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Group Financial Statements

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COMPANIES HOUSE

**Consolidated Statement of Financial Position
as at 31 December 2010**

31 December 2010

		2010		2009	
	Note	AED'000	USD'000 Equivalent	AED'000	USD'000 Equivalent
ASSETS					
Cash and balances with central banks	5	13,373,722	3,641,090	20,176,958	5,493,318
Deposits and balances due from banks	6	13,651,955	3,716,840	8,261,056	2,249,130
Other financial assets measured at fair value	7	2,222,680	605,140	2,211,517	602,101
Loans and advances measured at amortised cost	8	35,919,982	9,779,467	42,158,423	11,477,926
Islamic financing and investment products measured at amortised cost	9	5,290,904	1,440,486	5,571,693	1,516,932
Other financial assets measured at amortised cost	7	8,083,811	2,200,874	9,364,884	2,549,655
Interest receivable and other assets	10	4,755,743	1,294,784	5,428,702	1,478,002
Investment properties	11	172,320	46,915	233,649	63,613
Property and equipment	12	1,374,686	374,268	1,215,062	330,810
Total assets		84,845,803	23,099,864	94,621,944	25,761,487
LIABILITIES AND EQUITY					
Liabilities					
Deposits and balances due to banks	13	6,945,626	1,890,995	8,817,668	2,400,671
Repurchase agreements with banks	14	2,461,993	670,295	6,622,768	1,803,095
Customers' deposits	15	46,764,858	12,732,060	50,796,768	13,829,776
Islamic customers' deposits	16	4,488,815	1,222,111	2,861,019	778,932
Insurance and life assurance funds	17	896,587	244,102	858,587	233,756
Interest payable and other liabilities	18	4,990,584	1,358,722	5,629,760	1,532,742
Medium-term loans	19	5,903,034	1,607,142	7,178,299	1,954,342
Long-term loans	20	9,324	2,539	9,583	2,609
Total liabilities		72,460,821	19,727,966	82,774,452	22,535,923
Equity					
Capital and reserves					
Issued and paid up capital	21(a)	1,690,770	460,324	1,610,257	438,404
Statutory and legal reserves	21(b)	845,385	230,162	805,129	219,203
General reserve	21(c)	312,000	84,944	312,000	84,944
Cumulative translation adjustment		(19,483)	(5,304)	(25,018)	(6,811)
Investments revaluation reserve	21(d)	(284,120)	(77,354)	(279,735)	(76,160)
Retained earnings		9,300,191	2,532,042	8,850,576	2,409,631
Equity attributable to shareholders of the Parent		11,844,743	3,224,814	11,273,209	3,069,211
Non-controlling interests	22	540,239	147,084	574,283	156,353
Total equity		12,384,982	3,371,898	11,847,492	3,225,564
Total liabilities and equity		84,845,803	23,099,864	94,621,944	25,761,487

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 2010**

	Note	2010		2009	
		AED'000	USD'000 Equivalent	AED'000	USD'000 Equivalent
Interest income	24	4,040,586	1,100,078	4,807,318	1,308,827
Income from Islamic financing and investment products	25	277,103	75,443	328,092	89,325
Total interest income and income from Islamic financing and investment products		4,317,689	1,175,521	5,135,410	1,398,152
Interest expense	26	(1,863,981)	(507,482)	(2,820,706)	(767,957)
Distribution to depositors – Islamic products	27	(162,566)	(44,260)	(211,156)	(57,489)
Net interest income and income from Islamic products net of distribution to depositors		2,291,142	623,779	2,103,548	572,706
Fee and commission income	28	1,861,484	506,802	2,123,681	578,187
Fee and commission expenses	28	(726,086)	(197,682)	(690,165)	(187,902)
Net fee and commission income		1,135,398	309,120	1,433,516	390,285
Net investment income	29	48,094	13,094	108,141	29,442
Other income, net	30	912,240	248,364	1,316,860	358,524
Operating income		4,386,874	1,194,357	4,962,065	1,350,957
General and administrative expenses	31	(1,763,897)	(480,233)	(1,770,458)	(482,020)
Allowances for impairment	32	(1,767,390)	(481,184)	(2,114,465)	(575,678)
Profit before taxes		855,587	232,940	1,077,142	293,259
Overseas income tax expense		(18,985)	(5,169)	(12,603)	(3,431)
Profit for the year		836,602	227,771	1,064,539	289,828
Attributed to:					
Shareholders of the parent		803,498	218,758	1,000,464	272,383
Non-controlling interests		33,104	9,013	64,075	17,445
		836,602	227,771	1,064,539	289,828
Earnings per share	33	AED 4.75	USD 1.29	AED 5.92	USD 1.61

