

## SECURITIES & COMMODITIES AUTHORITY

### Licensing & Disclosure Department

#### Preliminary Results of Public Joint Shareholders Company (Final Result Brief)

##### First – General Information

Name of company	:	Mashreqbank psc
Establishment date	:	1967
Paid-up capital	:	AED. 1,690,769,750/-
Subscribed capital	:	AED. 1,690,769,750/-
Authorized capital	:	AED. 1,690,769,750/-
Name of the Chairman of the Board	:	Mr. Abdulla Bin Ahmad Al Ghurair
Name of the Chief Executive Officer	:	H.E. Abdul Aziz Abdulla Al Ghurair
Name of the external auditor	:	M/s. Deloitte & Touche, Dubai
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**Second – Preliminary Results:**

	<u>December 2011</u>	<u>December 2010</u>
	<u>AED '000</u>	<u>AED '000</u>
1 - Total Assets	79,241,322	84,845,803
2 - Shareholders Equity	12,262,810	11,844,743
3 - Revenue (Operating Income)	3,872,333	4,386,874
4 - Operating profit	2,078,650	2,622,977
4 - Net profit for the period	820,379	803,498
5 - Earning per share	4.85	4.75
6 - Summary of the company's performance for the period	<b>Attached</b>	

Chairman or Authorized person Signature.....

Company Stamp .....



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**Consolidated statement of financial position  
at 31 December 2011**

	Notes	2011		2010	
		AED'000	USD'000 Equivalent	AED'000	USD'000 Equivalent
<b>ASSETS</b>					
Cash and balances with central banks	5	14,731,800	4,010,836	13,373,722	3,641,090
Deposits and balances due from banks	6	10,147,675	2,762,776	13,651,955	3,716,840
Other financial assets measured at fair value	7	2,552,788	695,014	2,222,680	605,140
Loans and advances measured at amortised cost	8	32,665,962	8,893,537	35,919,982	9,779,467
Islamic financing and investment products measured at amortised cost	9	5,028,547	1,369,057	5,290,904	1,440,486
Other financial assets measured at amortised cost	7	7,181,593	1,955,239	8,083,811	2,200,874
Interest receivable and other assets	10	5,417,102	1,474,844	4,986,426	1,357,589
Investment properties	11	318,028	86,585	172,320	46,915
Property and equipment	12	1,197,827	326,117	1,144,003	311,463
<b>Total assets</b>		<b>79,241,322</b>	<b>21,574,005</b>	<b>84,845,803</b>	<b>23,099,864</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Liabilities</b>					
Deposits and balances due to banks	13	7,223,370	1,966,613	6,038,626	1,644,058
Repurchase agreements with banks	14	2,505,165	682,049	3,368,993	917,232
Customers' deposits	15	40,177,020	10,938,475	46,764,858	12,732,060
Islamic customers' deposits	16	5,239,863	1,426,589	4,488,815	1,222,111
Insurance and life assurance funds	17	972,867	264,870	896,587	244,102
Interest payable and other liabilities	18	5,676,168	1,545,377	4,990,584	1,358,722
Medium-term loans	19	4,634,012	1,261,642	5,903,034	1,607,142
Long-term loans	20	9,007	2,452	9,324	2,539
<b>Total liabilities</b>		<b>66,437,472</b>	<b>18,088,067</b>	<b>72,460,821</b>	<b>19,727,966</b>
<b>Equity</b>					
<b>Capital and reserves</b>					
Issued and paid up capital	21(a)	1,690,770	460,324	1,690,770	460,324
Statutory and legal reserves	21(b)	846,745	230,532	845,385	230,162
General reserve	21(c)	312,000	84,944	312,000	84,944
Cumulative translation adjustment	21(d)	(33,022)	(8,990)	(19,483)	(5,304)
Investments revaluation reserve	21(e)	(346,145)	(94,240)	(284,120)	(77,354)
Retained earnings		9,792,462	2,666,066	9,300,191	2,532,042
<b>Equity attributable to shareholders of the Parent</b>		<b>12,262,810</b>	<b>3,338,636</b>	<b>11,844,743</b>	<b>3,224,814</b>
Non-controlling interests	22	541,040	147,302	540,239	147,084
<b>Total equity</b>		<b>12,803,850</b>	<b>3,485,938</b>	<b>12,384,982</b>	<b>3,371,898</b>
<b>Total liabilities and equity</b>		<b>79,241,322</b>	<b>21,574,005</b>	<b>84,845,803</b>	<b>23,099,864</b>

The accompanying notes form an integral part of these consolidated financial statements.



