262 million from AED 2,496 million in Q4 2009.

Net interest income reached AED 6,795 million for the full year and AED 1,620 million for the fourth quarter of 2010, a decrease of 8% and 16% respectively on the comparable periods in 2009, driven by an 8% contraction in the loan book and a decline in the 2010 net interest margin to 2.52% from 2.81% in 2009. The margin decline resulted from a contraction of spreads generated from interbank funding, increased deposit funding costs and the mix impact of an improved funding profile, partly offset by increased asset spreads across both corporate and retail businesses.

Non-interest income recorded a year-on-year decline of 13% to AED 2,926 million in 2010. The decrease was largely driven by a decline in income from investments and lower fees relating to trade finance and the Brokerage and Asset Management businesses.

Total Costs

Costs amounted to AED 3,053 million in 2010, an improvement of 14% over 2009 levels, while costs in the fourth quarter of 2010 improved by 13% to AED 758 million from AED 876 million in Q4 2009. The 2010 cost to income ratio decreased to 31.4% from 32.9% in 2009, which was achieved through proactive cost management and the continued realisation of integration synergies while maintaining investment in the bank's distribution and technology infrastructure as well as in the governance and control environment.

Asset 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 within previously expected levels. During 2010, the full required specific provision was made for Dubai World and the Bank's exposure to this entity has been included in impaired loans.

The impairment charge in respect of 2010 declined by 4% to AED 3,190 million compared with AED 3,319 million in 2009. This was primarily driven by a previously expected increase in specific impairments in the Bank's corporate portfolios, partly offset by a deceleration in the build-up of portfolio impairment allowances. Nevertheless, the Bank added AED 335 million to portfolio impairment allowances during 2010, taking the total to AED 2.2 billion or 1.4% of unclassified credit risk weighted assets.

Associates

The contribution of the Bank's investments in associates during 2010 amounted to negative AED 1,024 million compared to a negative contribution of AED 477 million during 2009, principally driven by the Group's share of

estimated losses incurred by Union Properties PJSC during the year as well as an impairment of AED 360 million recognised on the Bank's investment in this company.

Net Profits

Net profits for the Group were AED 2,339 million for 2010, 30% below the profits posted in 2009 of AED 3,343 million.

Dividends

The Board of Directors will recommend to shareholders at the Annual General Meeting a 20% cash dividend for the 2010 financial year.

Customer Loans and Deposits

Customer Loans as at 31 December 2010 (including Islamic financing) were AED 197.1 billion, declining 8% from the end of 2009.

Customer Deposits as at 31 December 2010 reached AED 200.0 billion, an increase of 10% over the customer deposit base as at 31 December 2009.

Capital

The Bank's total capital adequacy ratio has continued to strengthen to 20.1% from 18.7% at the end of 2009. The Bank's Tier 1 capital ratio also improved from 11.9% at 31 December 2009 to 12.8% at 31 December 2010. This increase in capitalisation was mainly due to continued retained earnings generated during the period and a reduction in risk weighted assets of 3%.

Business Performance

Consumer & Wealth Management (CWM)

The Bank's Consumer Banking and Wealth Management division recorded a solid performance during 2010, achieving growth in the business and the customer base despite adverse economic conditions.

Income for the division declined by 2% in 2010 to AED 3,322 million from AED 3,387 million in the same period of 2009, principally driven by an 8% decline in net interest income. Fee income, however, increased by 19% to reach AED 940 million in 2010 mainly driven by strong growth in foreign exchange revenue, the launch of new bancassurance products and increased momentum in the Private Banking business. During the year, CWM continued its focus on reducing costs and increasing productivity, with several initiatives being launched focused on improving processes and the customer service experience. Consequently, CWM reported an 9% decline in operating costs relative to 2009 and improved its cost to income ratio by 2.5% to be among the leading

benchmarks in the GCC region. Credit quality continued to be tightly managed and retail loan portfolios witnessed significant stabilisation of delinquencies during the year.

CWM's sustained focus on deposit growth during 2010 resulted in growth of 11% in customer deposits from end-2009 levels to reach AED 66.1 billion. At the same time, the business remained cautious on new underwriting.

