

RAM

CREDIT RATING RATIONALE

JUNE 2011

EMIRATES NBD PJSC

- Proposed RM3.8 billion Senior Unsecured Conventional or Islamic Medium-Term Notes

RAM Rating Services Berhad
(763588-T)

Suite 20.01, Level 20
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

T +603 7628 1000
+603 2299 1000
F +603 7620 8251
E ramratings@ram.com.my
W www.ram.com.my

RAM

RATINGS



CREDIT RATING RATIONALE

FINANCIAL INSTITUTION RATINGS

JUNE 2011

Analysts:

Joanne Kek
(603) 7628 1163
joanne@ram.com.my

Shireen Ng
(603) 7628 1021
shireen@ram.com.my

Principal Activity:
Commercial banking

Instrument:
Proposed RM3.8 billion
Senior Unsecured
Conventional or Islamic
Medium-Term Notes

Islamic Contract:
To be determined

Rating:
AAA [Reaffirmed]

Rating Outlook:
Negative [revised from
stable]

Last Rating Action:
7 July 2010

**Coupon Rate/Profit
Margin:**
Determined at issuance

Tenure:
Up to 20 years

Lead Arrangers:
The Royal Bank of Scotland
Berhad, Standard Chartered
Bank Malaysia Berhad and
HSBC Bank Malaysia
Berhad

Trustee:
To be appointed

Shariah Advisor:
To be appointed

EMIRATES NBD PJSC

– Rating Review

■ Summary

RAM Ratings has reaffirmed the AAA long-term rating of Emirates NBD PJSC's ("Emirates NBD" or "the Bank") proposed RM3.8 billion Senior Unsecured Conventional or Islamic Medium-Term Notes. The outlook on the long-term rating has been revised from stable to negative.

The rating remains supported by Emirates NBD's systemic importance as the largest bank in the United Arab Emirates ("UAE"), coupled with its healthy tier-1 and overall risk-weighted capital-adequacy ratios ("RWCARs"), which stood at a respective 12.7% and 20.1% as at end-March 2011. As the flagship bank of the emirate of Dubai, the Bank benefits from the firm support of the government. At the height of the recent global financial crisis, the Bank had received a AED4 billion capital injection from the Government of Dubai, and had benefited from the conversion of AED12.6 billion UAE Ministry of Finance deposits into a tier-2 capital-qualifying instrument. The rating also recognises Emirates NBD's improved loans-to-deposits ratio of 92% as at end-March 2011 – although still relatively high, it is substantially better than the 119% as at end-December 2009.

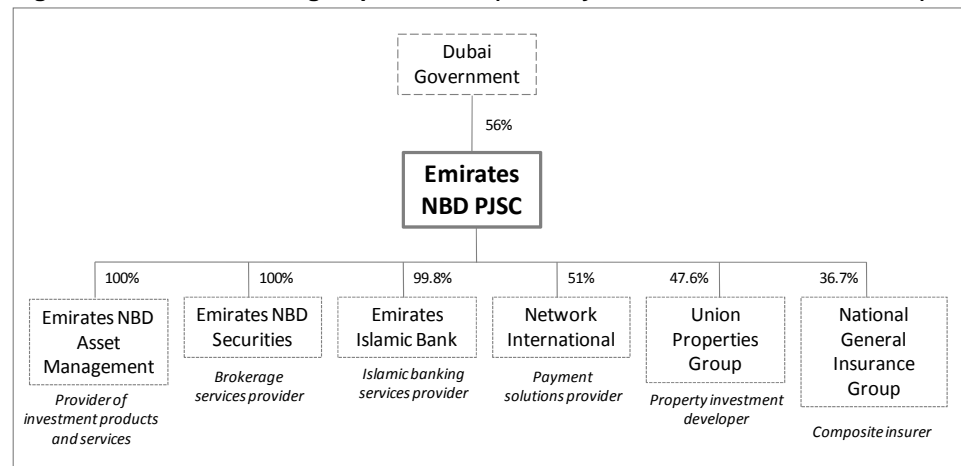
The revision of the rating outlook from stable to negative, meanwhile, is premised on the deterioration in Emirates NBD's asset quality. As at end-March 2011, the Bank's gross impaired-loan ("GIL") ratio had climbed up to 10.4%, primarily attributable to its exposure to troubled Dubai World, Dubai Holdings, Saad and AlGosaibi credits. Excluding these, the Bank's GIL ratio would stand at between 4 – 5% of its gross loans as at end-March 2011 – still high, relative to its end-December 2009 gross impaired loan ratio of 2.6%. The negative outlook also reflects RAM Ratings' concerns about the possibility of a further weakening in the Bank's loan quality, given its significant real-estate exposures (16% of gross loans) and loans to Dubai government related entities (also 16% gross loans). Elsewhere, advances to related parties make up 30% of the Bank's lending portfolio.

The Bank's pre-tax profit weakened 29% to AED2.4 billion in the financial year ended December 2010 ("FY Dec 2010"). In addition to a hefty AED2.9 billion of credit impairment provisions, which translates into a high credit-cost ratio of 1.4%, the Bank had also recorded a sizeable reduction of AED1 billion on its investment in Union Properties PJSC ("Union Properties", a UAE-based property developer). The Bank's 1Q FY Dec 2011 pre-tax profits were AED1.4 billion, buoyed by a sizeable AED1.8 billion one-off profit from the sale of a 49%-interest in Network International. In the same period, the bank had made further credit-related impairment charges of AED1.3 billion (translating to an annualised credit cost ratio of 2.6%), as well as a further AED500 million write-down on the value of its Union Properties stake. RAM Ratings expects loan loss charges to remain elevated this year.

In April 2011, the Bank announced that it expected its GIL ratio to peak at 13%–14% this year (revised downwards from an earlier estimate of 14%–15% in February), as restructuring talks for entities within the Dubai Holdings group draw to a close. Applying punitive stress-test assumptions of possible further loan and impairment losses, Emirates NBD's overall and tier-1 RWCARs are expected to be kept at a respective 16% and 12% over the medium term, i.e. still comparing well against those of AAA-rated banks. The rating will face downward pressure if the Bank's GIL ratio exceeds 14% in FY Dec 2011, or if its RWCAR levels weaken beyond RAM Ratings' expectations.

■ Bank Profile, Ownership & Financial Flexibility

Figure 1: Emirates NBD's group structure (with key subsidiaries and associates)



Source: Emirates NBD

Emirates NBD was incorporated in 2007, following the merger of the former Emirates Bank International PJSC and National Bank of Dubai PJSC. The Bank is the largest financial institution in terms of asset size in both the UAE and the GCC; it commands an estimated 20% of the UAE banking industry's loans and

Largest bank in the UAE and GCC

Systemically important to the UAE banking industry, flagship Dubai bank

To adopt Basel II IRB approach next year

deposits. The Bank also has an extensive branch network in the UAE; its 140 domestic branches are primarily centred in Dubai, although efforts are being made to expand its reach to other emirates in the UAE. Emirates NBD currently has branches in Saudi Arabia, the United Kingdom (“UK”), Qatar, and Singapore; it also has representative offices in India and Iran and an offshore banking facility in Jersey.

Emirates NBD is a full-fledged commercial bank, offering a range of financial services and products such as retail banking, wholesale banking, global markets and trading, investment banking, brokerage and asset management. Other companies within the Bank’s stable include Union Properties (47.6%), a property developer and property-investment entity based in the UAE, National General Insurance Group (36.7%), a UAE-based composite insurer, and Network International (51%), a merchant acquirer and payment solutions provider.

