

Mashreqbank first quarter climbs 25pc

30 April 2006; Dubai, UAE: The Mashreqbank Group has reported an increase in Net Income to Dh342.2 million for the first quarter of 2006, a 25.61 per cent increase on the same period last year.

Compared to same period last year the bank's Total Assets rose a substantial 30.7 per cent to Dh49.9 billion. Loans and Advances increased by 43 percent and Customer Deposits grew by 53 per cent over last year.

Earnings per share climbed from Dh3.15 in first quarter 2005 to Dh3.95 this year, a 25 per cent increase.

Mashreqbank's CEO Abdul Aziz Al Ghurair said the results were in line with expectations following the record increases registered across the bank's business lines in 2005. "The results for the first quarter denote a very solid performance on top of the exceptional results achieved last year," Al Ghurair reported.

In March, the bank increased the size of its European Medium Term Note (EMTN) programme from US\$750 million to US\$2 billion. The EMTN programme as well as the Floating Rate Notes (FRNs) issued under it have been listed on the DIFX. The third tranche of US\$300 million was successfully issued under this programme in April.

During the first quarter the bank also established Masrheq Capital DIFC Ltd to trade securities listed in the DIFX. In addition Mashreq Securities, the brokerage arm of Mashreqbank, became member of Dubai Gold and Commodities Exchange (DGCX). Mashreq Securities can now conduct brokerage business in gold and commodities futures and also act as a market maker.

Also in the first quarter, Mashreqbank's Asset Management launched an open ended investment scheme "Makaseb Income Fund" providing income primarily through investment in a portfolio of fixed and floating rate securities in target markets.

Ends

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MASHREQBANK PSC GROUP
CONSOLIDATED BALANCE SHEETS

	31/03/2006 (Unaudited) AED'000	31/12/2005 (Audited) AED'000	31/03/2005 (Unaudited) AED'000
<u>ASSETS</u>			
Cash and balances with Central Banks	2,794,193	4,004,935	2,950,398
Deposits and balances due from banks	6,123,119	7,066,495	7,530,203
Loans and Advances (net)	27,499,888	22,269,429	19,234,628
Interest receivable and other assets	1,106,498	893,548	1,570,674
Investments in securities	11,948,864	11,090,130	6,614,779
Investment property	237,470	224,103	145,493
Property and equipment	203,392	193,827	153,037
TOTAL ASSETS	49,913,424	45,742,467	38,199,212
<u>LIABILITIES</u>			
Customers' deposits	32,181,015	30,004,792	21,022,078
Deposits and balances due to banks	4,895,898	3,500,231	3,253,709
Insurance and life assurance funds	296,980	260,448	228,277
Medium-term floating rate notes	2,295,625	2,295,625	2,295,625
Long-term loans	29,530	30,665	44,523
Interest payable and other liabilities	2,404,080	1,495,887	5,854,799
Total Liabilities	42,103,128	37,587,648	32,699,011
<u>SHAREHOLDERS' EQUITY</u>			
Share capital	866,195	866,195	866,195
Statutory and legal reserves	468,839	468,839	393,984
General reserve	312,000	312,000	312,000
Cumulative translation adjustment	(15,281)	(16,005)	(13,056)
Cumulative changes in fair value	942,156	1,467,341	645,177
Retained earnings	4,502,562	4,160,362	2,768,288
Equity attributable to equity holders of the parent	7,076,471	7,258,732	4,972,588
Minority Interest	733,825	896,087	527,613
Total shareholders' equity	7,810,296	8,154,819	5,500,201
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	49,913,424	45,742,467	38,199,212
<u>CONTRA ACCOUNTS (MEMORANDA)</u>			
	19,541,619	19,055,501	14,032,961

Note:

IPO related assets / liabilities amounting to AED 20.1 billion, settled subsequent to quarter end, have been excluded from reporting in the balance sheet for quarter ended 31 March, 2006

MASHREQBANK PSC GROUP

CONSOLIDATED INCOME STATEMENT

	31/03/2006 (Unaudited) AED'000	31/03/2005 (Unaudited) AED'000
Interest income	641,640	432,457
Interest expense	(403,050)	(199,798)
Net interest income	238,590	232,659
Net commission income	75,067	61,026
Other income	338,200	295,515
Total Operating Income	651,857	589,200
General and administrative expenses	(219,917)	(179,719)
Allowances for loans & advances and other financial assets	(51,749)	(71,488)
Income before taxes and minority interest	380,191	337,993
Income taxes	(1,233)	(6,266)
Net Income for the period	378,958	331,727
Attributed to:		
Equity holders of the parent	342,200	272,421
Minority Interest	36,758	59,306
	378,958	331,727
EARNINGS PER SHARE	3.95	3.15

MASHREQBANK PSC GROUP

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
FOR THE THREE MONTHS ENDED MARCH 31, 2006

	Share Capital AED'000	Statutory and legal Reserve AED'000	General Reserve AED'000	Retained Earnings AED'000	Cumulative translation adjustment AED'000	Cumulative change in fair value AED'000	Attributable to equity holders of the parent	Minority Interest AED'000	Total AED'000
Balance at January 1, 2006	866,195	468,839	312,000	4,160,362	(16,005)	1,467,341	7,258,732	896,087	8,154,819
Changes in fair value of investments during the period	-	-	-	-	-	(525,185)	(525,185)	(159,524)	(684,709)
Net income for the period	-	-	-	342,200	-	-	342,200	36,758	378,958
Transfers to statutory and legal reserves	-	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	(35,441)	(35,441)
Bonus shares distributed during the period	-	-	-	-	-	-	-	-	-
Prior year expenses pertaining to Minority	-	-	-	-	-	-	-	(4,055)	(4,055)
Overseas entities' translation adjustment	-	-	-	-	724	-	724	-	724
Balance at March, 2006	866,195	468,839	312,000	4,502,562	(15,281)	942,156	7,076,471	733,825	7,810,296