

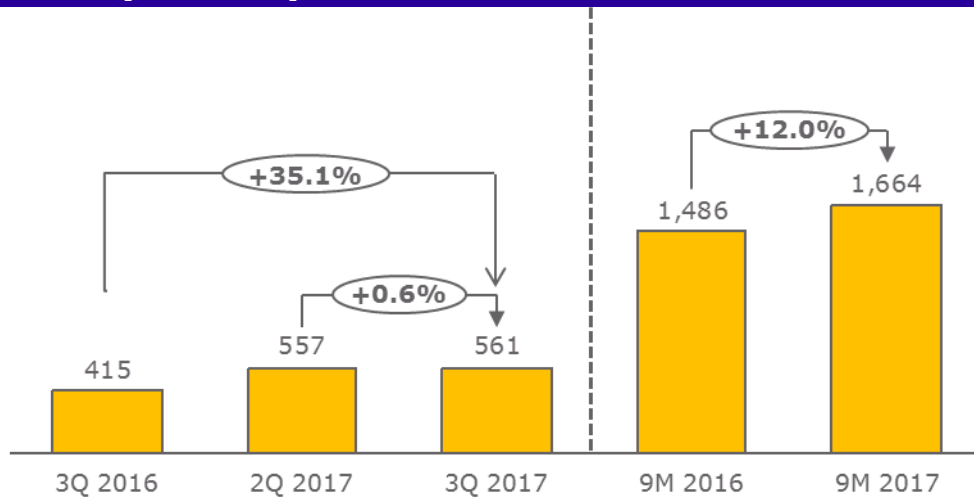
Mashreq posts a 12.0% y-o-y growth in Net Profit for the first nine months of 2017

Dubai, UAE; 16th October 2017: Mashreq, one of the leading financial institutions in the UAE, today has reported its financial results for the first nine months ending 30th September 2017.

Key highlights [9M 2017 vs 9M 2016]:

- ***Healthy growth in Net Profit***
 - Net profit for 9M 2017 stood at AED 1.7 billion - a 12.0% increase YoY
 - Impairment Allowance down by 30.0% YoY; Operating expenses lower by almost 2% on the back of effective cost management
- ***Consistently high proportion of non-interest income***
 - Mashreq's best-in-class non-interest income to operating income ratio remained high at 39.8%
 - Investment income up by 73.8% YoY
- ***Solid balance sheet***
 - Total Assets remained stable at AED 121.8 billion while Loans and Advances increased by 6.0% to reach AED 64.7 billion as compared to December 2016
 - Customer Deposits remained steady year to date at AED 76.1 billion
 - Loan-to-Deposit ratio remained robust at 85.0% at the end of September 2017
- ***Strong liquidity and capital position***
 - Liquid Assets to Total Assets stood at 26.7% with Cash and Due from Banks at AED 32.5 billion as on September 2017
 - Capital adequacy ratio and Tier 1 capital ratio continue to be significantly higher than the regulatory limit and stood at 18.0% and 17.1% respectively
- ***Sustained asset quality***
 - Non-Performing Loans to Gross Loans ratio increased slightly to 3.7% at the end of September 2017.
 - Total Provisions for Loans and advances reached AED 3.8 billion, constituting 134.4% coverage for Non-Performing Loans

Net Profit [AED million]



Mashreq's CEO, H.E. AbdulAziz Al Ghurair, said: "It has been a period of muted growth for the UAE banking system with the banking sector Gross Credit growing by only 0.3% as of August 2017. However at Mashreq we have been successful in increasing our loan book by 6% year to date. With a focus on cost management that has seen us reduce operating expenses by 1.7% year on year and a strong 30% decline in credit costs, I am delighted to report a 12% year on year increase in Net profits for the first 9 months of the year. Our strong liquidity and capital position has us well placed to capitalize on future growth opportunities."

