Mashreq reports a Net Profit of AED 453 Million for the first half of 2010

Total Operating Income of AED 2.3 Billion

Dubai – UAE, 29th July 2010: Mashreq, one of the leading financial institutions announced a first half net profit of AED 453 million. In the midst of the uncertain operating environment and the global economic slowdown, the Bank posted a solid performance and reported an Operating Income of AED 2.3 Billion, 6% lower compared to the Operating Income posted during the same period last year.

The Bank's Net Interest Income and income from Islamic products net of distribution for the review period at AED 1.17 Billion is higher by 10% as compared to the same period last year. The Fee and Other Income to Gross Income ratio at 49% remained one of the highest in the market.

Commenting on Mashreq's first half performance, H.E. Abdul Aziz Al Ghurair, CEO Mashreq said, "In spite of the difficult global financial environment, Mashreq has delivered a robust performance during the first six months of the year. The well diversified and stable revenue stream highlights the sustainability of our operating strategy in these uncertain times."

Continuing with prudent provisioning policy, Mashreq set aside AED 892 Million for Impaired assets at the end of Q2 2010.

Mashreq has continued to operate prudently and maintaining its focus on Cost Management, reducing its general and administrative expenditure by 2.5% year on year and Efficiency ratio remained healthy at 39%.

H.E. Al Ghurair continued, "We see signs of recovery and are optimistic of early economic turnaround. We continue to invest in people through talent management and employee skills upgrade, and we are also upgrading our technology platform and services to ensure that we are well positioned to seize market opportunities as they emerge."

The net interest margin of the bank for the first half of the year improved significantly to 2.6% as against 2.2% during the full year of 2009.

The strategic repositioning of the balance sheet through active assets liability management led to a decline of 8.5% of Total Assets to AED 86.3 Billion. However, critical liquidity measures were maintained at a robust level and bank continues to operate highly liquid balance sheet with cash and balances due from banks standing at AED 25.4 Billion. Advances to Deposit ratio remained at an optimum level of 90% and Liquid Assets comprising of cash and due from banks were strong at 30% of Total Assets, even after repayment of the AED 1.1 billion of EMTN tranche that matured during the first quarter of 2010.

Capital Adequacy ratio at the end of June, 2010 under Basel II guidelines improved to 21.52% as compared to 20.18% at the end of 2009. Tier One ratio also improved from 14% at the end of 2009 to 15% at 30th June, 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 offering to maintain its leading positioning in the UAE banking industry.

At a retail level, during Q2 2010, Mashreq has re-launched its Al Riqqa branch, which opened at the head office in Deira. This was followed by the opening of a new branch in Business Village as part of an initiative under the Sheikh Mohammed bin Rashid Establishment for Young Business Leaders, which combines Mashreq Gold for affluent customers, and SME centre.

Commenting on the operational growth of Mashreq, H.E Al Ghurair said,
“I am pleased to say that Mashreq is expanding across the UAE in spite of the current climate, and we continue to collect recognition and awards for our efforts. This reinforces our credentials as a strong UAE national bank.”

This period also saw the expansion of Mashreq’s unique debt counseling service, Mashreq Assist into Abu Dhabi, a service which, to date, has helped over 5,000 customers ease their financial stress and anxieties. Mashreq Millionaire continues to hit the headlines having awarded its biggest ever cash prize of AED 10 million during June.

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 programme 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.

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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, 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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