Abdulla Ahmad Al Ghurair  
Chairman



Abdul Aziz Abdulla Al Ghurair  
Chief Executive Officer

**Consolidated income statement  
for the year ended 31 December 2011**

	Notes	2011		2010	
		AED'000	USD'000 Equivalent	AED'000	USD'000 Equivalent
Interest income	24	3,135,446	853,647	4,040,586	1,100,078
Income from Islamic financing and investment products	25	252,762	68,816	277,103	75,443
<b>Total interest income and income from Islamic financing and investment products</b>		<b>3,388,208</b>	<b>922,463</b>	<b>4,317,689</b>	<b>1,175,521</b>
Interest expense	26	(1,334,303)	(363,273)	(1,863,981)	(507,482)
Distribution to depositors – Islamic products	27	(109,834)	(29,903)	(162,566)	(44,260)
<b>Net interest income and income from Islamic products net of distribution to Depositors</b>		<b>1,944,071</b>	<b>529,287</b>	<b>2,291,142</b>	<b>623,779</b>
Fee and commission income	28	1,940,984	528,447	1,838,556	500,560
Fee and commission expenses	28	(957,928)	(260,803)	(726,086)	(197,682)
<b>Net fee and commission income</b>		<b>983,056</b>	<b>267,644</b>	<b>1,112,470</b>	<b>302,878</b>
Net investment income	29	123,367	33,588	48,094	13,094
Other income, net	30	821,839	223,751	935,168	254,606
<b>Operating income</b>		<b>3,872,333</b>	<b>1,054,270</b>	<b>4,386,874</b>	<b>1,194,357</b>
General and administrative expenses	31	(1,793,683)	(488,343)	(1,763,897)	(480,233)
Allowances for impairment	32	(1,195,839)	(325,576)	(1,767,390)	(481,184)
<b>Profit before taxes</b>		<b>882,811</b>	<b>240,351</b>	<b>855,587</b>	<b>232,940</b>
Overseas income tax expense		(21,769)	(5,926)	(18,985)	(5,169)
<b>Profit for the year</b>		<b>861,042</b>	<b>234,425</b>	<b>836,602</b>	<b>227,771</b>
<b>Attributed to:</b>					
Shareholders of the Parent		820,379	223,354	803,498	218,758
Non-controlling interests		40,663	11,071	33,104	9,013
		<b>861,042</b>	<b>234,425</b>	<b>836,602</b>	<b>227,771</b>
<b>Earnings per share</b>	33	<b>AED 4.85</b>	<b>USD 1.32</b>	<b>AED 4.75</b>	<b>USD 1.29</b>

The accompanying notes form an integral part of these consolidated financial statements.

## **Mashreq reports net profit of AED 820 Million for 2011**

- ***Operating income at AED 3.9 billion***
- ***Provisions decrease by 32%***
- ***Liquid Assets at AED 24.9 billion***
- ***Costs largely stable at AED 1.8 billion***
- ***Capital Adequacy ratio at 22.6%***

**Dubai – UAE, 1<sup>st</sup> February 2012:** Mashreq, one of the UAE’s leading National financial institutions reported a net profit of AED 820 million for the year ended 31<sup>st</sup> December 2011 on operating income of AED 3.9 billion over the same period.

Mashreq’s total assets witnessed a moderate decline of 6.6%, reaching AED 79.2 billion compared to AED 84.8 billion at the end of 2010, due to the bank’s balance sheet management strategy. The bank continued to maintain high liquidity. The liquid assets of AED 24.9 billion led to a healthy liquid to total asset ratio of 31% as of December 31<sup>st</sup>, 2011.

In addition to specific provisions, Mashreq maintains a healthy general provision (collective impairment allowance) which at year end stood at 2% of net loans and advances.

As a result of proactive risk management, Loans & Advances reported AED 37.7 billion, a decrease of 8.5% from AED 41.2 billion at the end of 2010.

Commenting on the financial results, H.E. Abdul-Aziz Al Ghurair, Chief Executive Officer of Mashreq, said: “The 2011 annual financial results reflect our policy of balancing prudence with profitability. Although 2011 was a challenging year for the Region, we continue to maintain high levels of capitalization and liquidity and remain fully committed to the markets across the GCC.”

Given the elevated level of liquidity, Mashreq could afford to rationalize its liability structure by shedding some high-cost deposits, leading to an 11.4% reduction from December 2010 to AED 45.4 billion. However, the bank continues to maintain a robust loan-to-deposit ratio of 83% as at December 2011.

Abdul-Aziz Al Ghurair added, "Our single minded goal is to deliver sustainable financial results while adapting to rapidly changing market conditions by focusing on customer centricity across our businesses. Meeting and exceeding the needs of our customers is the corner stone of our business philosophy."

The total income for 2011 of AED 3.9 billion represents an 11.7% drop relative to 2010; Net interest income and income from Islamic products net of distribution to depositors for the year 2011 reported at AED 1.9 billion was down 15.1% while Net fee, commission and other income at AED 1.9 billion was down 8.0%. However the ratio of Net fee, commission and other income to operating income stood close to 50%, which is one of the best in its class.

General and Administrative expenses for the full year 2011 remained stable at AED 1.8 billion, showing a slight increase of 1.7%.

Mashreq provisions for loans and advances continued its downward path in 2011, decreasing by 32% to AED 1.2 billion from AED 1.8 billion in 2010, while the efficiency ratio increased modestly to reach 46.3%.