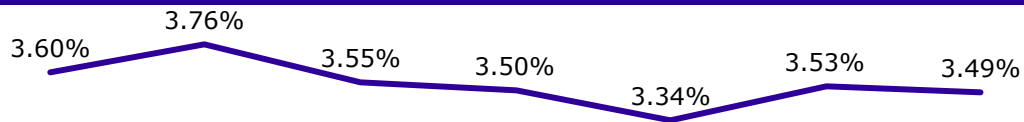
Al Ghurair concluded, "In the future, banking will go digital and that is why we are investing significantly to develop new capabilities and evolve new business models. Mashreq Neo, a full service digital bank, is a recent example of our response to the fast evolving needs of today's consumers."

Operating Income

- Total operating income for 9M 2017 was AED 4.4 billion, down by 4.9% compared to 9M 2016 operating income of AED 4.7 billion due to a fall in non-interest income.
- Net Interest Income and income from Islamic Financing¹⁾ remained stable at AED 2.7 billion compared to 9M 2016. Net Interest Margin for 9M 2017 has increased to 3.45% compared to 3.37% for 1H 2017.

- Though Investment income increased by 73.8%, total non-interest income fell by 11.3% as Net fee and commission decreased by 9.0% YoY to reach AED 1.2 billion. Net fee and commission income represented 66.7% of total non-interest income in 9M 2017 as compared to 65.0% in 9M 2016.
- Operating expenses for the first nine months decreased by 1.7% YoY to reach AED 1.8 billion; Efficiency Ratio at 39.6% in 9M 2017 increased slightly with respect to the previous year (38.3% as of 9M 2016).
- Net profit for the quarter increased by 0.6% to AED 561 million from AED 557 million in 2Q 2017 (AED 1.66 billion in 9M 2017 vs AED 1.49 billion in 9M 2016).

Net interest margin [%] – quarterly ¹⁾

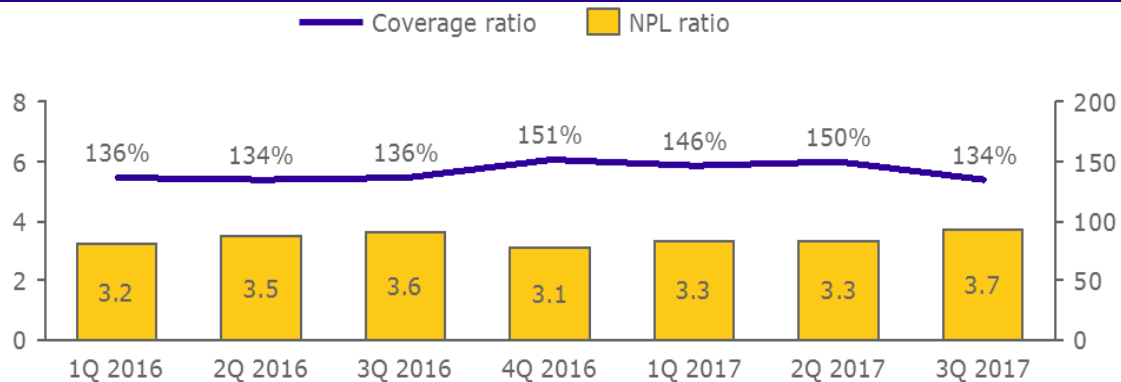


1Q 2016 2Q 2016 3Q 2016 4Q 2016 1Q 2017 2Q 2017 3Q 2017
1) NII component booked under Investment income as per IFRS, has been reclassified under NII

- Mashreq's Total Assets remained flat at AED 121.8 billion as of September 2017, compared to AED 122.8 billion at the end of 2016. Loans and Advances increased by 6.0% YTD to end at AED 64.7 billion driven by 4.0% growth in conventional finance. Liquidity continues to remain healthy with a high liquid asset to total assets ratio of 26.7%.
- Total Customer Deposits decreased marginally by 1.2% YTD to AED 76.1 billion due to a decline in both Islamic and conventional deposits. Loan-to-Deposit ratio stood at 85.0% in September 2017 vs 79.2% in December 2016.