RAM Ratings continues to view Emirates NBD as being systemically important to the UAE banking industry; the Bank is regarded as the flagship bank of Dubai. We believe that the governments of Dubai and the UAE will extend support to the Bank should the need arise. Support from the Dubai government, which owns 56% of Emirates NBD through Investment Corporation of Dubai (“ICD”), has been proven through ICD’s subscription for AED4 billion of tier-1 capital notes to strengthen the Bank’s capitalisation in 2009. This, in addition to the conversion of AED12.6 billion of the UAE Ministry of Finance’s (“MoF”) deposits into tier-2 capital in 2009, had boosted the Bank’s overall RWCAR to 18.2% as at end-December 2009 (end-December 2008: 10.9%¹) at the height of the global financial crisis.

Emirates NBD’s shareholding structure is fairly concentrated, with its top 10 shareholders’ stakes coming up to almost 76%. Apart from ICD, the other top shareholders include prominent families and high-net-worth individuals from the Middle East.

■ Management & Strategies

In 2010, enhancements to Emirates NBD’s processes included the integration of retail scoring and an enhanced corporate rating approach with its credit procedures, as well as a review of its liquidity-management framework and tools. The Bank expects to complete the upgrading of its credit processes (which commenced in 2007) this year, as it applies for the approval of UAE Central Bank to use the Basel II Internal Ratings-Based (“IRB”) approach in RWCAR calculations. The management expects to commence the parallel reporting of the IRB-based RWCAR in 2012.

¹ Overall RWCAR ratios as at end-December 2009 and end-December 2008 after proposed dividends.

Seeking domestic and regional opportunities

We expect the Bank to adopt a proactive stance on international expansion, particularly in its existing markets of Saudi Arabia, the UK, Qatar and Singapore. In the UAE, the Bank seeks to expand its reach to Abu Dhabi while capturing opportunities in other growth areas such as Islamic banking, private banking, and banking for small and medium-sized enterprises (“SMEs”). Emirates NBD’s branch in Singapore started operating in November 2010 and will focus on wealth-management services, aiming to establish a presence in asset management and private banking. In particular, it intends to leverage on managing investments for high-net-worth individuals from the Middle East who seek to place some of their assets in Singapore, and *vice versa*. Meanwhile, organic growth will be the key theme for its Saudi operations, as it pursues other inorganic regional expansion opportunities.

Domestic growth opportunities will mirror UAE economic prospects

■ **Snapshot of the UAE Banking Industry**

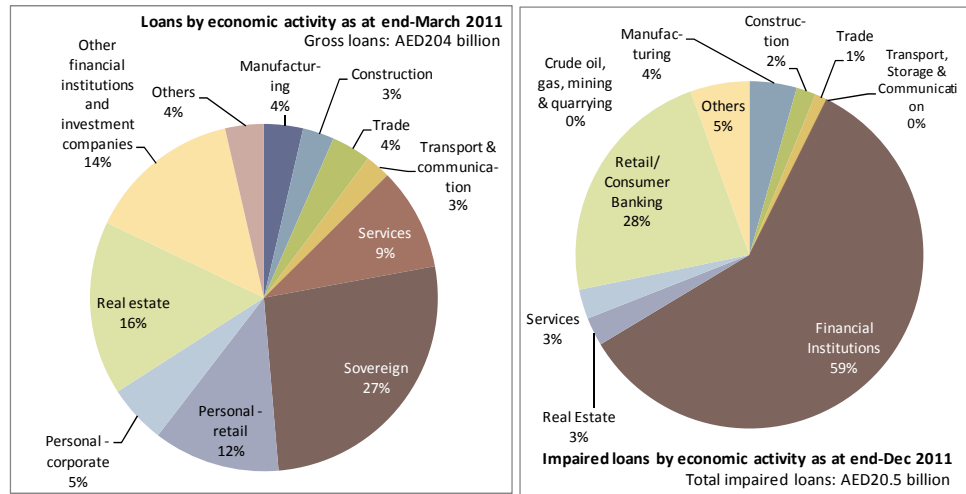
Going forward, Emirates NBD’s domestic growth opportunities are expected to mirror the UAE’s economic prospects. While Dubai’s economy remains supported by its trading, tourism, transport and communication sectors, economic activities in the real-estate and construction sectors will remain sluggish in the near term. The International Monetary Fund expects the UAE economy to expand 3.2% in 2011 (2010: growth of 2.4%; 2009: a contraction of 2.5%); recovery to pre-crisis levels is expected to be only attainable with time.

Accommodative stance on debt restructuring of government-related entities

While talks on the debt restructuring of government-related entities continue to take the spotlight in 2011, we believe that a risk of default is nonetheless low. The UAE government has historically been supportive of the debt woes of its government-related entities and as with Dubai World, we expect loans to be restructured with accommodative repayment terms. In May 2011, the Dubai government was reported to have rescued Dubai Bank, an Islamic lender. The UAE government remains fiscally strong; going forward, robust oil prices and steady demand for crude oil will provide the muscle for fiscal manoeuvres. For more on the UAE banking industry, please refer to RAM Ratings’ *Banking Bulletin*, published in March 2011 and available on www.ram.com.my.

■ Asset Quality

Figure 2: Breakdown of Emirates NBD's loans and impaired loans by economic activity



Source: Emirates NBD

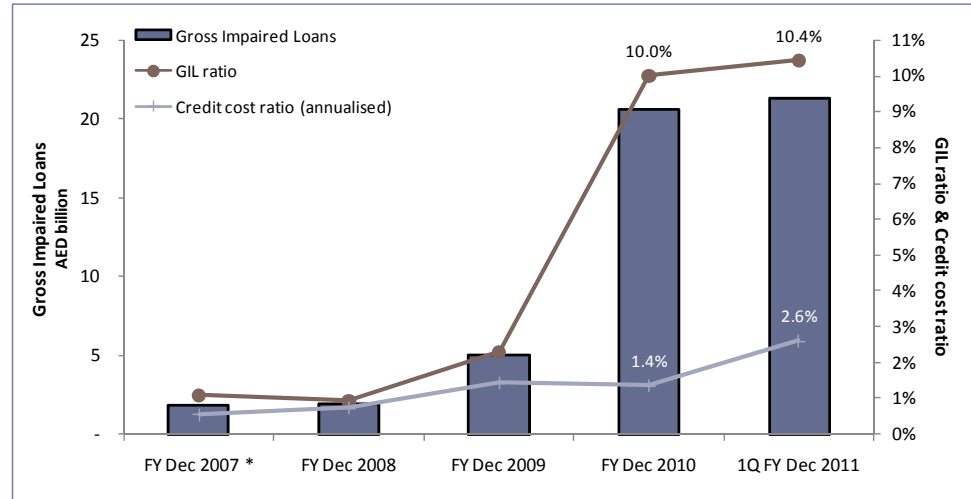
Sizeable exposures to government-related entities, corporates and related parties

Emirates NBD is primarily a wholesale bank; retail loans only made up 12% of its total loans as at end-March 2011, primarily comprising credit cards and personal loans. Loans to Dubai-based government-related entities and corporates continued to dominate the Bank's lending portfolio, constituting a respective 16% and 59% of its gross loans as at the same date. By sector, the Bank has a significant exposure to real estate (16%), services (9%), and financial institutions and investment companies (14%). As at end-March 2011, loans to related parties summed up to a sizeable AED62.1 billion, accounting for approximately 30% of its gross loans (end-December 2009: AED57.6 billion and 26%, respectively).

