mashreq المشرق

Mashreq reports a Net Profit of AED 647 Million for the 9 months ended 30th September 2010

Total Operating Income of AED 3.2 Billion
Strong liquidity underpins Bank's operating strength

Dubai – UAE, 31st October2010: Mashreq, one of the UAE's leading financial institutions announced a net profit of AED 647.4 million for the nine months ended 30th September 2010. The Bank's solid performance, with an operating income of AED 3.2 Billion, is reported against a backdrop of challenging local and global economic conditions.

The Bank's Net Interest Income and income from Islamic products net of distribution increased by 10.3% to AED 1.74 billion in the first nine months of year 2010 compared with AED 1.58 billion for the same period last year. The growth in Net Interest Income was achieved by improvement in Net Interest margins through strategic management of the balance sheet and reduction in cost of funding. The Net Interest margin improved from 2.24% for full year 2009 to 2.60% for the first 9 months of 2010.

The core Fees and other income, after excluding certain onetime gains recorded last year has dropped by 13% due to the reduction in Banking products fees and Foreign exchange income. However, the Fee and Other Income to Gross Income ratio at 46% remained one of the highest in the market.

Commenting on Mashreq's nine months performance, H.E. Abdul Aziz Al Ghurair, the CEO of Mashreq said, "We have seen stability and growth in Q3 2010 in general, and the Bank's current position is ensuring that we remain optimistic of further growth in the coming period."

"In spite of the difficult global financial environment, Mashreq has delivered a robust performance during the first nine months of the year. Our well diversified and stable revenue streams highlight the sustainability of our operating strategy in these uncertain times." Al Ghurair added.

During the period under review, the Bank has undertaken significant expansion, however proactive cost management has enabled Mashreq to maintain the same levels of operational expenses year on year, while being able to fund its continued growth and investment in strategic projects.

Mashreq continues with prudent provisioning policies and the Bank has set aside AED 317 Million for the third quarter. The total provisions for the first nine months of 2010 at AED 1.21 Billion is lower by 12.3% as compared to AED 1.38 Billion for the same period of 2009, reflecting improvement in portfolio quality.

In line with the Bank's strategy of re-positioning the Balance Sheet, Loans and advances as of 30 September 2010 have declined from AED 47.7 Billion in December 2009 to AED 43.3 billion, a drop of 9.4%. Customer deposits as of September 2010 were AED 49.2 billion a decline of 8.2% from December 2009 levels. This ensured that Advances to Deposits ratio remained at an optimum level of 88% and Liquid Assets comprising of cash and due from banks were strong at 31% of Total Assets, even after repayment of the AED 1.1 billion of EMTN tranche that matured during the first quarter of 2010.

The Capital Adequacy ratio at the end of September 2010 under new Basel II guidelines improved to 22.3% as compared to 20.18% at the end of 2009. The Tier One ratio also improved from 14% at the end of 2009 to 15.6% at the end of Sep. 2010.

The strong liquidity and Capital Adequacy ratio reflects the Bank's overall strength and management's prudent policies in a challenging environment.

At an operational level, Mashreq continues to enhance and expand its offerings to maintain its leading positioning in the UAE banking industry.

At a retail level, during 2010, Mashreq has launched a refurbishment plan across its branch network. In line with its commitment to offer a unique customer experience, Mashreq has now upgraded nearly 70% of the entire network including branches in Dubai, Al Ain, Abu Dhabi and Sharjah.

Some of the strategic new locations opened in this year, are at the Mall of the Emirates new "Fashion Dome", Al Riqqa Head Office, Khalifa (A) City in Abu Dhabi and at the Entrepreneur Business Village. EBV was launched as part of an initiative under the Sheikh Mohammed bin Rashid Establishment for Young Business Leaders, and includes Mashreq

Gold for affluent customers in some of these locations. In addition, there are plans to open new branches across UAE and more specifically in Abu Dhabi.

Reaffirming its commitment to meeting customers' banking requirements, Mashreq announced the launch of an iPhone and Arabic language service applications to compliment its unmatched mobile banking service. This fully transactional service allows Mashreq customers to check their accounts, make payments and transfer funds anywhere in the world through their mobile phones at anytime, from anywhere.

Commenting on the operational growth of Mashreq, H.E. Al Ghurair said: "As a National financial institution, we are committed to UAE's economy growth, and we are strongly moving towards our expansion strategy in the UAE. We continue to collect recognition and awards for our efforts. This recognizes our continuous efforts as a leading player in the industry."

At a corporate level, Mashreq won the Global Magazine award for "Best Emerging Market Bank Middle East 2010", recognizing Mashreq's efforts in providing world class services. The Bank also introduced Mashreq Al Mustaqbal, a management trainee program to bring on board talented UAE nationals and fast track their growth into top managerial positions. To date this scheme has resulted in the recruitment of 13 UAE nationals, and the same by the end of this year, in addition to new programs designed to support the talented UAE nationals in the banking sector.

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About Mashreq:

Mashreq is one of the largest banks in the UAE. 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. It's most recent acknowledgement was Best Consumer Internet Bank in Qatar 2009 & 2010, Best Consumer Internet Bank regionally by Global Finance Awards 2009 and Best Emerging Market Banks Middle East by Global Finance Awards 2010.

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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