The bank continued to maintain a very healthy capital adequacy ratio which stood at 22.6% as of December 2011, while the Tier 1 ratio went up to 16.2% for the same period.

**Operational update:**

Mashreq launched 'Mashreq Majestic', a one of a kind offer for customers in UAE which bundled a wide selection of banking products and services, specifically tailored to meet the unique requirements of our varied customer segments. The Salary, Loan, Mortgage and SME Finance packages are custom made to offer unmatched value for money, ease and accessibility – another trailblazing innovation in the market.

As part of the bank's commitment to customers to provide the highest quality of service in personal banking, Mashreq has completed a total makeover of its branches, carrying out extensive renovations across the branch network. The new cutting edge design creates a welcoming and comfortable environment for the bank's valued customers when they visit any of the branches located strategically in the UAE.

During 2011 Mashreq continued its social and community building efforts having launched the first Student Banking Centre (Electronic Banking Unit) at Dubai International Academic City (DIAC) which serves 27 universities and academic institutions. The bank 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 furtherance of its *Emiratization* strategy, Mashreq announced the recruitment of the second batch of UAE Nationals from Abu Dhabi. Recently, the bank recruited graduates of Mashreq Al Mustaqbal Management training programme as Branch Managers, demonstrating its commitment to employ more and more UAE Nationals.

The bank continues to reinforce its online and mobile banking services with the latest enhancements which allows Mashreq customers to enjoy world class remote banking from the comfort of their homes with additional service features and improved security measures, with complete financial freedom.

Reflecting its on-going SME development strategy, Mashreq opened a call centre to facilitate service queries such as account maintenance, updating trade license, cheque book issuance, inward and outward remittances; the call centre acts as the single point of contact for all Small & Medium Enterprises customers for service queries. Mashreq also 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 in recognition to the importance of supporting startup companies.

From a corporate standpoint, Mashreq witnessed a good business year with improvement in revenue and net profit. Traditional areas of business contracting finance and trade finance performed well. Relatively new services offered under

Global Transaction Services Unit (GTS), particularly cash management services did particularly well in providing innovative solutions to customer needs.

To reflect the bank's renewed commitment to the Abu Dhabi market, Mashreq announced the appointment of Karim Mahmoud as the CEO of the bank's operations in the Capital.

Mashreq's Corporate Investment Banking group facilitated clients' access to the debt market. In 2011, the bank successfully closed two syndicated term loans for Sri Lanka's largest bank, Bank of Ceylon (BOC) for USD 175 million and USD 140 million facilities. Moreover, Mashreq effectively 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.

Through a sophisticated 24 hour dealing room, Mashreq provides traditional and complex treasury products like options, swaps and other hedging products to customers to accommodate their business needs.

Internationally and in line with its strategy to be a leading regional financial institution, Mashreq's presence in significant markets such as Qatar, Kuwait, Bahrain and Egypt is a clear indication of its constant endeavor to provide accessibility to its customers across the Region. With the completion of its first year in business, Mashreq Kuwait reported a healthy and profitable performance during 2011.

During 2011, Mashreq announced the opening of its representative offices in Nepal. Additionally, in a path breaking move, the bank signed an exclusive agreement with the Bank of China to establish a 'China Desk' in the UAE.

Mashreq also 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.

The Correspondent Banking facility had a particularly good year offering trade and payment products to correspondent banks through dedicated branches in London, New York, Hong Kong and India.

In recognition of his demonstrated commitment to excellence in the banking industry, H.E Abdul-Aziz Al Ghurair, CEO of Mashreq received a clutch of awards for his accomplishments: the Outstanding Contribution to the Industry Award from The Banker Middle East Industry Awards 2011, the MEED Leadership Award 2011; The Arab Banker of the Year in the Private Sector Award 2010-2011 from The Union of Arab Banks (UAB) in Rome, Italy.

Furthermore, the industry recognized Mashreq's achievements and commitment to offer customers the highest form of banking through constant innovation. The awards 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 for the second year in a row. The bank was also awarded the ISO 9001:2008 Certification by the British Standards Institute (BSI) for its Operations Group.

Mashreq's funds won top three awards at the MENA Fund Manager 2011 Performance Awards; The Newcomer Fund of the year Award went to Mashreq Al Islami Income Fund for having the highest risk adjusted returns, Makaseb Income Fund received the Fixed Income Fund of the Year Award, and Mashreq Capital was awarded the UAE Asset Manager of the Year award.

The bank was also recognized by Dubai Women's College when it was given the Employer of the Year Award in the private sector for Mashreq's *Emiratisation* strategy and due to Mashreq's constant efforts to empower Emirati students by providing the necessary training to develop their skills. Moreover; the prestigious Lipper Fund Award 2011 for the Best Equity Fund over 3 years and 5 years under Equity, UAE category was given to Mashreq's Makaseb Emirates Opportunities Fund (MEOF).

**-Ends-**

## **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. Its 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.

### **For further information, please contact:**

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