Exposure to Dubai government-related entities main culprit of higher GIL ratio

GIL ratio to peak at 13–14% in FY Dec 2011

Figure 3: Gross impaired loans and significant impaired loan exposures



Source: Emirates NBD

* Pro forma

As at end-December 2010, the Bank’s gross impaired loans had climbed to AED20.6 billion, with a corresponding GIL ratio of approximately 10% (end-December 2009: AED5.8 billion and 2.6%, respectively). The substantial increase in absolute value is primarily attributable to Emirates NBD’s Dubai World exposure, as well as a portion of its Dubai Holdings exposure that has been classified as impaired. In 1Q FY Dec 2011, its gross impaired loans added another AED721 million, pushing its GIL ratio up to 10.4%. The Bank’s exposure to Dubai World was classified as impaired in 3Q FY Dec 2010, following the outcome of a restructuring agreement that had led to the restructuring of Dubai World’s bank debts into 2 tranches with maturities of 5 and 8 years, at below-market interest rates². Meanwhile, in 4Q FY Dec 2010, Emirates NBD classified a portion of its exposure to Dubai Holdings³ as impaired.

Excluding the abovementioned exposures, the Bank’s gross impaired loan ratio would stand between 4 – 5% as at end-March 2011 – still high, relative to its end-December 2009 gross impaired loan ratio of 2.6%. In April 2011, the Bank announced that it expected its GIL ratio to peak at 13%–14% this year (revised downwards from an earlier estimate of 14%–15% in February 2011), as restructuring talks for entities within the Dubai Holdings group progress towards conclusion. On this note, we estimate an up to AED10 billion increase in impaired loans this year.

² Dubai World inked a final agreement with creditors to restructure approximately USD25 billion of debts in March 2011.

³ Dubai Holding is a state-linked entity created to consolidate Dubai’s large-scale infrastructure and investment projects. Its investments are divided into 4 business segments – property, business parks, investments and hospitality – and are spread across 20 countries (source: www.dubaiholding.com).

Made provisions for credit exposure to Dubai World in 3Q FY Dec 2010

As a result of the restructuring terms for Dubai World – which include below-market interest rates and deferred repayment schedules – provisions have been made on the Bank's Dubai World exposure. Meanwhile, although Dubai Holdings restructuring talks are still ongoing, the Bank has already taken some provisions on this impaired loan. The Bank had also taken provisions on loans to the Saudi-based Saad and AlGosaibi conglomerates, in accordance with the UAE Central Bank's guidelines that require UAE banks to provide for 80% of Saad and AlGosaibi loans by end-December 2010,

Met UAE Central Bank's impairment-allowance requirement in March 2011

The Bank's credit-related impairment charges amounted to AED2.9 billion in FY Dec 2010 (FY Dec 2009: AED3.1 billion), translating into a credit-cost ratio of 1.4% (end-FY Dec 2009: also 1.4%). Excluding the impairment charges on Dubai World, Dubai Holdings, Saad and AlGosaibi, the impairment charges on the Bank's other loans were partly attributable to additional collective impairment allowances - in line with the UAE Central Bank's requirement for banks to make provisions for loans and advances⁴ equivalent to 1.5% of their credit risk-weighted assets. In 1Q FY Dec 2011, Emirates NBD made another AED1.3 billion of loan-loss provisions, bringing its total impairment allowances to 1.8% of its credit risk-weighted assets.

Fiscal 2011 credit costs to be driven by restructuring terms of troubled credits

Individual impairment charges were higher in fiscal 2010, making up approximately 89% of the Bank's net credit impairment charges (FY Dec 2009: 54%). With the restructuring talks of troubled borrowers currently underway, RAM Ratings expects the Bank's current-year credit costs to remain elevated. On an annualised basis, its credit-cost ratio worked out to 2.6% in 1Q FY Dec 2011.

Uptick in GIL ratios of retail lending portfolio

While the Bank's retail loans only make up 12% of its total loan portfolio, we note some deterioration in this segment's impaired-loan ratios. As at end-December 2010, gross impaired loans (net of interest in suspense) of Emirates NBD's consumer-banking segment came up to AED3.4 billion, compared to AED2.7 billion the year before (with corresponding GIL ratios of 16% and 11% as at end-December 2010 and end-December 2009, respectively). As the Bank does not have a policy of writing off impaired retail loans, we believe that Emirates NBD's retail GIL ratios are conservative. As at end-March 2010, the Bank's GIL coverage ratio stood at 45% (end-December 2009: 102%). Excluding its large exposures to Dubai World and Dubai Holdings, the Bank's GIL coverage ratio would stand closer to 90%.

Still-cautious view on UAE property sector

RAM Ratings maintains a cautious view on the volatile UAE property market; we note that the property-development industry has yet to regain its pre-crisis vibrancy. Following the steep decline in property prices, the average loan-to-value ratio of the Bank's residential property portfolio is currently above 100%,

⁴ Excluding federal government loans and those of companies owned and/or guaranteed by the federal government as well as the directed loans of local governments and those of companies guaranteed by local governments. These provisions are to be built up over 4 years.

Loan growth to remain subdued

higher than average loan-to-value of around 75% at the point of origination. Elsewhere, we are cognisant of the UAE government's support for financially strapped government-related entities, first experienced amid the Dubai real-estate crisis in 2009/2010. The authorities are expected to maintain a similar stance in the foreseeable future.

Half of corporate bond holdings rated A- and above

Amid the subdued demand for credit in 2010, Emirates NBD's loans had shrunk 6.9% to AED205.4 billion as at end-December 2010 (end-December 2009: AED220.6 billion). As at end-March 2011, the Bank's assets and loan book were valued at a respective AED300 billion and AED194.5 billion; loans made up the largest portion of the Bank's total assets (65%). Looking ahead, Emirates NBD anticipates a loan growth of 3%–4% for FY Dec 2011.

The Bank's securities portfolio was worth AED15.4 billion as at end-March 2011 (end-December 2009: AED16 billion). Corporate bonds accounted for almost half of this portfolio, followed by government bonds (20%) and equity investments (17%). Approximately 50% of its AED7 billion corporate bond holdings were rated at least A- on the international rating scale as at end-December 2010; the remainder mainly comprised unrated securities issued by UAE government-linked entities (such as airlines and utility companies). Equity investments made up only a small 1% of the Bank's total assets, mainly comprising private equity investments in GCC financial institutions. Given that more than half of Emirates NBD's securities holdings constitute overseas investments and are denominated in foreign currencies, the Bank's trading or investment performance may be more sensitive to external events.

■ Profitability

FY Dec 2011 profits buoyed by gains from Network International stake sale

The Bank's 1Q FY Dec 2011 pre-tax profits were AED1.4 billion, buoyed by a sizeable AED1.8 billion one-off profit from the sale of a 49%-interest in Network International. In the same period, the bank had made further credit-related impairment charges of AED1.3 billion (translating to an annualised credit cost ratio of 2.6%), as well as a further AED500 million write-down on the value of its Union Properties stake. RAM Ratings expects loan loss charges to remain elevated this year. Reaping the benefits of operational synergies following the merger, the Bank's cost-to-income ratio improved from 35% in FY Dec 2009, to 33% in FY Dec 2010. The management intends to keep the Bank's cost-to-income ratio within 32%–33% this year.

