Mashreq posts 17% growth net profit in the first nine months of 2011

- ***Operating income for September end at AED 3 billion***
- ***9 months net profit increased to AED 756 million***
- ***Liquid Assets to Total Assets reported 32%***
- ***Provisions for loans and advances decreased by 30%***
- ***Capital Adequacy ratio improved further to 23.3%***

Dubai – UAE, 25th October 2011: Mashreq, one of the UAE's leading financial institutions, announced 16.8% growth in profitability for the first nine months of 2011, which amounted to AED 756 million compared to AED 647 million for the same period last year, on operating income of AED 3 billion.

In the first nine-months of the year, Mashreq's total assets witnessed a moderate decline of 5.8%, reaching AED 79.9 billion compared to AED 84.8 billion at the end of 2010, which was as per the balance sheet management strategy of the bank. Loans & Advances reported at AED 38 billion decreased 7.8% from AED 41.2 billion at the end of 2010. Liquid assets to total assets reported 32% with Cash and due from banks at AED 25.8 billion as of September 2011.

Mashreq provisions for loans & advances continued to decrease by 30% to AED 846.7 million for the first nine months of 2011 from AED 1.208 billion for the same period in 2010. The efficiency ratio remained healthy at 43.9%.

In view of the high liquidity, the bank has rationalized its liability structure by shedding some high-cost deposits, leading to a 14.9% reduction in customer deposits compared to December 2010, to reach AED 43.6 billion. However Mashreq has continued to maintain very healthy Loans to deposit ratio which stood at 87% as of September 2011.

The bank's capital adequacy further increased to 23.3% representing a 0.6% rise from December 2010 levels, while tier 1 capital ratio has also improved by a similar rise to 16.5% over the same period.

Commenting on the latest financial results, H.E. Abdul Aziz Al Ghurair, CEO of Mashreq said: "We are pleased to announce another profitable quarter for Mashreq. Our balance sheet for the quarter and indeed the whole year through to September is reflective of our continued efforts towards offering the very best in banking services in the UAE and serves as a testament to the success of this strategy."

"We have witnessed stability in the UAE Banking industry, which has reflected in the performance of banks. This is a period of healthy recovery and is a great opportunity to record reasonable growth in the next quarters", Al Ghurair added.

Total income for the bank during the first nine months of 2011 was AED 2.986 billion, representing a 7.7% reduction relative to the same period in 2010. Net Interest Income for the first three quarters of this year was down 15.2% compared to same period last year. However, fee and other income to gross income ratio reported 50.5% which is one of the best in its class.

Costs for Mashreq in the first nine months of 2011 remained stable at AED 1.311 billion.

Earnings per Share for the publicly listed bank for the first three quarters of 2011 are up 16.8%, at AED 4.47, relative to the AED 3.83 for the same period of 2010.

Business highlights:

Retail:

Mashreq recently launched an innovative proposition, comprising of Mashreq Majestic, a range of banking service programs, specifically tailored to suit distinctive banking requirements of customers. The Majestic Salary, Loan, Mortgage and SME Finance packages are designed to provide value for money, convenience and accessibility.

During first 9 months of 2011, in line with its strategic expansion plans, Mashreq opened its 54th branch, located in Umm Suqeim area, which includes a Mashreq Gold centre.
Continuing its renovation plans across all its branches and ATM's, the new state of the art design creates a more personalized, bright, friendly and relaxed environment for its customers.
Mashreq also launched the first Student Banking Centre (Electronic Banking Unit) at Dubai International Academic City (DIAC), serving 27 universities and academic institutions.

Furthermore, Mashreq signed an agreement with Higher Colleges of Technology (HCT) to become one of the founding members of the HCT Foundation's HCT 100 corporate group. In line with its Emiratisation strategy, Mashreq announced the recruitment of the second group of UAE Nationals from the Capital, Abu Dhabi. The group consists of aspiring UAE Nationals with strong academic performance from the Higher Colleges of Technology and Zayed University. Recently, the bank recruited graduates of Mashreq Al Mustaqbal Management training programme as Branch Managers, affirming its commitment to recruit and retain UAE National employees. Mashreq continues to strengthen its online banking with the upgrade of its enhanced Online Banking System, which has additional security enabled, this upgraded system will equip customers with additional banking functionality, improved security measures and financial freedom.