- Non-Performing Loans stood at AED 2.9 billion in September 2017 leading to a Non-Performing Loans to Gross Loans ratio of 3.7% at the end of September 2017 (3.1% in December 2016). Net Allowances for impairment for 9M 2017 were AED 916 million compared to AED 1.3 billion in 9M 2016, a 30.0% YoY decrease. Total Provisions for Loans and advances reached AED 3.8 billion, constituting 134.4% coverage for Non-Performing Loans as of September 2017.

NPL and Coverage Ratio [%]

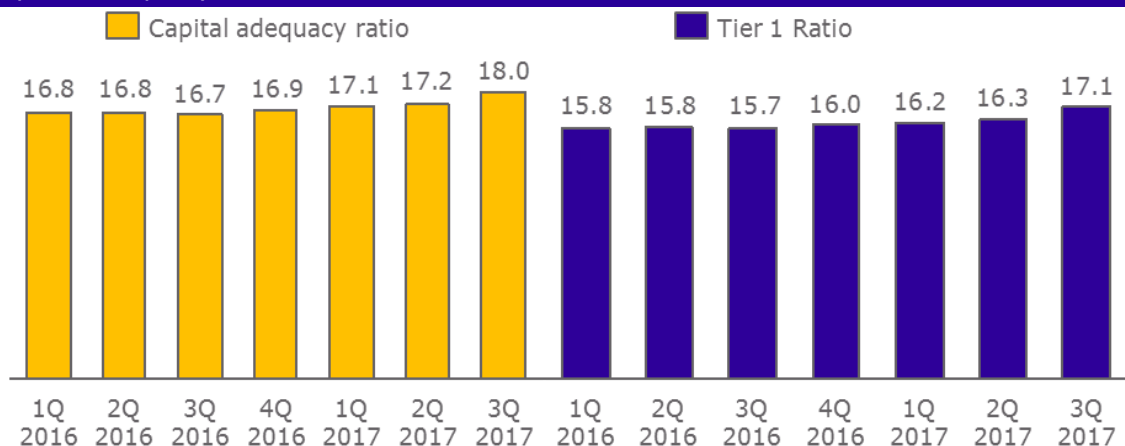


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Capital and Liquidity

- Mashreq's Capital adequacy ratio stood at 18.0% (regulatory minimum of 12%) as of 30 September 2017, compared to 16.9% as of 31 December 2016. Tier 1 capital ratio at 17.1% continues to be significantly higher than the 8% regulatory minimum stipulated by the UAE Central Bank (16.0% as at 31 December 2016)

Capital Adequacy and Tier 1 Ratio [%]



Business Unit Updates

Corporate Banking

Global Transaction Services

Mashreq continued its dominance in the transaction banking space in 3Q by winning 5 awards: EMEA Finance – Best Treasury Management Services in Middle East, Best Cash Management Services in Middle East, Best Trade Finance Services in Middle East, Best Factoring Services in Middle East & The Bankers – Best Transaction Bank in the Middle East. Industry recognitions reaffirm our position as a leading solution provider for cash, trade and supply chain verticals in the Middle East. The GTS team embarked on a Robotics journey in the third quarter with the implementation of robotics for Open account trade to eliminate high-volume, recurring and rule based tasks. It is the first time that the use case for Robotics has been implemented for Open Account Trade. The focus continues to be on the client and in providing them with solutions which can facilitate business needs and make their experience truly digital.

Corporate Finance

Corporate Finance saw a sizeable increase in its transaction pipeline during the third quarter, with a good number of deals closed as well as awarded mandates adding to the impetus for a strong close to FY17. The team continued to lead and maintain its competitive edge in the FI space having closed five deals for the African and Turkish banks with a few more mandates under execution.

Amidst challenging regional landscape and economic environment, the third quarter also saw the successful execution and funding of an AED 1.8 billion strategic finance facility for a UAE franchisee of a large European auto dealer. The deal was fully underwritten by Mashreq.