Narrowing net interest margins a result of a better funding profile

The Bank's pre-tax profit weakened to AED2.4 billion in FY Dec 2010 (FY Dec 2009: AED3.3 billion). As a consequence, its return on assets and return on equity declined to 0.8% and 7%, respectively (FY Dec 2009: 1.2% and 12%). Given its emphasis on improving its funding profile in FY Dec 2010, the Bank paid a higher price for deposits, thereby raising its funding costs. This, coupled

Lower FY Dec 2010 pre-provision profit due to weaker interest and non-interest income

Write-down of investment in associate and heavy loan-loss charges primary cause of lower pre-tax profits

with its smaller lending portfolio, had crimped Emirates NBD's net interest margin to 2.2% in FY Dec 2010 (FY Dec 2009: 2.4%⁵).

Elsewhere, non-interest income also charted a year-on-year decline in FY Dec 2010, primarily because of lower overall investment income arising from heftier revaluation losses on investment properties and investment securities, coupled with poorer fees from trade finance, brokerage and asset management - reflecting the subdued UAE economy in 2010. The combination of lower interest and non-interest income had dampened the Bank's pre-provision profit to AED6.8 billion in FY Dec 2010 (FY Dec 2009: AED7.2 billion⁶).

The Bank's share of Union Properties' losses⁷ tripled to AED683 million in FY Dec 2010 (FY Dec 2009: AED201 million share of losses). With the traded value of Union Properties shares substantially lower than the carrying amount, the Bank also wrote down AED360 million on this investment, on top of another AED316 million in FY Dec 2009. This, coupled with still-hefty loan-loss charges, a deeper AED214 million of revaluation losses on its investment properties (FY Dec 2009: AED68 million) and AED260 million of impairments on investment securities (FY Dec 2009: AED348 million), depressed its pre-tax profits.

RAM Ratings notes Emirates NBD's still-strong pre-provision profit-generating ability, which allows it to better cushion impairment losses than its smaller UAE banking peers. The Bank's current-year profits are expected to be driven by the outcome of restructuring talks with troubled borrowers and their corresponding impairment provisions. Excluding the sizeable gains from the sale of the Network International stake, we expect the Bank's profit performance to remain subdued this year.

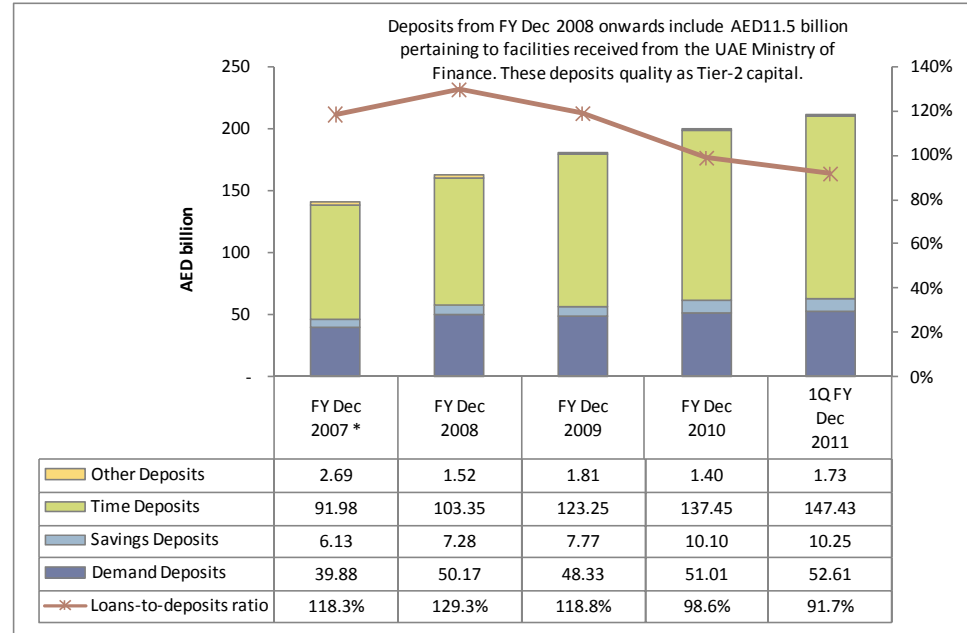
⁵ Net interest margins expressed as a percentage of average total assets.

⁶ Pre provision profits = Profits before net gains/losses on investment properties, net impairment losses on loans, financing and securities, as well as net impairments in associates and share of associates' profits or losses.

⁷ Union Properties suffered had recorded hefty losses of AED1.53 billion in FY Dec 2010 (FY Dec 2009: AED498 million loss).

■ Funding & Liquidity

Figure 4: Breakdown of deposits and loans-to-deposits ratio



Source: Emirates NBD

Larger deposit base, more diverse funding sources

RAM Ratings notes improvements in Emirates NBD's funding and liquidity profiles, stemming from a heightened emphasis on deposit gathering and a more diversified funding base. In FY Dec 2010, the Bank's customer deposits increased 10% to AED200 billion (end-December 2009: AED181 billion). At the same time, it also diversified its funding avenues, embarking on its first auto-loan securitisation and 5-year multi-currency loan programme backed by a portfolio of corporate loans, and raising a respective AED857 million and AED2.2 billion of longer-term funding.

Stable depositor base

As at end-December 2010, the Bank's largest deposit account comprised AED12.6 billion of deposits from the UAE MoF (a sizeable 6% of its total deposits). These deposits qualify as tier-2 capital and had been placed with the Bank in December 2008. The AED11.5 billion of deposits have a maturity of 7 years, but are callable after the 5th year; they are convertible to equity at the option of the MoF. Excluding this, the Bank's top 10 depositors would account for a smaller 15% of its deposits. Emirates NBD's largest non-bank depositors comprise the UAE government and government-linked entities; these deposits have been stable in the past 2 years.

Loans-to-deposits ratio eased below 100%

Primarily driven by deposit growth, the Bank's loans-to-deposits ratio eased below 100% to 98.6% as at end-December 2010 (end-December 2009: 119%). In 1Q FY Dec 2011, deposits advanced 6% even as loans contracted by about 1%; the Bank's loans-to-deposits ratio thus improved further to 92% as at end-