On the SME front, Mashreq signed a partnership agreement with Dubai SME, the agency of the Department of Economic Development (DED), Government of Dubai, to offer benefits to the top 100 SMEs including value-added business account packages with a host of privileges such as enhanced Debit Card, Online Banking and preferred branch/ SME Centre access.

Corporate:

From a corporate perspective, Mashreq anchored along with partner banks, successfully closed a syndicated term loan for Sri Lanka's largest bank, Bank of Ceylon (BOC) for USD 175 million facility.

Moreover, Mashreq successfully led USD 403 million syndicated facility for the engineering, construction and procurement works of the Borouge 3 expansion project, which was awarded to the Tecnimont S.p.A - Samsung Engineering joint venture.

International:

On the International arena, earlier this year, Mashreq announced the opening of its representative offices in Nepal.

Additionally, Mashreq signed an exclusive agreement with Bank of China to establish a 'China Desk' in the UAE. The first of its kind exclusive agreement demonstrates Mashreq's long-term plans with Bank of China and the strong presence of both institutions.

Recently, Mashreq signed a Memorandum of Understanding (MoU) with the Export-Import Bank of Korea (Korea Eximbank). Under the agreement, Mashreq will facilitate various investments and comprehensive banking solutions for projects implemented by Korea Eximbank in the UAE and the Middle East region.

Awards:

Lately, His Excellency Abdul Aziz Al Ghurair was the recipient of two prestigious awards for his achievements and his continuous contributions to the banking & finance industry. Al Ghurair received the Outstanding Contribution to the Industry Award from The Banker Middle East Industry awards 2011, as well as The Arab Banker of the year for the private sector award 2010-2011 from The Union of Arab Banks (UAB) in Rome - Italy.

His Excellency was recently honored with MEED Leadership in Banking Award. The accolade was presented at the two – day conference, a widely recognized event on the region's financial calendar.

The first 9 months of the year witnessed Mashreq winning awards recognizing its ongoing efforts to offer innovative and convenience products and services. The latest accolades include Best Call Centre of the year award - strategically aligned category from Middle East Call Centre awards 2011 organized by INSIGHTS and the Best Islamic Window from The Banker Middle East Industry Awards 2011 for Mashreq Al Islami.

Moreover, the bank was awarded the ISO 9001:2008 Certification by the British Standards Institute (BSI) for its Operations Group.

Mashreq's funds recorded outstanding performance amidst tough market conditions by winning top three awards at the MENA Fund Manager 2011 Performance Awards organized by MENA Fund Manager Magazine. The 'The Newcomer Fund of the year' Award was given to Mashreq Al Islami income Fund, for having the highest risk adjusted returns. The Fixed Income Fund of the Year' award was given to the Makaseb Income Fund. The UAE Asset Manager of the Year' was given to Mashreq Capital.

Makaseb Emirates Opportunities Fund (MEOF) won the prestigious Lipper Fund Award 2011 for the best equity fund over 3 years and 5 years under Equity, UAE category. Lastly, Mashreq was recognized with two awards by the Banker Middle East Product Awards, the "Best Current Account" and the "Best Retail Banking Promotion" for the Etisalat Credit Card campaign.

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About Mashreq:

Mashreq is one of the UAE's leading National Financial institutions. Founded in 1967 as Bank of Oman, the bank has played a pioneering role in the industry, particularly in retail banking. Among its many firsts, it was the first to launch such products as travelers' cheques, credit cards and ATMs.

Mashreq has received numerous international awards such as the Best Bank in the UAE in 2008 from Euro money and various awards particularly for quality management. According to independent research it has more ISO certifications than any bank in the region by a wide margin. It's most recent acknowledgement was Best Consumer Internet Bank in Qatar and Best Consumer Internet Bank regionally by Global Finance Awards 2009.

As a leading financial Institution in the UAE Mashreq aims to be world class in every facet of its business, including its social responsibility to the community it serves. Towards this goal the bank pays particular attention to recruiting, training, developing and retaining UAE National employees.

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