Outside UAE, Corporate finance continued to expand its footprint by showcasing its expertise in structured transactions for the airline industry; notable amongst which include the successful underwriting & execution of a US dollar 420 Mn bridge finance facility for Air India. Corporate Finance also successfully did book-running and closed for the 4th time in recent years, an Islamic structured, US dollar 150 million syndicated term loan for Pakistan International Airlines highlighting confidence in Mashreq's book-running capabilities for transactions of this nature.

Contracting Finance

The division continued to maintain its competitive edge in the UAE market and further demonstrated and leveraged upon its decade old relationships in Mashreq's presence countries by successfully providing finance to contractors for projects across Bahrain, Qatar, Kuwait, Egypt and Oman thereby capitalizing on the bank's strong regional presence. Mashreq continues to demonstrate its expertise in Contracting Finance through successful execution of several high-value projects within the Oil & Gas, Petrochemical, Civil, Infrastructure and Power & Water Industries.

During the first nine months in 2017, Mashreq supported prominent local and international contractors and executed several strategic projects across the region. New projects in excess of AED 17.5 billion were financed during the first nine months and these projects will enhance the region's strategic reserves, support their infrastructure development and diversify the economy along with enrichment of the cultural outlook.

In addition to the above, the Division has partnered with industry experts as part of Mashreq's strategic focus on industry specialization. It aims at adding value to the Contracting Industry through in-depth knowledge sharing, insights and interactions. Over the next 12 months a rich mix of events, live broadcasts, research and reports of high value content will be created and shared in partnership with industry experts. Mashreq Construction Hub was created and is dedicated to be a go-to digital space for the Contracting Industry for openly discussing key issues, and highlighting the challenges faced by the industry.

Real Estate Finance & Advisory

The Real Estate Finance & Advisory unit continued its strong momentum into 3Q 2017 through its significant support for UAE based real estate companies and developers. In addition, the team was mandated to offer bespoke advisory services for prominent firms in the real estate sector, a service line that the division looks to develop going forward. The strategic importance of the division to its clients, the wider industry, and the bank is demonstrated by a robust pipeline of transactions – these include bilateral, club and syndicated facilities in addition to its bespoke advisory mandates for some of the most prestigious and prominent names (including real estate funds) in the UAE and GCC real estate sector. The division continues its well established and market leading support for

the UAE real estate industry through developing tailored debt and advisory structures for its clients.

NBFI

As part of the digitalization drive, the NBFI team successfully migrated a loan facility to enable end to end servicing of the customer over Matrix, thereby further optimizing front office productivity. Further, the team successfully closed a secondary asset purchase under an Islamic Structure and structured a bridge facility to a regional PE to support their divestment. The team continues to build on an active pipeline of NTBs and transactions for closure in 4Q coupled with new product initiatives including structuring of an INR ECB loan in favor of an NBFC in India.

Retail Banking

The banks retail segment witnessed significant achievements over the period from July to the end of September 2017. The largest launch to date in the personal banking segment saw the introduction of the newest and boldest branchless bank – Neo. The first full service digital bank in the GCC region to provide access to international markets for investment opportunities including foreign equities, gold trading and foreign currency accounts Mashreq Neo goes beyond just what meets the customer's eyes and fingers. In order to deliver the immersive digital experience expected by today's connected generation Neo leverages big data, new technologies and advanced analytics to offer a 360-degree view of the customer and personalized engagement.

The quarter also saw another milestone in the digital and innovation sector with the launch of Mashreq Pay - a digital mobile wallet providing secure easy-to-use payment for purchases. It can be used anywhere in the world where cards are accepted and where the merchant terminal has NFC (near-field-communication) capability. Mashreq is once again setting another milestone by launching this advanced mobile wallet for Android phones, with unique market-first features and a best-in-class loyalty program, which works seamlessly at local and international merchant outlets.