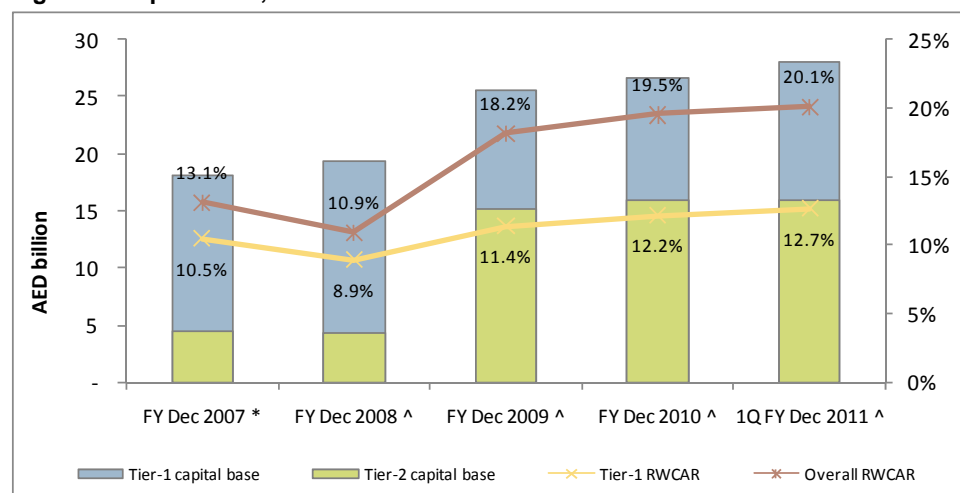
Adequate liquidity

March 2011. With the increased deposits, the Bank reduced its reliance on inter-bank funding; inter-bank deposits only made up 7% of its total interest-bearing funds as at end-March 2011 (end-December 2009: 12%). In a bid to manage its net interest margins and its liquidity position, the management's deposit strategy this year includes reducing the interest costs on its deposits to more manageable levels. Given its more cautious stance on lending, we expect the Bank to maintain a loans-to-deposits ratio of 95%–100% in FY Dec 2011.

Emirates NBD's liquid asset ratio was an adequate 29% as at end-March 2011 (end-December 2010: 23%). The availability of cash and liquid assets as at the same date are sufficient vis-à-vis the Bank's AED3.9 billion and AED8 billion of debt securities falling due in FY Dec 2011 (FY Dec 2012: AED8 billion). Liquidity support from the UAE government is expected to be forthcoming if needed, premised on the Bank's systemic importance within the UAE banking sector.

Capitalisation

Figure 5: Capital base, tier-1 and overall RWCARs



Source: Emirates NBD

* Pro forma figures

^ RWCARs are after proposed dividends.

Strong capitalisation

As at end-December 2010, Emirates NBD's overall and tier-1 RWCARs under the Basel II approach - after proposed dividends - stood at 19.5% and 12.2%, respectively⁸ (end-December 2009: 18.2% and 11.4%). With the accretion of profits, its tier-1 and overall RWCARs improved further to a respective 12.7% and 20.1% as at end-March 2011, i.e. higher than the UAE Central Bank's minimum

⁸ As at end-December 2010, tier-1 and overall RWCARs under the Basel II approach - before proposed dividends - came up to 12.7% and 20.1%, respectively. Corresponding tier-1 and overall RWCARs under the Basel I approach stand at 15% and 23.6%, respectively.

**Overall RWCAR
expected at 16%
over the medium
term**

requirements of 12% and 8% as at end-June 2010⁹.

Overall RWCAR expected at 16% over medium term

RAM Ratings' stressed tests on Emirates NBD's capital position involve conservative assumptions of additional impairment provisions on the Bank's exposure to restructured credits and the redemption of capital-qualifying deposits. The Bank is expected to close FY Dec 2011 with a still-strong capital position, as gains from the sale of its stake in Network International shore up its profitability, supported by a conservative dividend payout ratio; in February 2011, the UAE Central Bank reaffirmed the cap on banks' cash dividends, at 50% of their net profits. That said, the rating will face downward pressure if ENBD's capitalisation levels weaken beyond RAM Ratings' minimum overall and tier-1 RWCAR expectations of 16% and 12%, respectively, over the medium term.

⁹ Higher than the minimum required overall and tier-1 RWCARs of a respective 11% and 7%, as at end-June 2009.

■ Corporate Information – Emirates NBD PJSC

Date of Incorporation:	2007																		
Commencement of Business:	2007																		
Major Shareholders (as at 31 December 2010):	Investment Corporation of Dubai	56%																	
Directors:	HE Ahmed Humaid Al Tayer HE Easa Saleh Al Gurg Fardan Bin Ali Fardan Al Fardan HE Abdulla Ahmed Lootah Khalid Jassim Mohd Bin Kalban HE Hamad Mubarak Buamim Hussain Hassan Mirza Al Sayegh HE Abdulla Bin Sultan Bin Mohamed Al Owais Butti Obaid Butti Al Mulla HE Khalid Juma Al Majid																		
Auditors:	KPMG																		
Listing:	Listed in Dubai Securities Market																		
Key Management:	Rick Pudner Abdul Wahed Al Fahim Jamal Bin Ghalaita Abdulla Qassem Suhail Bin Tarraf Sulaiman Al Mazroui Rajan Khetarpal John Eldredge Jan Hendrik Kraus Kevin Flannery Mohammed Wajid Kamran Surya Subramanian	Chief Executive Officer (Group CEO) Group Deputy Chief Executive Officer Group Deputy Chief Executive Officer Group Chief Operating Officer General Manager, Human Resources General Manager, Group Corporate Communications General Manager, Risk General Manager, Treasury & Markets General Manager, Integration and Head of Group Strategy General Manager, International General Manager, Institutional and International Banking & Debt Capital Markets Chief Financial Officer																	
Major Subsidiaries:	Emirates Islamic Bank PJSC Emirates NBD Capital Network International	99.8% 100% 51%																	
Capital History:	<table> <thead> <tr> <th>Year</th> <th>Remarks</th> <th>Amount (AED '000)</th> <th>Cumulative Total (AED '000)</th> </tr> </thead> <tbody> <tr> <td>2007</td> <td>Issue of new shares</td> <td>4,393.50</td> <td>4,393.50</td> </tr> <tr> <td>2008</td> <td>Issue of bonus shares</td> <td>659.03</td> <td>5,052.52</td> </tr> <tr> <td>2009</td> <td>Issue of bonus shares</td> <td>505.25</td> <td>5,557.78</td> </tr> </tbody> </table>	Year	Remarks	Amount (AED '000)	Cumulative Total (AED '000)	2007	Issue of new shares	4,393.50	4,393.50	2008	Issue of bonus shares	659.03	5,052.52	2009	Issue of bonus shares	505.25	5,557.78		
Year	Remarks	Amount (AED '000)	Cumulative Total (AED '000)																
2007	Issue of new shares	4,393.50	4,393.50																
2008	Issue of bonus shares	659.03	5,052.52																
2009	Issue of bonus shares	505.25	5,557.78																

