

Emirates NBD Announces 45% Profit Growth in 2nd Quarter 2008

Record Profits of AED 1.473 billion for 2nd Quarter, up 45%

Profits for First Half 2008 at AED 2.688 billion, up 41%

Dubai, 22 July 2008: Emirates NBD, (DFM: ENBD), the Middle East's largest banking group by assets, today announces its results for the second quarter ended on 30 June 2008.

Results Highlights

- ❑ **Net Profits** up 45% to AED **1.473 billion (Net profits after amortisation charge at AED 1.45 bn)**
- ❑ **Integration** progressing ahead of schedule
- ❑ Annualised **Synergies** of AED 200m achieved – 61% ahead of 2008 target
- ❑ **Total income** reached AED **2.495 billion**, an increase of **48%** on Second Quarter 2007 Proforma results
- ❑ **Total assets** at AED **286 billion** - an increase of **12.4%** from year end 2007
- ❑ **Tangible Shareholders' equity** increased to AED **20 billion**
- ❑ **Customer loans** at AED **187 billion**, up **12.6%** from AED 166 billion as at end of 2007
- ❑ **Customer deposits** at AED **157 billion**, up **13.3%** from AED 139 billion as at end of 2007
- ❑ **Total costs** of AED **931 million**, an increase of **45%** from second quarter 2007.
- ❑ **Cost income ratio** declines to **37.4%**
- ❑ **Return on Average Shareholders' Equity** of **27.6%**

Commenting on the Group's performance, **His Excellency Ahmed Humaid Al Tayer**, Chairman of Emirates NBD said: "Our second quarter performance demonstrates the value that the merger is delivering to our shareholders, customers and staff as we realize the vision of H.H. Sheik Mohammad Bin Rashid Al Maktoum, Vice President and Prime Minister of UAE and Ruler of Dubai, to create a regional banking champion".

Emirates NBD's Chief Executive Officer, **Mr. Rick Pudner**, said: "Emirates NBD has delivered another quarter of outstanding performance and I would like to thank our shareholders, customers and our staff for the commitment that has further strengthened Emirates NBD's position in the region".

* *Tangible share holders equity = Total shareholders equity – (Goodwill + Intangible assets)*

Financial Performance : Second Quarter 2008

Total Income

Total income at Emirates NBD increased to AED **2.495** billion in the second quarter of 2008. The primary drivers for this growth were continued strong growth in **loans and deposits, focus on growing fees and commissions income, effective cross selling and productivity initiatives.**

Total Costs

Operating costs for Emirates NBD reached AED **931** million in the second quarter of 2008, a year-on-year increase of **45%**. The increase in costs was driven by **investments in staffing and governance capabilities, increasing distribution network and infrastructure development.**

Cost-Income Ratio

The Cost-Income ratio **declined to 37.4%** in First Half of 2008 compared to 38.8% in Second Half of 2007. This was the result of continued focus on costs management, productivity enhancement and realization of synergies from the merger.

Net Profits

Net profits for the group were AED **1.473** billion (excluding amortisation of intangibles) for the three months ended 30 June 2008, an increase of **45%** from the same time last year.

Return on Equity

Emirates NBD reported a **27.6%** return on average shareholder equity.

Total Assets

Total assets reached AED 286 billion as at 30 June 2008, an increase of **12%** over the levels as at year end 2007.

Customer Loans

Customer Loans, including Islamic financing, for the period up to 30 June 2008 reached **AED 187 billion**, a growth of **12.6%** over the levels as at end of 2007 and up 42% compared to levels a year ago.

Customer Deposits

Emirates NBD Deposits reached **AED 157 billion**, a **13%** growth over the figure as at end of 2007.

Synergies: Delivering Benefits of the Merger

In July 2007, Emirates NBD committed to deliver annualized synergies of AED 346 million and one-off synergies of AED 26 million. The synergies were estimated to be delivered over 3 years with 33% delivered in 2008, 66% by 2009 and the fully delivered by 2010.

In the First Half of 2008, Emirates NBD has executed initiatives to deliver **annualized recurring synergies of AED 178m** and **one-off synergies of AED 22m**. These exceed the full year 2008 target by 61%. The recurring synergies are ahead by 55% and one offs synergies are ahead by 144%.

The First Half 2008 financials include revenue synergies of AED 39m and cost synergies of AED 39m. The realisation of synergies has helped Emirates NBD's cost income ratio reduce to 37.4% for First Half of 2008 compared to 38.8% in Second Half of 2007.

Realization of synergies demonstrates the outstanding progress in integration and Group's continued focus on ensuring that the merger is delivering value to the shareholders.

During this period the Group has spent **AED 40m** towards **integration costs**.

