

## FOR IMMEDIATE RELEASE

### Emirates NBD Announces 2007 Results

*Record Results Achieved by Emirates Bank and National Bank of Dubai across all businesses*

**Wednesday 13<sup>th</sup> February 2008, Dubai UAE:** Emirates NBD (DFM ticker: ENBD), the GCC's largest bank by assets, today announced a net profit of AED 4 billion (excluding amortisation of intangibles) for the year ending 31<sup>st</sup> December 2007 on a pro forma basis.

- **Total income** for the Group AED 7.1 billion, an increase of 50% on pro forma (combined) results in 2006
  - o National Bank of Dubai (NBD) total income up 53% on 2006
  - o Emirates Bank (EBI) total income up 46% on 2006.
- **Proforma Operating profit** of AED 4 billion, an increase of 35% on 2006
- **Total assets** at year end of AED 253.8 billion, an increase of 53% (combined) on 2006
- **Shareholders' Equity** stood at AED 25.1 billion.
- **Customer loans** at year end at AED 152 billion, up 48% from a combined AED 102 billion in 2006
- **Customer deposits** of AED 124.1 billion, up 44% from AED 86.3 billion in 2006
- **Total costs** of AED 2.7 billion, an increase of 51% year-on-year
- **Return on Average Shareholders Equity** of 25.12%
- **Return on average assets** at 1.92%
- **Cost income ratio** 38.3%

**Notes to results:** Emirates NBD reports the pro forma consolidated income statement for the year ended 31 December 2007 ("pro forma income statement") for Emirates NBD PJSC ("Emirates NBD") prepared to illustrate the impact of the acquisition by Emirates NBD of the share capital of Emirates Bank International PJSC ("EBI") and The National Bank of Dubai PJSC ("NBD") pursuant to the offer set out in the offer document dated 30 July 2007 ("the Merger").

The pro forma income statement is based on the consolidated income statement of EBI as extracted from the audited consolidated financial statements of EBI for the year ended 31 December 2007, and the consolidated income statements of NBD as extracted from the audited consolidated financial statements of NBD for the year ended 31 December 2007.

The pro forma income statement has been prepared in accordance with IFRS and has been reviewed by auditors. For the purposes of presentation, the pro forma income statement has been prepared as if the merger occurred on 1 January 2007.

The pro forma income statement has been prepared for illustrative purposes only and because of its nature, does not represent what the results of operations would actually have been if the Merger had occurred on the dates indicated, nor does it project the results of operations for any future period. The potential synergy benefits of the Merger have not been included within the pro forma income statement.

This unaudited pro forma consolidated income statement should be read in conjunction with the audited statutory financial statements of Emirates NBD for the year ended 31 December 2007.

***Emirates NBD Chairman, His Excellency Ahmed Humaid Al Tayer said :***

“When NBD and EBI came together last year, the vision was to create a national banking champion that is greater than the sum of its parts. The move was one that brings benefits to everyone in the business, all our customers, shareholders and other stakeholders. We are already seeing the benefits of this landmark merger – and these record results further strengthen our position as the UAE’s biggest banking group. ”

***Rick Pudner, Emirates NBD CEO added:***

“This has been a year of very strong growth for Emirates NBD. The momentum of growth from both NBD and Emirates banks has gained pace and continues under the Emirates NBD umbrella. Relatively soon after the merger, we are witnessing the benefits and returns of everyone’s hard work over a very busy year.

“Our continued investment in people, technology and infrastructure capabilities has driven the bank’s growth across all core areas of the business. The bank has delivered excellent performance across the board. We expanded our product offerings, increased our market share of loans, deposits and further consolidated our leading corporate banking presence in the UAE and, increasingly, across the GCC region.

“Looking ahead, we expect to see continued growth across our businesses as we are well positioned to capture the opportunities in our markets, specially from continued growth in UAE & the broader GCC region.

## Analysis of Full Year 2007 Results – Emirates NBD

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### Income Statement – Emirates NBD

AED million	Statutory	Pro forma *
Net Interest Income	2,766	4,080
Commissions and Other Income	2,193	3,027
<b>Total Income</b>	<b>4,959</b>	<b>7,107</b>
Staff Costs	(1,191)	(1,652)
Other Costs	(736)	(1,067)
<b>Total Operating Costs</b>	<b>(1,927)</b>	<b>(2,719)</b>
Impairment Provisions	(618)	(736)
<b>Operating Profit</b>	<b>2,414</b>	<b>3,652</b>
Associates	376	376
<b>Operating Profit [Excl Amort Charge]</b>	<b>2,790</b>	<b>4,028</b>
Amortization of Intangibles	(19)	(82)
<b>Net Profit</b>	<b>2,771</b>	<b>3,946</b>

\* Assumes merger effective 1 Jan '07

Normalized earnings

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### Total Income

Total income at Emirates NBD reached AED 7.1 billion on a pro forma basis. The primary drivers for the increase in total income were robust growth in customer assets supported by a rise in customer deposits across both the retail and wholesale businesses. The growth in income is supported by a steady increase in our fee based product revenue. The bank has continued to maintain a healthy mix of funded and non funded income.