FINANCIAL SUMMARY

Emirates NBD PJSC – Group

STATEMENT OF FINANCIAL POSITION (AED million)	proforma				unaudited
	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10	31-Mar-11
ASSETS					
Cash & Money At Call	1,493.28	1,780.64	2,255.81	1,539.83	1,367.55
Deposits & Placements With Financial Institutions	12,800.90	12,403.34	16,746.95	38,100.47	54,028.71
Securities Purchased Under Resale Agreements	0.00	0.00	0.00	0.00	0.00
Financial Assets Held for Trading	3,544.00	244.45	2,039.59	2,386.08	2,446.13
Financial Investments Available for Sale	19,020.88	17,777.08	14,148.43	12,187.41	12,570.81
Financial Investments Held to Maturity	1,034.56	632.89	575.60	387.63	386.56
Gross Loans/Financing & Advances	168,395.77	212,243.95	220,562.64	205,417.75	204,089.26
Collective Impairment Allowances	(359.54)	(570.87)	(1,857.92)	(2,192.64)	(2,820.74)
Individual Impairment Allowances	(1,612.26)	(1,762.08)	(4,090.41)	(6,129.42)	(6,823.32)
Net Loans/Financing & Advances	166,423.97	209,911.00	214,614.30	197,095.69	194,445.19
Statutory Deposits	27,732.78	10,651.56	10,714.86	11,893.12	10,820.78
Investments in Associates and/or Joint Ventures	2,712.37	2,924.81	2,444.55	1,411.69	2,202.67
Property, Plant & Equipment	1,982.69	2,792.62	3,305.61	2,336.86	2,373.76
TOTAL ASSETS	253,815.64	282,413.68	281,576.48	286,215.89	300,334.01
LIABILITIES					
Customer Deposits					
Demand	39,881.66	50,169.22	48,334.23	51,010.60	52,613.79
Savings	6,128.52	7,281.25	7,765.95	10,104.64	10,246.47
Fixed	91,980.08	103,348.20	123,253.55	137,452.42	147,433.56
Others	2,686.46	1,516.27	1,808.66	1,404.36	1,725.96
Interbank Deposits	46,553.65	48,425.64	29,995.06	18,856.73	18,440.02
Bills & Acceptances Payable	2,851.22	2,860.65	2,562.87	0.00	0.00
Securities Sold Under Repurchase Agreements	5,610.04	3,260.42	3,615.44	892.31	871.77
Other Borrowings/Funding	5,509.50	5,509.50	5,508.75	8,559.07	8,327.69
Debt Securities & Hybrid Capital	21,164.01	24,560.52	19,830.61	12,123.93	12,192.33
Other Liabilities	6,291.74	9,720.09	6,930.72	12,062.26	14,495.01
TOTAL LIABILITIES	228,656.87	256,651.76	249,605.84	252,466.30	266,346.59
Paid-up Capital	4,393.50	5,052.52	5,557.78	5,557.78	5,557.78
Share Premium & Other Reserves	17,005.25	14,790.36	18,364.71	19,199.38	19,200.65
Statutory Reserves	1,260.21	1,629.21	1,964.21	2,198.21	2,198.21
Retained Profits/(Accumulated Losses)	2,497.92	4,193.06	5,989.81	6,700.41	6,936.98
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS	25,156.87	25,665.15	31,876.50	33,655.77	33,893.61
Minority Interests	1.90	96.78	94.15	93.82	93.81
TOTAL EQUITY	25,158.77	25,761.92	31,970.64	33,749.59	33,987.42
TOTAL LIABILITIES AND EQUITY	253,815.64	282,413.68	281,576.48	286,215.89	300,334.01
COMMITMENTS & CONTINGENCIES	78,906.82	95,714.16	58,637.23	51,242.13	49,800.59
TIER 1 CAPITAL	18,116.26	19,369.57 ^	25,542.95 ^	26,581.08 ^	28,000.00 ^
CAPITAL BASE	22,652.90	23,724.59 ^	40,721.09 ^	42,454.77 ^	44,000.00 ^

Note:

^ After proposed dividends

FINANCIAL SUMMARY

Emirates NBD PJSC – Group

STATEMENT OF COMPREHENSIVE INCOME (AED million)	proforma				unaudited
	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10	31-Mar-11 3 months
Interest Income	10,919.24	11,155.91	11,972.24	11,288.44	2,762.00
Interest Expense	(6,941.40)	(5,746.92)	(5,205.17)	(4,922.92)	(1,189.66)
Net Interest Income	3,977.84	5,408.99	6,767.07	6,365.51	1,572.34
Income From Islamic Banking Operations	102.36	424.82	645.12	429.35	76.02
Non-Interest Income	3,026.97	2,356.93	3,216.57	2,641.04	553.37
Gross Income	7,107.17	8,190.74	10,628.75	9,435.90	2,201.73
Personnel Expenses	NA	(2,189.00)	(2,181.00)	(1,949.00)	0.00
Other Operating Expenses	(2,800.81)	(1,262.52)	(1,527.66)	(1,198.15)	(807.90)
Loan/Financing Impairment Charges	(735.85)	(1,396.56)	(3,099.94)	(2,904.38)	(1,334.13)
Non-Recurring Items	0.00	0.00	(316.00)	(360.00)	1,408.98
Share of Associated Companies'/Joint Ventures' Profits/(Losses)	375.55	338.58	(161.61)	(664.33)	(51.00)
Pre-Tax Profit/(Loss)	3,946.07	3,681.23	3,342.53	2,360.04	1,417.67
Taxation and Zakat	0.00	0.00	0.00	(20.86)	(4.75)
Net Profit/(Loss)	3,946.07	3,681.23	3,342.53	2,339.18	1,412.92
Other Comprehensive Income/(Loss):					
Foreign Currency Translation Differences	NA	0.00	0.00	0.00	0.00
Net Gains/(Losses) on Available For Sale Investments	NA	(1,810.35)	323.88	765.15	127.47
Net Changes in Cash Flow Hedges	NA	188.44	(294.68)	69.53	(126.20)
Other Components of Comprehensive Income/(Loss)	NA	0.00	0.00	0.00	0.00
Income Tax Relating to Components of Other Comprehensive Income/(Loss)	NA	0.00	0.00	0.00	0.00
Total Comprehensive Income/(Loss)	NA	2,059.32	3,371.74	3,173.85	1,414.19

Note:

NA = Not available / Not applicable

FINANCIAL RATIOS

Emirates NBD PJSC – Group

KEY FINANCIAL RATIOS (%)	proforma				unaudited
	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10	31-Mar-11
PROFITABILITY					
Net Interest Margin	2.28%	2.02%	2.40%	2.24%	2.14% *
Non-Interest Income Margin	1.73%	0.88%	1.14%	0.93%	0.75% *
Cost To Income	39.41%	42.14%	34.89%	33.35%	36.69%
Cost Over Total Average Assets	1.60%	1.29%	1.32%	1.11%	1.10% *
Return On Assets	2.26%	1.37%	1.19%	0.83%	1.93% *
Return On Equity	23.19%	14.46%	11.58%	7.18%	16.74% *
Dividend Payout	0.00%	41.77%	30.23%	47.52%	0.00%
ASSET QUALITY					
Gross Impaired Loan/Financing Ratio	1.09%	0.93%	2.64%	10.00%	10.43%
Net Impaired Loan/Financing Ratio	0.14%	0.10%	0.80%	7.24%	7.33%
Net Impaired Loans To Total Assets	0.09%	0.08%	0.62%	5.04%	4.81%
Individual Impairment Allowance For The Period	0.63%	0.75%	1.41%	1.34%	2.57% *
Gross Impaired Loan/Financing Coverage	107.08%	118.04%	102.02%	40.49%	45.31%
Loan/Financing Loss Reserve Coverage	1.17%	1.10%	2.70%	4.05%	4.73%
Collective Loan/Financing Loss Reserve Coverage	0.22%	0.27%	0.86%	1.10%	1.43%
LIQUIDITY & FUNDING					
Liquid Asset Ratio	17.76%	11.87%	14.26%	22.99%	28.79%
Interbank Deposits To Total Interest/Profit Bearing Funds	20.94%	19.61%	12.36%	7.84%	7.32%
Customer Deposits To Total Interest/Profit Bearing Funds	63.26%	65.73%	74.65%	83.18%	84.18%
Loans/Financing To Deposits Ratio	118.30%	129.32%	118.47%	98.56%	91.71%
Loans/Financing To Stable Funds Ratio	84.64%	95.80%	89.14%	77.68%	73.20%
CAPITAL ADEQUACY					
Total Equity To Total Assets	9.91%	9.12%	11.35%	11.79%	11.32%
Tier 1 Risk Weighted Capital Adequacy Ratio	10.49%	8.91% ^	11.41% ^	12.24% ^	12.70% ^
Overall Risk Weighted Capital Adequacy Ratio	13.12%	10.92% ^	18.19% ^	19.55% ^	20.10% ^
Internal Rate Of Capital Generation	23.19%	8.42%	8.08%	3.74%	16.69% *

Note :

^ Risk-Weighted Capital Adequacy Ratios after proposed dividends.

