Mashreq reports impressive first half year results achieving Net Profit of AED 1.17 Billion

Total Assets up 33.2% from last year to reach AED 94 billion

Dubai, United Arab Emirates, 28th July 2008 - Mashreq Group, one of the UAE's leading financial institutions, announced impressive first half year results achieving profit of AED 1.17 billion a growth of 22.6%, as compared to AED 955.9 Million for the same period last year.

The second quarter of 2008 has seen Mashreq post a profit of 706.8 Million which is 38.4% higher than the same period last year. Total assets of the group reached AED 94 Billion, up 33.2% from AED 70.6 billion at end of June 2007. Customer deposits reached AED 52.6 billion, representing an increase of 17% over last year's deposits of AED 44.9 billion, whilst customer advances have grown by 57.7%, to AED 49.3 billion from AED 31.2 billion.

Mashreq's CEO Abdul Aziz Al Ghurair stated: "Our sustained performance reflects our on-going ability to cater to our customers in all areas of our business dealings. This is done by providing them with innovative individual banking solutions that continually evolve and match their growing demands. For Mashreq to remain at the forefront of Middle Eastern banking we will remain focused on opening access and opening opportunities for customers in all areas."

The growth in total assets contributed to a marked increase in net interest income, and income from Islamic products net of distribution to depositors at AED 895.7 million, compared to AED 536.8 million for the same period last year, registering a growth of 66.8%. Net Fee, Commission and other income also recorded an impressive growth of 44.4% over last year. However, investment income reduced from AED 497 million to AED 287million mainly due to the widening of credit spreads and poor liquidity in the global and regional markets.

Mashreq continues to invest in human resources, infrastructure development and technology. This has resulted in the expenses for the six months of 2008 being higher than same period last year by 32%.

Since the start of the year Mashreq opened seven new branches taking the total number of UAE outlets to 54. Badr Al Islami, the Islamic arm of Mashreq opened two Badr Business outlets located at Al Riqa and Park Place. By the end of 2008 Mashreq plans to open a total of 11 Badr Business centres to help cater to the growing demand for Islamic finance.

Adding to Mashreq's growing product portfolio the company launched the new Etisalat Mashreq credit card to provide customers free redeemable talk time. Customers can now shop anywhere using the card and are awarded 'more' points which are then redeemed for free Etisalat mobile talk time.

Mashreq was also named the 'Best Bank in the UAE' for the fourth time by the 'Euromoney Excellence Middle East' awards. The selection was based on key criteria such as; transaction volume, market share, customer service, competitive pricing and innovative technologies. Capital Intelligence, the international rating agency also raised the long-term and financial strength ratings to A+ from A. The increased rating is due to Mashreq's continued strong financial performance, solid asset quality, and good liquidity, which are the principal rating drivers supporting the upgrade.

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<u>About Mashreq</u>
Mashreq is the largest private bank in the UAE and also the second oldest. Founded in 1967 as Bank of Oman, the bank has played a pioneering role in the industry, particularly in retail banking. Among its many firsts it was the first to launch such products as travellers' cheques, credit cards and ATMs.

It is invariably among the highest performing banks in the region. Last year it recorded a Net Profit of over US$ 517 million from a Total Operating Income of $ 1.048 billion. At the end of last year its Total Assets stood at $23.9 billion

Mashreq has received numerous international awards, particularly for quality management. According to independent research it has more ISO certifications than any bank in the region by a wide margin.

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As a leading financial Institution in the UAE Mashreq aims to be world class in every facet of its business, including its social responsibility to the community it serves. Towards this goal the bank pays particular attention to recruiting, training, developing and retaining UAE National employees.

For further information, please contact:
Saad Hakim
PR Manager, Mashreq
Tel: +971 4 6083707/+971 50 8119923
Email: SaadHa@mashreqbank.com

Rania Helmy or Pooja Keswani
Gulf Hill & Knowlton
Tel: +971 4 334 4930
Rania.Helmy@hillandknowlton.com
Pooja.Keswani@hillandknowlton.com