Represented by the Department of Finance (DOF) and Smart Dubai Government Establishment (SDG), the Dubai Government signed a partnership agreement with Mashreq Bank to collect payments made via the Smart Dubai Portal. Under the agreement, Mashreq Bank is now an acquirer of payments made with credit and debit cards issued by banks in or outside the UAE. Mashreq Bank also signed an agreement with Dubai Land Department (DLD) concerning banking solutions for the transaction services of the 'Tarweej' real estate promotion initiative.

The bank newly launched a partnership with NCR and we will be the first in the region to deploy NCR's tablet-based 'Interactive Banker' solution, targeted to help financial institutions to transform their branches by converting branch staff into financial advisors. Aided by this innovative solution, even tellers can come out from behind their counters to help customers complete their transactions faster. Mashreq Bank also deployed NCR's software-based Interactive Teller technology that allows a remote teller to assist customers to do all transactions typically completed by tellers inside a branch.

In the latest addition to the banks' roster of successful offerings - "Misr Um El Donia", provided benefits and services that enabled Egyptian customers living in the UAE to save and transfer money to friends and family back home with convenience. Mashreq also upgraded its Business Current Account in celebration of its 50th year with an exclusive cashback offer for existing business customers of up to AED 25,000. Customers can enjoy various cashback incentives when making deposits into this account and with incremental deposits of AED 50,000 and above, customers can also benefit on various cashback options which will instantly be added to their business accounts.

In line with moving further in the digital realm, the bank launched the Global Cashback Mart. Customers who hold the Mashreq SmartSaver Global Credit Card can shop online, choosing from over 2,500 global brands including Amazon, Macy's, Bloomingdale's, Hotels.com, Flipkart, Marks & Spencer and Mothercare. It also gives them an additional cashback of up to 6% on purchases made through the platform. Similarly, at this year's GITEX Shopper, Mashreq cardholders received 5% cashback of up to AED 1,250 on all electronic purchases (minimum purchase of AED 5,000) and an additional 10% discount on over a 100 products including TVs, smartphones and home appliances at Sharaf DG and Emax.

International Banking

Despite having to face myriad challenges on the macro as well as micro economic fronts in the largest presence countries like Egypt and Qatar as also in major non-presence markets in Africa, our international business has performed exceptionally well - it continues to contribute over 20% of Mashreq's revenues.

The FI business continues to show robust growth numbers in payment business and the trade finance business also continues to grow in our key markets.

We are now an indirect participant in Chinese Cross Border Inter Bank Payment System (CIPS) through a leading Chinese Bank. This will benefit our customers in trade finance and cross border payments towards the Peoples' Republic of China.

We have obtained Central Bank of Bahrain approval for an Offshore Banking license in addition to our current Retail license in Bahrain and have also started corporate banking business in India.

In line with Mashreq's continued digitization drive we introduced Corporate Mobile Banking App in Egypt.

Treasury and Capital Market:

FX

Whilst corporate FX flows continue to be weighed down by regional sentiment, the retail space is performing in line with expectations. Trading revenue has maintained its momentum amidst increased market volatility.

Rates & Fixed Income

Corporate interest rate hedging business took a breather as expectations of a US rate hike declined in July following the September FOMC meeting. However, the December rate hike is very much on the cards and is expected to drive more interest rate hedging deals going forward. Regional credit markets witnessed a slow quarter due to the traditional summer lull and depressed primary bond and sukuk issuance, based on which bond trading volumes also fell. Trading activity picked up pace in September however, with the revival of primary issuance and the desk executed over USD 1 billion in volumes for the month.

Equities

Local markets showed a mixed trend with Dubai closing +5% and Abu Dhabi - 0.6% (flat) in terms of QoQ volumes in 3Q 2017. Capital market expansions including the recently announced IPO of Emaar's real estate division were key to Dubai's outperformance. While local market struggles continued, we were able to grow market share and increase customer flow through differentiated offerings. Looking ahead, although earning expectations are muted, we feel a trough has been reached and expect growth to pick up.