FINANCIAL RATIOS

Emirates NBD PJSC – Group

KEY FINANCIAL RATIOS	FORMULAE
PROFITABILITY	
Net Interest Margin	Net Interest Income / Average Total Assets
Non-Interest Income Margin	Non-Interest Income / Average Total Assets
Cost To Income	(Personnel & Other Operating Expenses) / Gross Income
Cost Over Total Average Assets	(Personnel & Other Operating Expenses) / Average Total Assets
Return On Assets	Pre-Tax Profit/(Loss) / Average Total Assets
Return On Equity	Pre-Tax Profit/(Loss) / Average Total Equity
Dividend Payout	Dividends / Net Profit/(Loss)
ASSET QUALITY	
Gross Impaired Loan/Financing Ratio	Total Impaired Loans/Financing / Gross Loans/Financing
Net Impaired Loan/Financing Ratio	(Total Impaired Loans/Financing - Individual Impairment Allowances) / (Gross Loans/Financing - Individual Impairment Allowances)
Net Impaired Loan/Financing To Total Assets	(Total Impaired Loans/Financing - Individual Impairment Allowances) / Total Assets
Individual Impairment Allowance For The Period	Individual Impairment Allowance For The Period / Average Gross Loans/Financing
Gross Impaired Loan/Financing Coverage	(Collective Impairment Allowances + Individual Impairment Allowances) / Total Impaired Loans/Financing
Loan/Financing Loss Reserve Coverage	(Collective Impairment Allowances + Individual Impairment Allowances) / Gross Loans/Financing
Collective Loan/Financing Loss Reserve Coverage	Collective Impairment Allowances / (Gross Loans/Financing - Individual Impairment Allowances)
LIQUIDITY & FUNDING	
Liquid Asset Ratio	Liquid Assets / Customer Deposits & Short-Term Funds
Loans/Financing To Deposits Ratio	Net Loans/Financing / Customer Deposits
Loans/Financing To Stable Funds Ratio	Net Loans/Financing / (Shareholders' Funds + Total Interest/Profit Bearing Funds + Collective Impairment Allowance - Interbank Funding - Property, Plant & Equipment - Investments in Associates)
Short-Term Funds	Interbank Deposits + Bills & Acceptances + Securities Sold Under Repos
Liquid Assets	Cash & Short-Term Funds + Securities Purchased Under Repos + Deposits & Placements With Financial Institutions + Quoted Securities (Excluding Financial Investments Held-To-Maturity)
Total Interest/Profit Bearing Funds	Customer Deposits + Interbank + Bills & Acceptances + Securities Sold Under Repos + Borrowings + Supplementary Capital
CAPITAL ADEQUACY	
Internal Rate Of Capital Generation	(Net Profit/(Loss) + Extraordinary Income - Dividend + Collective Impairment Allowances) / Average Total Equity



CREDIT RATING DEFINITIONS

Issue Ratings

An Issue Rating is RAM Ratings' current opinion on the creditworthiness of a particular debt issue. It reflects the overall capacity and willingness of an issuer to meet the financial obligations on a particular debt issue on a full and timely basis, taking into account its expressed terms and conditions .

Long-Term Ratings

AAA	An issue rated AAA has superior safety for payment of financial obligations . This is the highest long-term Issue Rating assigned by RAM Ratings .
AA	An issue rated AA has high safety for payment of financial obligations . The issuer is resilient against adverse changes in circumstances, economic conditions and/or operating environments .
A	An issue rated A has adequate safety for payment of financial obligations . The issuer is more susceptible to adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories .
BBB	An issue rated BBB has moderate safety for payment of financial obligations . The issuer is more likely to be weakened by adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories . This is the lowest investment -grade category.
BB	An issue rated BB has low safety for payment of financial obligations . The issuer is highly vulnerable to adverse changes in circumstances , economic conditions and/or operating environments .
B	An issue rated B has very low safety for payment of financial obligations . The issuer has a limited ability to withstand adverse changes in circumstances , economic conditions and/or operating environments .
C	An issue rated C has a high likelihood of default . The issuer is highly dependent on favourable changes in circumstances , economic conditions and/or operating environments, the lack of which would likely result in it defaulting on a particular debt issue .
D	An issue rated D is either currently in default or faces imminent default on its financial obligations, whether or not formally declared . The D rating may also reflect a distressed exchange, the filing of bankruptcy and/or other actions pertaining to the issuer that could jeopardise the payment of a particular debt issue .

Short-Term Ratings

P1	An issue rated P1 has high safety for payment of financial obligations in the short term . This is the highest short-term Issue Rating assigned by RAM Ratings .
P2	An issue rated P2 has adequate safety for payment of financial obligations in the short term . The issuer is more susceptible to the effects of deteriorating circumstances than those in the highest-rated category .
P3	An issue rated P3 has moderate safety for payment of financial obligations in the short term . The issuer is more likely to be weakened by the effects of deteriorating circumstances than those in higher-rated categories . This is the lowest investment -grade category.
NP	An issue rated NP has doubtful safety for payment of financial obligations in the short term . The issuer faces major uncertainties that could compromise its capacity for payment of a particular debt issue .
D	An issue rated D is either currently in default or faces imminent default on its financial obligations, whether or not formally declared . The D rating may also reflect a distressed exchange, the filing of bankruptcy and/or other actions pertaining to the issuer that could jeopardise the payment of a particular debt issue .

For long-term ratings, RAM Ratings applies subscripts 1, 2 or 3 in each rating category from AA to C. The subscript 1 indicates that the issue ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscript 3 indicates that the issue ranks at the lower end of its generic rating category . In addition, RAM Ratings applies the suffixes (bg) or (s) to ratings which have been enhanced by a bank guarantee or other supports, respectively .

CREDIT RATING DEFINITIONS

Issue Ratings - Debt-Based Sukuk

An Issue Rating for a debt-based *sukuk* is RAM Ratings' current opinion on the creditworthiness of a particular debt-based *sukuk*. It reflects the overall capacity and willingness of an issuer to meet the financial obligations on a particular debt-based *sukuk* on a full and timely basis, taking into account its expressed terms and conditions. RAM Ratings' *sukuk* ratings are, however, not a measure of compliance with *Shariah* principles or the role, formation, practices, legitimacy and soundness of the *Shariah* advisors' recommendations and decisions.