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

**Consolidated Statement of Comprehensive Income
for the year ended 31 December 2010**

	2010		2009	
	AED'000	USD'000 Equivalent	AED'000	USD'000 Equivalent
Profit for the year	836,602	227,771	1,064,539	289,828
Other comprehensive (loss)/income				
Changes in fair value of financial assets measured at fair value through other comprehensive income, net	(7,608)	(2,071)	46,244	12,590
Cumulative translation adjustment	5,535	1,507	8,914	2,427
Total other comprehensive (loss)/income for the year	(2,073)	(564)	55,158	15,017
Total comprehensive income for the year	834,529	227,207	1,119,697	304,845
Attributed to				
Shareholders of the parent	813,072	221,365	1,093,728	297,775
Non-controlling interests	21,457	5,842	25,969	7,070
	834,529	227,207	1,119,697	304,845

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

OS AA01

Statement of details of parent law and other information for an overseas company



Companies House

☒ **What this form is for**
You may use this form to
accompany your accounts
disclosed under parent law

☒ **What this form is NOT for**
You cannot use this form to register
an alteration of manner of compliance
with accounting requirements

For further information, please
refer to our guidance at
www.companieshouse.gov.uk

Part 1 Corporate company name

Corporate name of overseas company ①	MASHREQBANK PSC									
UK establishment number	B	R	0	0	1	2	2	3		

→ **Filling in this form**
Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited		② This means the relevant rules or legislation which regulates the preparation and if applicable, the audit of accounts
Legislation ②	ARTICLE 101,102 &103 OF UNION LAW NO 10	

A2 Accounting principles

Accounts	Have the accounts been prepared in accordance with a set of generally accepted accounting principles? Please tick the appropriate box ☐ No Go to Section A3 ☒ Yes Please enter the name of the organisation or other body which issued those principles below, and then go to Section A3	③ Please insert the name of the appropriate accounting organisation or body
Name of organisation or body ③	INTERNATIONAL ACCOUNTING STANDARD BOARD	

A3 Accounts

Accounts	Have the accounts been audited? Please tick the appropriate box ☐ No Go to Section A5 ☒ Yes Go to Section A4	
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OS AA01

Statement of details of parent law and other information for an overseas company

A4

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ No Go to Part 3 'Signature'

☒ Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'

● Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ●

INTERNATIONAL ACCOUNTING STANDARDS BOARD

A5

Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ No

☐ Yes

Part 3

Signature

I am signing this form on behalf of the overseas company

Signature

Signature



This form may be signed by
Director, Secretary, Permanent representative

Independent Auditor's Report

**To the Shareholders
Mashreqbank PSC
Dubai
United Arab Emirates**

Report on the consolidated financial statements

We have audited the consolidated financial statements of Mashreqbank psc (the "Bank"), a Public Shareholding Company and its Subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), and for such internal control as management determined is necessary to enable the preparation of the consolidated financial statements that are free from material misstatements whether due to fraud or errors

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mashreqbank psc and its subsidiaries (the "Group") as at 31 December 2010, and the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Report on other legal and regulatory requirements

Also, in our opinion, proper books of account are maintained by the Bank, and the information included in the Board of Directors' report is in agreement with the books of account. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions of the UAE Federal Commercial Companies Law No. (8) of 1984 (as amended), or of the Bank's Articles of Association which might have a material effect on the financial position of the Bank or its financial performance.

Deloitte & Touche (M.E.)

**Anis Sadek
Registration No. 521**

**Dubai
8 February 2011**

OS-AA01

Statement of details of parent law and other information for an overseas company



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Part 1 Corporate company name

Corporate name of
overseas company ①

MASHREQBANK PSC

UK establishment
number

B R 0 0 1 2 2 3

→ **Filling in this form**
Please complete in typescript or in
bold black capitals

All fields are mandatory unless
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Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

① This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts

Legislation ①

ARTICLE 101,102 &103 OF UNION LAW NO 10

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ **No** Go to Section A3

☒ **Yes** Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3

① Please insert the name of the
appropriate accounting organisation
or body

Name of organisation
or body ①

INTERNATIONAL ACCOUNTING STANDARD BOARD

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ **No** Go to Section A5

☒ **Yes** Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

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Please tick the appropriate box

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Name of organisation or body ①

INTERNATIONAL ACCOUNTING STANDARDS BOARD

A5

Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ No

☐ Yes

Part 3

Signature

I am signing this form on behalf of the overseas company

Signature

Signature

X



X

This form may be signed by
Director, Secretary, Permanent representative

Independent Auditor's Report

The Shareholders
Mashreqbank psc
Dubai
United Arab Emirates

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Mashreqbank psc (the "Bank")**, a **Public Shareholding Company**, and its **Subsidiaries (collectively the "Group")**, which comprise the consolidated statement of financial position as of December 31, 2009, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Mashreqbank psc and its subsidiaries (the "Group")**, as of December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the Bank has maintained proper books of accounts. We obtained all the information and explanations which we considered necessary for our audit and, to the best of our knowledge and belief, there were no contraventions during the year of the U A E Federal Commercial Companies Law No. 8 of 1984, as amended, or of the Bank's Articles of Association which might have materially affected the financial position of the Group or its financial performance.

Deloitte & Touche (M E)

Dubai
February 4, 2010

Anis Sadek
Partner
Registration No. 521