

000016 / 20.

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 at 31 December 2012, 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 and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards, and for such internal control as management determines 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 as at 31 December 2012, and the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Also, in our opinion, proper books of account are maintained by the Bank. According to the information available to us, 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 a material effect on the financial position of the Bank or its financial performance.

Deloitte & Touche (M E.)

Anis Sadek
 Registration Number 521
 3 February 2013

THURSDAY



A35 *A2DV50WO* #52
 01/08/2013
 COMPANIES HOUSE

Group Financial Statements

**Consolidated statement of financial position
at 31 December 2012**

		2012		2011	
	Notes	AED'000	USD'000 Equivalent	AED'000	USD'000 Equivalent
ASSETS					
Cash and balances with central banks	5	10,767,087	2,931,415	14,731,800	4,010,836
Deposits and balances due from banks	6	10,176,676	2,770,671	10,147,675	2,762,776
Other financial assets measured at fair value	7	2,759,439	751,277	2,552,788	695,014
Loans and advances measured at amortised cost	8	36,183,916	9,851,325	32,665,962	8,893,537
Islamic financing and investment products measured at amortised cost	9	5,224,028	1,422,278	5,028,547	1,369,057
Other financial assets measured at amortised cost	7	4,387,590	1,194,552	7,181,593	1,955,239
Interest receivable and other assets	10	5,336,691	1,452,952	5,417,102	1,474,844
Goodwill	11	26,588	7,239	-	-
Investment properties	12	364,245	99,168	318,028	86,585
Property and equipment	13	1,157,040	315,013	1,197,827	326,117
Total assets		76,383,300	20,795,890	79,241,322	21,574,005
LIABILITIES AND EQUITY					
Liabilities					
Deposits and balances due to banks	14	5,982,708	1,628,834	7,223,370	1,966,613
Repurchase agreements with banks	15	1,155,369	314,557	2,505,165	682,049
Customers' deposits	16	42,430,655	11,552,043	40,177,020	10,938,475
Islamic customers' deposits	17	5,021,915	1,367,252	5,239,863	1,426,589
Insurance and life assurance funds	18	1,228,896	334,576	972,867	264,870
Interest payable and other liabilities	19	5,248,958	1,429,066	5,685,175	1,547,829
Medium-term loans	20	1,494,544	406,900	4,634,012	1,261,642
Total liabilities		62,563,045	17,033,228	66,437,472	18,088,067
Equity					
Capital and reserves					
Issued and paid up capital	21(a)	1,690,770	460,324	1,690,770	460,324
Statutory and legal reserves	21(b)	848,385	230,979	846,745	230,532
General reserve	21(c)	312,000	84,944	312,000	84,944
Cumulative translation adjustment	21(d)	(32,076)	(8,733)	(33,022)	(8,990)
Investments revaluation reserve	21(e)	(163,794)	(44,594)	(346,145)	(94,240)
Retained earnings		10,579,527	2,880,351	9,792,462	2,666,066
Equity attributable to shareholders of the Parent		13,234,812	3,603,271	12,262,810	3,338,636
Non-controlling interests	22	585,443	159,391	541,040	147,302
Total equity		13,820,255	3,762,662	12,803,850	3,485,938
Total liabilities and equity		76,383,300	20,795,890	79,241,322	21,574,005

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 2012**

	Notes	2012		2011	
		AED'000	USD'000 Equivalent	AED'000	USD'000 Equivalent
Interest income	24	2,821,438	768,156	3,135,446	853,647
Income from Islamic financing and investment products	25	242,654	66,064	252,762	68,816
Total interest income and income from Islamic financing and investment products		3,064,092	834,220	3,388,208	922,463
Interest expense	26	(1,045,063)	(284,526)	(1,334,303)	(363,273)
Distribution to depositors – Islamic products	27	(115,427)	(31,426)	(109,834)	(29,903)
Net interest income and income from Islamic products net of distribution to depositors		1,903,602	518,268	1,944,071	529,287
Fee and commission income	28	2,011,862	547,744	1,940,984	528,447
Fee and commission expenses	28	(824,318)	(224,426)	(957,928)	(260,803)
Net fee and commission income		1,187,544	323,318	983,056	267,644
Net investment income	29	285,739	77,794	123,367	33,588
Other income, net	30	707,552	192,636	821,839	223,751
Operating income		4,084,437	1,112,016	3,872,333	1,054,270
General and administrative expenses	31	(1,855,347)	(505,131)	(1,793,683)	(488,343)
Allowances for impairment, net	32	(826,540)	(225,031)	(1,195,839)	(325,576)
Profit before taxes		1,402,550	381,854	882,811	240,351
Overseas income tax expense		(31,914)	(8,689)	(21,769)	(5,926)
Profit for the year		1,370,636	373,165	861,042	234,425
Attributed to:					
Shareholders of the Parent		1,312,309	357,285	820,379	223,354
Non-controlling interests		58,327	15,880	40,663	11,071
		1,370,636	373,165	861,042	234,425
Earnings per share	33	AED 7.76	USD 2 11	AED 4 85	USD 1 32

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

**Consolidated statement of comprehensive income
for the year ended 31 December 2012**

	2012		2011	
	AED'000	USD'000 Equivalent	AED'000	USD'000 Equivalent
Profit for the year	1,370,636	373,165	861,042	234,425
Other comprehensive (loss)/income				
Changes in fair value of financial assets measured at fair value through other comprehensive income, net (Note 7)	(36,436)	(9,920)	(80,501)	(21,918)
Exchange difference arising on translating the foreign operations	3,169	863	(11,531)	(3,140)
Loss on hedging instruments designated in hedges of the net assets of foreign operations [Note 21(d)]	(2,223)	(604)	(2,008)	(546)
Total other comprehensive loss for the year	(35,490)	(9,661)	(94,040)	(25,604)
Total comprehensive income for the year	1,335,146	363,504	767,002	208,821
Attributed to:				
Shareholders of the Parent	1,310,156	356,699	756,221	205,886
Non-controlling interests	24,990	6,805	10,781	2,935
	1,335,146	363,504	767,002	208,821

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
an alteration of manner of co
with accounting requirements

A35

01/08/2013

#53

COMPANIES HOUSE

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

Legislation ②

ARTICLE 101,102 &103 OF UNION LAW NO 10

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts

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

OS AA01

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

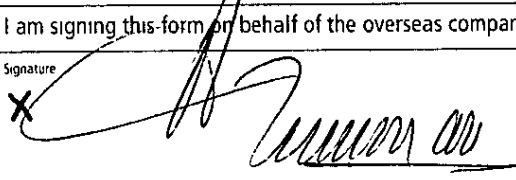
A4 Audited accounts

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 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

Signature	I am signing this form on behalf of the overseas company
	Signature   This form may be signed by Director, Secretary, Permanent representative