Asset Management

Business has been stable, continuing to be driven by fixed income, which constitutes the majority of assets under management. The Makaseb Income Fund and Mashreq Al-Islami Income Fund have outperformed their respective benchmarks and rank as best and second best among their peers with year to date returns in excess of 7.8% and 4.5% respectively. Both funds are the best in class in 3 years and 5 years total return comparisons. With new products and mandates in the pipeline, the business is expected to experience a steeper growth trajectory starting in 4Q.

9M 2017 Awards:

Global Finance - Best Corporate & Institutional Digital Bank – Qatar – 3Q

EMEA Finance – Best cash management services in the Middle East – 3Q

EMEA Finance – Best factoring services in the Middle East - 3Q

EMEA Finance – Best trade finance services in the Middle East – 3Q

EMEA Finance – Best treasury services in the Middle East – 3Q

The Banker - Best Transaction Bank – Middle East – 3Q

Visa Global Service Quality Award - Global Service Quality
Performance Award - Merchant Acquiring Business

Gulf Business Award 2017

- Business Leader of the Year
- Banking Business Leader of the Year

Appendix 1: 9M 2017 Financial Highlights

3Q 2017 Financial Highlights	Nine Months Trend			Quarterly Trend				
			Δ %				3Q'17 Δ %	
Income statement (AED mn)	9M'17	9M'16	YoY	3Q'17	2Q'17	3Q'16	QoQ	YoY
Net Interest Income & Income from Islamic Financing*	2,671	2,676	(0.2)	910	909	876	0.0	3.9
Fee and commission	1,176	1,293	(9.0)	414	387	399	7.1	3.8
Investment Income	103	59	73.8	29	39	11	(24.2)	168.4
Insurance, FX & Other Income	484	637	(23.9)	88	200	211	(56.1)	(58.4)
Total Operating Income	4,435	4,665	(4.9)	1,441	1,535	1,496	(6.1)	(3.7)
Operating Expenses	(1,756)	(1,787)	(1.7)	(581)	(606)	(583)	(4.1)	(0.3)
Operating Profit	2,679	2,878	(6.9)	860	929	914	(7.4)	(5.9)
Impairment Allowance	(916)	(1,308)	(30.0)	(265)	(341)	(470)	(22.3)	(43.7)
Overseas Tax Expense	(70)	(58)	21.6	(24)	(22)	(24)	12.0	(0.1)
Non-Controlling Interest	(28)	(26)	8.7	(10)	(9)	(5)	12.7	114.3
Net Profit for the Period	1,664	1,486	12.0	561	557	415	0.6	35.1
EPS [AED]	9.38	8.37	12.0	3.16	3.14	2.34	0.6	35.1
			Δ %				Δ %	
Balance Sheet (AED mn)	Sep'17	Sep'16	YoY	Sep'17	Jun'17	Dec'16	QoQ	YTD
Total Assets	121,753	119,624	1.8	121,753	125,794	122,814	(3.2)	(0.9)
Loans and Advances	64,645	62,297	3.8	64,645	62,430	60,994	3.5	6.0
Customer Deposits	76,099	75,276	1.1	76,099	77,855	77,041	(2.3)	(1.2)
Shareholder's Funds	19,893	18,498	7.5	19,893	19,098	18,758	4.2	6.1
Key Ratios (%)	Sep'17	Sep'16	Δ bps	Sep'17	Jun'17	Dec'16	Δ bps	Δ bps
CAR (Capital Adequacy ratio)	18.01	16.65	136	18.01	17.24	16.86	77	115
Tier 1 Ratio	17.09	15.73	136	17.09	16.34	15.95	75	114
Loan-to-Deposits	84.95	82.76	219	84.95	150.14	151.06	(6,519)	(6,611)
Return-on Assets**	1.81	1.69	13	1.81	1.78	1.62	4	20
Return-on-Equity**	11.48	10.93	56	11.48	11.66	10.55	(18)	94

* NII component booked under Investment income as per IFRS, has been reclassified under NII
** Annualized

-ENDS-

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