

**Mashreq reports strong financial results achieving Net Profit of
AED 484 Million for First Quarter 2009**

Operating Income up 16.4% from last year to reach AED 1.22 Billion

Dubai, United Arab Emirates, 9 May, 2009 - Mashreq, one of UAE's leading financial institution, reported impressive financial results for the first quarter of 2009 achieving net profit of AED 484 million as against AED 465 million for the same period last year, representing a growth of 4%.

As part of strategic repositioning of Mashreq Assets / Liabilities in view of present global financial crisis, the total assets of the Group were brought down to AED 90.66 billion from AED 93.2 billion at end of 2008. Customer deposits reached AED 54.5 billion, an increase of 6% over last year-end of AED 51.5 billion, whilst customer advances have declined by marginal 2%, to AED 53.9 billion from AED 55 billion. This resulted in improved Advances to Customer Deposits ratio of 98.8% as against 106.9% at end of 2008.

H. E. Abdul Aziz Al Ghurair, CEO of Mashreq commented on the results: "The UAE banking sector remains resilient in the face of the international financial crises. Positive financial results, in addition to ongoing development of alliances both locally and regionally, reflect Mashreq's strength and soundness to maintain operations and accessible services even when the economic tide turns. Our main focus now is on our basic banking operation and further cementing our relationship with our clients and partners".

In spite of decline in advances, Mashreq maintained the overall spread and Net Interest Income went up from AED 493 million for same period last year by 18% to AED 582 million for the first quarter of 2009. Non Interest Income (fee, commission, investments and other income) showed increase of 15 % to AED 645 million opposed to AED 561 Million for the first quarter of last year. Operating Income reached AED 1.22 billion during the current quarter as against AED 1.05 billion for the same

period last year, attaining impressive increase of 16.4%. Our efforts in strategic diversification of revenue streams proved more than satisfactory achieving Other Income to Gross Income ratio of 53%. In view of the current economic situation, Mashreq has increased its loan loss reserves enhancing the charge for the quarter to AED 232 million. With this the Provisions held for impaired specific Advances along with General Provision for Performing Advances reached AED 1.28 Billion providing 264% coverage to Non-Performing portfolio.

As part of the bank's long term strategy, Mashreq continues to invest in human resources, infrastructure development and technology. This has resulted in the expenses for the three months of 2009 being 12% higher than last year. Nevertheless, Operating Expenses to Income ratio was satisfactory 39% as against 41% for the same period last year.

Continuing efforts to provide its accessible banking services abroad, Mashreq finalized the official launch of its retail operations at its new head office in Cairo with a capital of \$100 million. Additional plans to open four Mashreq Gold centers for the remainder of 2009 are also in the works.

Badr Al-Islami, the Islamic Banking Division of Mashreq, won the 'Sukuk Deal of the Year 2008' award from the prestigious Islamic Finance News Awards, for being the Joint Lead Manager and Bookrunner in the AED 1.1 Billion Tamweel Sukuk. This year, Badr also announced its alliance with Ras Al Khaimah Investment Authority (RAKIA), to be the official Trust Account Manager for all developers of RAKIA owned Real Estate Projects in the emirate of Ras Al Khaimah.

Mashreq also partnered with PayMate, India's leading mobile commerce company to launch mobile payments in the UAE. The scope of offerings includes paying for over-the-counter shopping, utility bills, and online purchases via the mobile as well as mobile applications enabling purchase of movie and flight tickets. This first-of-its-kind mobile payment service in the UAE is available for 3.5 million credit card users as well as Mashreq's account holders.

Concurrently, Mashreq capital and investment groups continue to be a strong player among the regional bond market and Islamic sukuk, recently being one of the ten savings banks working alongside Qatar National Bank as part of the Vodafone Qatar IPO.

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