Key highlights of the fourth quarter include the launch of many new products, such as gold certificates and new saving products, and the official commencement of the Singapore branch which adds another strong leg to Emirates NBD's international reach. In addition, the Division continues to gain market share in the credit cards and the liabilities businesses, driven by the launch of innovative products.

Emirates NBD's branch network, the largest in the country, has continued to expand with the addition of three branches during the year, taking to total to 105. Its distribution capability was further complemented by growth in its ATM network with an addition of 95 new ATMs across the Emirates taking the total ATM and SDM network to over 620.

Corporate Banking

Corporate Banking delivered a resilient performance in 2010, reflecting the strength of its franchise and its position as the region's leading corporate banking business. In 2010 Corporate Banking recorded total income of AED 4,400 million through active re-pricing of the loan portfolio and a continued focus on fee generating business.

Corporate Banking's continued focus on liquidity, through dedicated efforts and roll out of new products and structures, has resulted in strong deposit growth of 13% during 2010 to reach AED 94.2 billion. The advances portfolio decreased by 7% since the end of 2009 to AED 161.1 billion.

During 2010, Corporate Banking further enhanced its product range through structured deposits, structured finance and syndication and a host of transaction banking products to add depth to client relationships. Transaction Banking 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 continued to realise in 2010 through integration of systems, processes and security documentation to enhance service levels and achieve cost rationalisation. Due to incentives offered for online banking to enhance efficiency, an increased number of customers have shifted base from bank counters to alternative delivery channels like 'Smart BUSINESS' and 'Trade Online'.

With a combined market share of almost a fifth of corporate assets in the UAE the Corporate Banking business is well positioned to take advantage of an improved economic outlook.

Global Markets & Treasury (GMT)

Global Markets & Treasury continued to develop products to meet customer demand as well as ensure that alternative sources of funding were utilised. The first ever auto-loan securitisation in the region was completed, raising over USD 200 million of long term funding. Other achievements include the establishment of a Commodity (Gold) trading unit and the implementation of a new FX system to enhance risk management and customer service capabilities.

Global Markets & Treasury gross revenue for the year remained strong at AED 701 million, an increase of 19% compared with 2009. This was achieved against a backdrop of sovereign and currency risk concerns in Europe and beyond.

The Asset Liability Management desk continued to maintain a strong reputation, helping ensure that the bank could continue to access liquidity even in stressed times. In addition to the auto loan securitisation, the Global Funding desk issued a number of medium term funding transactions. The Sales Desk saw clients returning to the markets for foreign exchange products. The Trading Desk continued to perform well and generate profits across the equity, foreign exchange and interest rate markets.

Network International

Revenue for Network International, the Bank's market leading card acquiring and processing business, stood at AED 372 million in 2010 which was flat compared to same period last year, at AED 371 million. Processing revenues increased by 8% and acquiring volumes rose by 13% from the previous year.

2010 saw Network International signing a cooperation agreement with China Union Pay (CUP) to extend the latter's CUP card services to more than 20 countries in the Middle East, Africa and Western Asia. Further, Network International launched key service offerings of "pay in your currency" and "e-Top up" capability on the merchant acquiring end. These two initiatives are going to be key focus areas going forward in 2011. The company has achieved an expansion of its service offering on the processing business side to offering processing for prepaid and gift cards through a strategic technology partnership.

As at 31 December 2010, Network International remains the region's largest payment and processing service provider of credit and debit cards, providing services to more than 11,000 merchants and processing cards for more than 60 banks and financial institutions in the region.

During the month of December 2010, Emirates NBD, its current shareholder, has signed a strategic partnership agreement with Abraaj Capital, the largest private equity group in the Middle East, North Africa and South Asia region to enhance Network International's strong growth and accelerate the geographic expansion of the company's market-leading payments processing platform. Under the terms of the agreement, Abraaj Capital, through Abraaj Financial Technologies Holdings Limited, will acquire a 49 per cent stake in Network International for a price of around AED 2 billion, including a sum contingent upon attainment of profitability targets and a portion financed by Emirates NBD, as is normal in such transactions. The deal is subject to relevant regulatory approvals and is expected to be finalised in the first quarter of 2011.