Integration Update

Emirates NBD's integration process is progressing steadily and is expected to be accomplished during the First Quarter of 2009, in line with expectations at the beginning of the merger process. This year, the Group has already announced several major achievements that constitute added value for customers.

After the integration of the network of cash deposit machines the roll-out of integrating ATM machines has commenced. With the largest ATM network in the UAE (486 ATMs) we will provide enhanced functionalities and convenience to our customer base.

In the Second Quarter of 2008 Emirates NBD established its Large Corporate Unit (LCU) which manages the large corporate accounts of the Group. This is a major achievement in the aspirations of the Group to interact with its customers as one bank.

The Group has also started to leverage its extended product range across its entire customer base.

Internal cultural integration is critical to succeed in the integration process. Co-location of employees in their respective areas across the Group has advanced well. Around 3,700 employees have now attended culture workshops focusing on the Group's strategic direction, vision, mission and values.

Business Performance

Consumer & Wealth Management

Emirates NBD spearheads reach to its customers through a network of **486 ATMs** with increased functionality and over **115 branches** across the UAE.

The **Consumer Finance** business was launched in the second quarter.

A performance improvement program to increase cross-sales was rolled out to select branches, leveraging existing best-practices across the network. As a result, sales productivity has more than doubled for credit cards and personal loans.

EIS Asset Management, based in DIFC, continued its robust investment performance during the six months to 30 June 2008. EIS-AM launched the first Shari'a compliant open-ended global real estate fund and implemented new systems for client administration and portfolio management.

Wholesale Banking

Emirates NBD led the league table in the syndicated loans market in the UAE for the six month period to 30 June 2008, having executed nine deals with a total value of US\$17.4 billion. The Group was also recognized as one of the leading arrangers of global debt capital markets transactions in UAE, with a number of high profile deals successfully concluded and others in the pipeline.

Wholesale Banking Department was mandated for a number of top syndication deals in the first half of the year, including Borse Dubai (\$4.2 billion), Dubai World (\$5.5 billion), Emirates Aluminium (\$4.6 billion), Limitless (\$1.2 billion), DEWA sukuk (AED 3.2 billion) and Meydan (AED 3.6 billion). Along with 10 other major international banks, Emirates NBD was also mandated to arrange a Syndicated Term Loan for MDM Bank Russia.

Government departments including Dubai Civil Defense and the Department of Finance have subscribed to *smartBUSINESS* (the online business banking platform of Emirates NBD). Subscriptions to this platform have increased by 35% year on year. In the First Half 2008, the cash management transaction value increased by 200% and its volumes by 56% compared with the same period in 2007.

Emirates Islamic Bank

Emirates Islamic Bank posted record net profits of AED 320 million for the first half of 2008, a 321% increase over first half of the year 2007. Total assets grew 100% at AED 26 billion. As the bank's market share grew, with customer accounts increasing 95%, the bank also received national acclaim winning the prestigious Mohammed Bin Rashid Al Maktoum (MRM) Business Award in the Finance category. New products launched in the first half of 2008 included an Emirates Airlines Skywards Sharia credit card.

Investment Banking

In the second quarter of 2008, the Debt Capital Markets team concluded an AED 3.6 billion sukuk for Nakheel and facilitated the sale of a DEWA sukuk. Following this deal, Emirates NBD was placed second on the internationally renowned *International Finance Review (IFR)* league table of Middle East bonds and sukuks advisory.

The Equity Capital Markets team initiated a private placement for \$340 million for Esdaraat, a Saudi Arabian real estate company, and began work on a secondary offering and listing for Abyaar, a high end

real estate business. In First Half of 2008, Investment Banking also secured several new mandates involving sukuk issues, IPOs and mergers and acquisitions advisory transactions.

Securities Brokerage

Emirates International Securities facilitated the second highest number of trades by volume and value on the Dubai Financial Market in Second Quarter of 2008. Emirates International Securities was responsible for more than 843 million trades which amounted to a total value of more than **AED 3.4 billion**.

The combined market share of Emirates International Securities and NBD Securities in value and trades volumes on DFM & ADSM stands at 4.63%.

Awards

In Second Quarter of 2008, the Group's achievements were recognised by a number of external awards including three 'Superbrands' awards from the Superbrands Council – one each for Emirates Bank, National Bank of Dubai and meBANK brands.

Emirates NBD was also named *Global Finance* magazine's 'Best Emerging Market Bank' and 'Best Foreign Exchange Bank in the UAE' for 2008.

Rick Pudner, Emirates NBD's Chief Executive Officer was named 'Banker of the Year' by industry magazine, *Banker Middle East*.

Notes to editors:

About Emirates NBD:

Emirates NBD (DFM: ENBD) 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 over **115** branches and 486 ATMs. 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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