EBI's total income for 2007 was AED 4.23 billion, a 46% increase from the previous year while NBD's total income for the period was AED 2.82 billion, a year on year increase of 53%.

### Total costs

Operating costs for Emirates NBD in 2007 reached AED 2.7 billion on a pro forma basis, an increase of 51% over 2006. . The increase in costs were driven by continued investments in expanding distribution and product capabilities , building robust infrastructure and developing strong governance capabilities across the group.

EBI's total costs increased by 46% to AED 1.7 billion while NBD's costs increased by 55% year-on-year to AED 1.0 billion.

### **Net profits**

Net profits for the group were AED 4 billion (excluding amortisation of intangibles) for 2007, on a pro forma basis, an increase of 35% over 2006. This makes Emirates NBD the profit leader in the UAE. EBI's net profits at AED 2.39 billion rose by 27% while NBD's net profits at AED 1.6 billion were 44% higher than in 2006,

### **Normalised Proforma EPS for Emirates NBD stood at AED 1.22 per share.**

Profit growth was driven in a number of ways in 2007. Focus on strengthening existing corporate customer relationships in 2007 through providing a wider range of products and solutions created a profit momentum. As did efforts to enhance retail customer experience by focusing on reach, service quality, efficiency and products. The continued expansion and distinction of our offering in the Islamic banking sector was a key contributor to profit growth.

### **Return on Equity**

Emirates NBD reported a 25.12% return on average shareholders equity. On a standalone basis EBI reported a 24.3% return on equity, a 1.6% increase from 2006. NBD offered a 23.7% return of equity, which represents a 4.5% increase year-on-year.

### **Total Assets**

Total assets recorded at the end of 2007 were AED 253.8 billion, an increase of 53% in EBI and NBD's combined assets in 2006. This positions Emirates NBD with a 20.5% market share of banking assets in the UAE.

EBI's total assets at AED 145 billion reflect a growth of 51% in the year. NBD's total assets in 2007 reached AED 107 billion, a 52% increase over 2006

### **Loans**

Total loans at the end of 2007 reached AED 152 billion, a 48% increase over the combined loans of EBI & NBD in 2006. Emirates NBD's loan book accounts for 21% market share of loans among UAE Banks. EBI's total loan stood at AED 87 billion, a 47% increase from 2006

and NBD's total loans stood at AED 65 billion at the end of 2007, a 50% increase over the previous year. Both EBI & NBD benefited from a booming corporate business and new retail financing initiatives in 2007.

### **Deposits**

Emirates NBD Deposits reached AED 124.1 billion, a 44% growth over 2006. AED 60 billion of these deposits are held with EBI divisions and AED 64.1 billion within NBD at end of 2007.

### **Business review**

#### **Retail banking**

The group introduced 88 new ATM's in 2007 taking the total number of ATMs to 440, the largest ATM network of any bank in the UAE. Customers of both EBI and NBD customers can access their accounts through this combined network without incurring any additional charges . Continuing our aspiration to expand our distribution and services, the group also opened 19 new branches taking the total to 114.

The award winning retail unit launched various new products in the year, including the prestigious Visa Infinite credit card, an invitation only card. The introduction of mortgages for expatriates was another significant step taken by the retail business in 2007. The Consumer Finance Business launched in 2007 will present product offerings in the form of secured and unsecured consumer loan products.

#### **Corporate & SME banking**

In 2007 NBD was selected as one of the banks in the UAE to provide Escrow accounts to its property developer customers. EBI completed significant enhancements to its Smart Business on-line banking service. The loans book grew substantially and the client base increased across the region.

#### **Islamic banking**

Launched just over 3 years ago, Emirates Islamic Bank continues to outperform its peers. EIB maintained its focus on expanding its distribution network and suite of products. This was an area of significant growth in profits.

Total assets of Emirates Islamic bank grew to AED 17 billion as at end of 2007, an increase of 65% over 2006. The total financing receivables increased to AED 10.8 billion in 2007 a growth of 65% over 2006. The deposits stood at AED 13.9 billion at end of 2007 a growth of 54% over the previous year.

### **Investment Banking**

2007 was a good year for our growing investment banking business with a number of deals closed during the year on behalf of major entities across a range of sectors. Additionally several mandates involving financing and advisory transactions are under execution both in the UAE and the Gulf region.

### **Wealth Management**

The wealth management business of Emirates NBD consists of asset management and private banking. The businesses continued to perform strongly, and the asset management divisions increased their assets under management to over \$2 billion.

### **Merger Update**

Since the close of merger transaction on 15<sup>th</sup> October 2007, the group has made significant progress in integration process. The group has instituted an Integration Office, headed by a General Manager.

A target business model has been developed, drawing on the strengths of the existing business models and benchmarked against international best practice. The new organization structure, including management positions for Emirates NBD, was announced in October 2007. Subsequently, the combined group's strategy and integration milestones have been defined.

