

Mashreq reports AED 251 Million Profit for Q1 2010

Operating Income AED 1.2 billion

Dubai – UAE, 28th April 2010: Mashreq, one of the UAE's leading financial institutions, reported AED 1.2 billion of operating income for the first three months of 2010. The bank recorded a net profit of AED 251 million for the first quarter, retaining its financial strength in the banking sector.

The net interest income and income from Islamic products, net of distribution to depositors for the first quarter of 2010 grew by 2.08% from AED 581 million to AED 593 million comparing to the same period last year. Fees and Commission, Investment Income and other income for the first quarter 2010 is at AED 645 million which is flat to same period last year.

Mashreq continues its effort on strategic repositioning of the Balance sheet taking into account the prevailing economic climate. Customer deposits during the first quarter 2010 reached to AED 47.4 billion from AED 53.7 billion as of 31st December 2009. Customer advances during the same period reached at AED 45.6 billion from AED 47.7 billion. Total assets for the first quarter of 2010 are at AED 88.6 billion.

As a result of these strategic actions, the net interest margin of the bank for the first quarter of 2010 improved significantly to 2.6% as against 2.24% during the full year 2009. The advances to deposit ratio continues to be at a healthy 96%. The bank maintains a strong liquidity position and the liquid assets to total asset ratio for the first quarter stands at 28% even after repayment of the AED 1.1 billion of EMTN tranche that matured during the first quarter of 2010. The capital adequacy ratio as of first quarter 2010 is at a comfortable 20.59% as against 20.18 % as of last year end.

As part of Mashreq's prudent financial management, the bank has reduced operating expenses by 3% compared to the same period in 2009. Additionally Mashreq has continued with its conservative provisioning policy to allow AED 484 million for impairments.

Commenting on Mashreq's first quarter financial performance, Abdulaziz Al Ghurair, CEO of Mashreq said, "2009 was a real test for the UAE banking industry as the extent of the global economic situation continued to be revealed. I am pleased that the bank is operating both profitably and prudently in its financial management, to ensure that we continue to be a major force on the regional banking landscape. We have to constantly be aware of the changing needs of our customer base and we are working hard to ensure that we adapt accordingly to continue to offer a service that is relevant and adds value to them."

Al Ghurair added, "The period under review has demonstrated our commitment to providing a market leading service to all of our customers in both the mainstream and Islamic banking sectors. We are encouraged by the start that we have made to the current trading year, and look forward to keeping the market updated with our progress. The bank's rating was recently raised to "BBB+" by S&P, due to our commitment to continue operating successfully."

At an operational level, the period under review has yielded a number of milestones which will continue to assist the growth and development of Mashreq.

In March 2010, Mashreq announced the launch of Mashreq Al Islami, its Islamic banking division, and now available to customers throughout all of its 57 branches in the UAE. The division is advised by the world's most respected Sharia'h Supervisory Board, comprising of Chairman, Sheikh Abdalla Bin Sulaiman Al-Manei, Sheikh Nizam Yaqouby and Sheikh Dr Mohammed Al-Gari.

In recognition of its commitment to advancing technology in the banking sector, Global Finance magazine named Mashreq as the "Best Trade Finance Bank in the UAE and "Best Emerging Market Banks Middle East 2010" for UAE Category".

The bank continues to strengthen its presence in Abu Dhabi with the launch of its first Mashreq Gold centre in the Capital, and many Mashreq customers have received support from Mashreq's unique debt counseling service, Mashreq Assist. This service was established to help individuals and SME clients facing repayment challenges to provide them vital support and advice when they need it most.

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