Long-Term Ratings

AAA	A <i>sukuk</i> rated AAA has superior safety for payment of financial obligations. This is the highest long-term Issue Rating assigned by RAM Ratings to a debt-based <i>sukuk</i> .
AA	A <i>sukuk</i> rated AA has high safety for payment of financial obligations. The issuer is resilient against adverse changes in circumstances, economic conditions and/or operating environments.
A	A <i>sukuk</i> rated A has adequate safety for payment of financial obligations. The issuer is more susceptible to adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.
BBB	A <i>sukuk</i> rated BBB has moderate safety for payment of financial obligations. The issuer is more likely to be weakened by adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories. This is the lowest investment-grade category.
BB	A <i>sukuk</i> rated BB has low safety for payment of financial obligations. The issuer is highly vulnerable to adverse changes in circumstances, economic conditions and/or operating environments.
B	A <i>sukuk</i> rated B has very low safety for payment of financial obligations. The issuer has a limited ability to withstand adverse changes in circumstances, economic conditions and/or operating environments.
C	A <i>sukuk</i> rated C has a high likelihood of default. The issuer is highly dependent on favourable changes in circumstances, economic conditions and/or operating environments, the lack of which would likely result in it defaulting on a particular <i>sukuk</i> .
D	A <i>sukuk</i> rated D is either currently in default or faces imminent default on its financial obligations, whether or not formally declared. The D rating may also reflect a distressed exchange, the filing of bankruptcy and/or other actions pertaining to the issuer that could jeopardise the payment of a particular <i>sukuk</i> .

Short-Term Ratings

P1	A <i>sukuk</i> rated P1 has high safety for payment of financial obligations in the short term. This is the highest short-term Issue Rating assigned by RAM Ratings to a debt-based <i>sukuk</i> .
P2	A <i>sukuk</i> rated P2 has adequate safety for payment of financial obligations in the short term. The issuer is more susceptible to the effects of deteriorating circumstances than those in the highest-rated category.
P3	A <i>sukuk</i> rated P3 has moderate safety for payment of financial obligations in the short term. The issuer is more likely to be weakened by the effects of deteriorating circumstances than those in higher-rated categories. This is the lowest investment-grade category.
NP	A <i>sukuk</i> rated NP has doubtful safety for payment of financial obligations in the short term. The issuer faces major uncertainties that could compromise its capacity for payment of a particular <i>sukuk</i> .
D	A <i>sukuk</i> rated D is either currently in default or faces imminent default on its financial obligations, whether or not formally declared. The D rating may also reflect a distressed exchange, the filing of bankruptcy and/or other actions pertaining to the issuer that could jeopardise the payment of a particular <i>sukuk</i> .

For long-term ratings, RAM Ratings applies subscripts 1, 2 or 3 in each rating category from AA to C. The subscript 1 indicates that the issue ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscript 3 indicates that the issue ranks at the lower end of its generic rating category. In addition, RAM Ratings applies the suffixes (bg) or (s) to ratings which have been enhanced by a bank guarantee or other supports, respectively.

CREDIT RATING DEFINITIONS

Issue Ratings - Partnership-Based Sukuk

An Issue Rating for a partnership-based *sukuk* is RAM Ratings' current opinion on the creditworthiness of a particular partnership-based *sukuk*. It reflects the overall capacity and willingness of an issuer to meet the payment of capital and expected returns on a full and timely basis, taking into account the expressed terms and conditions of the investment contract. RAM Ratings' *sukuk* ratings are, however, not a measure of compliance with *Shariah* principles or the role, formation, practices, legitimacy and soundness of the *Shariah* advisors' recommendations and decisions.

Long-Term Ratings

AAA	A <i>sukuk</i> rated AAA has superior safety for payment of capital and expected returns. This is the highest long-term Issue Rating assigned by RAM Ratings to a partnership-based <i>sukuk</i> .
AA	A <i>sukuk</i> rated AA has high safety for payment of capital and expected returns. The issuer is resilient against adverse changes in circumstances, economic conditions and/or operating environments.
A	A <i>sukuk</i> rated A has adequate safety for payment of capital and expected returns. The issuer is more susceptible to adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.
BBB	A <i>sukuk</i> rated BBB has moderate safety for payment of capital and expected returns. The issuer is more likely to be weakened by adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories. This is the lowest investment-grade category.
BB	A <i>sukuk</i> rated BB has low safety for payment of capital and expected returns. The issuer is highly vulnerable to adverse changes in circumstances, economic conditions and/or operating environments.
B	A <i>sukuk</i> rated B has very low safety for payment of capital and expected returns. The issuer has a limited ability to withstand adverse changes in circumstances, economic conditions and/or operating environments.
C	A <i>sukuk</i> rated C has a high likelihood of not meeting the payment of capital and expected returns. The issuer is highly dependent on favourable changes in circumstances, economic conditions and/or operating environments, the lack of which would likely result in it not fulfilling the terms of the investment contract.
D	A <i>sukuk</i> rated D is either currently not meeting or will not meet the payment of capital and expected returns. The D rating may also reflect a distressed exchange, the filing of bankruptcy and/or other actions pertaining to the issuer that could jeopardise the fulfilment of the investment contract's terms.

Short-Term Ratings

P1	A <i>sukuk</i> rated P1 has high safety for payment of capital and expected returns in the short term. This is the highest short-term Issue Rating assigned by RAM Ratings to a partnership-based <i>sukuk</i> .
P2	A <i>sukuk</i> rated P2 has adequate safety for payment of capital and expected returns in the short term. The issuer is more susceptible to the effects of deteriorating circumstances than those in the highest-rated category.
P3	A <i>sukuk</i> rated P3 has moderate safety for payment of capital and expected returns in the short term. The issuer is more likely to be weakened by the effects of deteriorating circumstances than those in higher-rated categories. This is the lowest investment-grade category.
NP	A <i>sukuk</i> rated NP has doubtful safety for payment of capital and expected returns in the short term. The issuer faces major uncertainties that could compromise its capacity for fulfilling the terms of the investment contract.
D	A <i>sukuk</i> rated D is either currently not meeting or will not meet the payment of capital and expected returns. The D rating may also reflect a distressed exchange, the filing of bankruptcy and/or other actions pertaining to the issuer that could jeopardise the fulfilment of the investment contract's terms.

For long-term ratings, RAM Ratings applies subscripts 1, 2 or 3 in each rating category from AA to C. The subscript 1 indicates that the issue ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscript 3 indicates that the issue ranks at the lower end of its generic rating category. In addition, RAM Ratings applies the suffixes (bg) or (s) to ratings which have been enhanced by a bank guarantee or other supports, respectively.

Published by RAM Rating Services Berhad
Reproduction or transmission in any form is prohibited except by
permission from RAM Ratings.
© Copyright 2011 by RAM Ratings

RAM Rating Services Berhad
Suite 20.01, Level 20
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: (603) 7628 1000 / (603) 2299 1000 Fax: (603) 7620 8251
E-mail: ramratings@ram.com.my Website: <http://www.ram.com.my>

RAM Ratings receives compensation for its rating services, normally paid by the issuers of such securities or the rated entity, and sometimes third parties participating in marketing the securities, insurers, guarantors, other obligors, underwriters, etc. The receipt of this compensation has no influence on RAM Ratings' credit opinions or other analytical processes. In all instances, RAM Ratings is committed to preserving the objectivity, integrity and independence of its ratings. Rating fees are communicated to clients prior to the issuance of rating opinions. While RAM Ratings reserves the right to disseminate the ratings, it receives no payment for doing so, except for subscriptions to its publications.

RAM Ratings, its rating committee members and the analysts involved in the rating exercise have not encountered and/or are not aware of any conflict of interest relating to the rating exercise. RAM Ratings will adequately disclose all related information in the report if there are such instances.