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Mashreq Reports AED 1.9 Billion Net Profit in 2007

Focus on innovation; simplicity and transparency supports 21% growth

Dubai, United Arab Emirates, 10 February 2008 - Mashreqbank Group has released its annual financial results for the year 2007, declaring Net Profit of AED 1.9 Billion over the year – a 21 per cent increase on the net profit of 1.57 billion in 2006.

In a successful year total assets grew by 54.4%, reaching AED 87.6 billion in 2007 compared to AED 56.7 Billion the previous year. Loans and advances including Islamic financing went up by 29.3% from AED 28.7 Billion to AED 37.1 Billion while Customer deposits increased from AED 34.7 Billion to AED 48.3 Billion – a growth of 39.2%. The faster growth of deposits led to an improved advance to deposit ratio of 76.8% as compared to 82.7% in 2006.

Mashreq's CEO Abdul Aziz Al Ghurair said "Throughout the year in 2007 Mashreq continued to open the way for its customers – offering innovation; simplicity and transparency in all its areas of business. By following this strategy we have not only ended the year maintaining our competitive position in the UAE, we have also led the way in many areas of the banking world."

The robust growth in total assets contributed to a marked increase in Net Interest Income including Interest on trading debt securities, with this figure reaching AED 1.59 Billion – a growth of 42% over last year. Non-interest Income went up by 32.5% and crossed the AED 2 billion mark to reach AED 2.3 Billion as compared to AED 1.7 Billion last year. The Group Operating Income, from AED 2.83 Billion in 2006, reached an all time high of AED 3.85 billion, a rise of 36.2%. Our Insurance subsidiary, Oman Insurance Company had a particularly good year and contributed handsomely to the Operating Income growth of the group.

Total operating expenses increased 36.7% from AED 1 Billion in 2006 to AED 1.4.Billion in 2007 maintaining the Efficiency ratio of the group at 36.6% against 36.5% in 2006. Earning per share improved from AED 13.95 in 2006 to AED 16.88 in 2007.

Overall 2007 was a successful year for Mashreq across all its divisions. As part of ongoing commitment to both its customers and partners, Mashreq unveiled a new corporate image, representing a significant milestone in the bank's history. The new brand direction further enhanced the bank's relationship with its customers and partners.

In addition to firmly maintaining its position in the UAE – with 47 branches, 175 ATMs and 28 CCDMs – the company is establishing itself across the region. 2007 saw the launch of retail operations in Bahrain and continued growth in Qatar with four branches at year end. "In 2008 we plan to expand our network further. For example we are looking to open ten branches in the UAE over the next 12 months and eight in Cairo and Alexandria," commented Abdul Aziz Al Ghurair.

The banks asset management division – Makaseb – ended the year offering four mutual equity funds focused on MENA markets as well as a fixed income mutual fund. Global rating agency, Standard and Poor's, assigned 'AA' and 'A' quality to three of its funds - the only funds managed by a UAE Bank to be assigned such a rating. In addition the Makaseb Emirates Opportunities Fund (MEOF) was recently rated the leading UAE equity fund on the mutual funds monitor in terms of year to date returns (YTD) by ABQ Zawya.

Mashreq Securities, the group's equity brokerage arm, increased its ranking in the UAE. It focused on providing higher quality customer service through market segmentation and relationship management introducing Web Based Trading with nearly 25% of customers using online trading for their transactions.

In corporate financing Mashreq successful closed the general syndication of a US$434 Million financing facility for Leighton Holding's acquisition of a stake of 45% in Al Habtoor Engineering. The transaction was structured and fully underwritten by Mashreq (in partnership with ADCB). In addition the company acted as lead receiving bank on the DP World IPO, the largest IPO in the region to date.

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