Emirates Islamic Bank (EIB)

During 2010, Emirates Islamic Bank continued to focus on balance sheet optimisation and pro-active management of credit quality. Total income (net of customers' share of profit) for EIB was AED 767 million for year ended 31 December 2010, a decline of 9% from the corresponding period in 2009. Net income from Islamic financing and investment products was held steady in 2010 over 2009 levels at AED 706 million while other income declined by 57% to AED 61 million principally resulting from write-downs of its investment properties during the year of AED 214 million. Excluding the impact of investment properties, total income grew by 16% in 2010.

Customer accounts grew strongly by 23% from the end of 2009 to reach AED 25.3 billion while financing receivables declined 11% to AED 15.9 billion from end-2009.

As at 31 December 2010, EIB's branch network totaled 30 with an ATM and SDM network of 86.

IT and Operations (ITO)

With the Al Barsha Data Center project receiving the "Best Banking and Finance Technology Implementation" award from Arabian Computer News (ACN), ITO is on target to consolidate its remaining data centers and realise further cost synergies.

The pursuit of the international framework for information technology governance, COBIT (Control Objectives for Information and related Technology), continues and is resulting in more robust and efficient processes as well as positively impacting application development projects.

Group IT received certification for ISO 9001:2008 Quality Management from BSI, serving as a testimony to the continued quest for quality within the technology services function.

ITO also introduced the USSD (Unstructured Supplementary Service Data) service in 2010, which is an innovation that allows high speed interactive communication between Etisalat subscribers and the Bank, enabling customers 24x7 access to their bank accounts from any GSM handset, anywhere in the world.

During 2010 key application deliveries were focused on business enhancement and risk management, with key achievements including the FinnOne securitisation system for the retail lending portfolio, the implementation of the payment screening application in the production environment, the operational risk application for capturing and monitoring risk events and the certification of online brokerage system as compliant with regulatory requirements.

Operations activities have continued to concentrate on increasing our efficiency and throughput on banking transactions and ITO was awarded “Best In Class Excellence” in these areas from both JP Morgan and Deutsche Bank.

Human Resources

In response to the continuing challenges in the business environment, Human Resource’s strategic priority in 2010 was to assist the business leadership in enhancing the workforce performance and engagement levels while optimising on employee costs. Even during these difficult times, investment in talent and leadership capability remains a key imperative, given its strategic significance to the business.

National development continues to be of top priority with as many as 565 National trainees recruited in 2010. With over 1,700 Nationals in the bank, Emirates NBD is by far the biggest employer of Nationals in the UAE banking sector. The National development programs offered are a major factor in attracting and retaining talented Nationals in the bank.

The transformation of Human Resources with the vision to be a best-in-class service provider, which began in 2009, gathered pace in 2010. The organisation and processes were revamped to create solutions and a service driven Human Resources function. Despite this significant re-organisation, the service delivered by Human Resources to its internal customers improved significantly with reduced cost-to-service levels in 2010 as a result of the transformation initiative.

Outlook

Although economic activity during 2010 remained relatively subdued, the year witnessed signs of stability and improving economic activity, confidence and credit appetite in the UAE. Emirates NBD remains optimistic about the sustainability of the expected economic recovery both globally and regionally. Furthermore, the UAE

financial sector is now showing signs of emerging from the deleveraging process which commenced at the end of 2008.

Emirates NBD will focus its strategic efforts during 2011 on continuing to optimise the balance sheet and capital allocation, improving profitability and enhancing its platforms. At the same time, the Bank is expecting to accelerate its investment in growth opportunities and take advantage of the expected improving economic fundamentals.

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Notes to editors:

Awards

Global Finance Award for “Largest bank in the Middle East”	December 2010
Middle East IR Society / Thomson Exel Awards for “Best Investor Relations in the Middle East”, “Best Investor Relations Website for the Middle East” and “Best Investor Relations Team for Management Access + Meetings in the Middle East”	October 2010
Banker Middle East Award 2010 in the Best Use of Technology	June 2010
Banker Middle East Products Award for Best Personal Loan	April 2010
Sh. Mohammed bin Rashid Al Maktoum “Supporters of the Arts Award”	March 2010
2010 FST London award for “Systems Integration Project of the Year”	March 2010
“Best Private Bank in the UAE” by the 2010 Euromoney Private Banking Survey	February 2010
The number one banking brand in the Middle East by The Banker	February 2010

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 135 branches and over 700 ATMs and SDMs. It is a major player in the UAE corporate banking arena, and has a 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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