Early achievements include:

- The leveraging of the extended product range started, e.g. the cross-selling of NBD mortgage products to Emirates Bank customers
- Free ATM transactions for customers of both the banks on ATMs of Emirates NBD.

- Local awareness was increased through co-sponsorship of several high profile events during 2007 & 2008.
- CEO and the executive management of Emirates NBD was announced on 19 September 2007.
- Financial statements of EBI and NBD for 2007 have been consolidated to prepare Financial statements of Emirates NBD.
- Operational and IT integration are the most complex to achieve. Emirates NBD has commenced the implementation of Oracle E business suite to complement the requirements of general ledger, payments and property management. Emirates NBD also commenced the implementation of Finnacle system as the Group's core banking system.

Further announcements on integration will be made in due course.

### **2008 Outlook and Strategy**

Going in to 2008, the Group expects to see continued growth opportunities across its businesses. Emirates NBD is well positioned as the leading UAE banking group to benefit from continuing growth in UAE. Additionally 2008 will also see our focus to pursue expansion outside UAE.

The bank will continue to focus on the integration of EBI and NBD while rolling out its seven point strategy:

- Increase share of wallet and continue to grow the UAE's biggest **retail banking** business, expanding its network of branches and ATMs
- Expand the bank's **wealth management** business across the GCC, leveraging the platforms of EBI's Al Shaheen and NBD's Suhail businesses; and leverage investment banking, asset management, structured product, real estate, trust and family office product capabilities
- Grow the large corporations and government institutional client base of the **corporate and SME** banking business and enhance trade finance, cash management and treasury offering

- Leverage Dubai's development as a regional financial centre and enhance cross-selling to the corporate and institutional clients base in our world class **investment banking** division
- Expand Emirates Islamic Bank branch network, cross sell to a broader customer base and continue to develop innovative **Islamic banking** products
- Strengthen presence in Saudi Arabia, Qatar and expand/enter selected strategic markets and exploit the financial strength and scale in the GCC and the wider region
- Integrate the back-office operations of EBI and NBD and maintain investment in technology; and develop best-in-class corporate governance and risk management

### **Dividend**

The board of directors has recommended distribution of a cash dividend of 35 fils per share and bonus shares of 15 % on outstanding shares as at 31 December 2007. The proposed dividend and bonus issue will be approved by the share holders in the annual general meeting of the bank proposed for March 2008.

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### **Notes to Editors:**

Emirates NBD (ENBD), the GCC's biggest bank by assets, was formed in October 2007 following merger of Emirates Bank and National Bank of Dubai. The group has a presence in the UAE, Saudi Arabia, Qatar, the United Kingdom and Jersey (Channel Islands), and representative offices in India, Iran and Singapore. At the end of 2007 total assets were AED 253.8 billion, giving it a market share of 20.5%.

Emirates NBD is the leading retail banking franchise in the UAE, with 114 branches and over 440 ATMs spread across the UAE. The Group is also a major player in the corporate banking arena, with a combined market share at the end of 2007 of a fifth of corporate loans. It has a fast growing Islamic banking operation through its Islamic Bank subsidiary, a strong and rapidly growing regional investment banking, private banking and asset management businesses.

Emirates NBD is the first banking group in the region to establish a dedicated community services department with a mission to further the role of the banking giant in the field of Corporate Social Responsibility and Community Services. Emirates NBD is a passionate supporter of local charities, education initiatives, regional culture, the environment and sport.

**For more information please visit Emirates NBD at [www.emiratesnbd.com](http://www.emiratesnbd.com)**

#### **Ratings:**

Emirates NBD is in the process of applying for ratings this year. Previously, Emirates Bank Group was rated AA- by Fitch, A/Stable/A-1 by Standard & Poor's and A1/P1 by Moody's; NBD was rated A/Positive/A-1 by Standard & Poor's and A1/P-1 by Moody's.

#### **Awards and Recognition Won in 2007**

##### **Emirates NBD**

- Named "Best Bank in the UAE for the Year 2007" by the Banker Magazine.
- Awarded JP Morgan Chase Quality Recognition Award.
- Community Recognition Award from Dubai Police.

##### **Emirates Bank International**

- Best trade finance provider in UAE for 2007 by Global Finance Magazine.
- Awarded 4th Middle East e-banking leadership award by Middle East Excellence Awards Institute.
- Emirates Post issued set of commemorative stamps to celebrate 30 years of Emirates Bank.
- "Best Retail Banking Branch Innovation Award for Asia Pacific and the Middle East" from The Excellence in Retail Financial Services Awards Program.
  
- HE Ahmed Al Tayer Conferred "Arab Banking Personality of the Year Award" by Union of Arab Banks.
- HE Ahmed Al Tayer awarded prestigious "lifetime achievement award for 2007" by The Banker Middle East.
- EIS achieved market ranking of 3rd in DFM during 2007.

##### **National Bank of Dubai**

- Name Best Bank in UAE for the fifth consecutive year by Global Finance Magazine.
- "Best Retail Bank in UAE 2006" award from The Asian Banker Excellence.
- NBD became leading provider of non-Islamic home mortgage provider.