

Mashreq registers net income of AED 1.12 billion for nine months to 30th September 2009

Nine month operating income AED 3.9 billion

Healthy growth in deposits

Dubai – UAE, 30th October 2009: Mashreq, one of the UAE's leading financial institutions, reported a 20% year on year increase in operating income for the first nine months of 2009 to AED 3.9bn. Net income for the nine months to 30 September 2009 is recorded as AED 1.12bn in response to higher provisions on loans and other financial assets.

Mashreq's growth in operating income is largely attributed to the growth in fee, commission, and other non-interest income which has grown year on year by 37%. Net, Interest income and income from Islamic financing and investment products have recorded a collective growth of 1% year on year.

Net income for the nine months to 30th September 2009 at AED 1.12 bn has declined 26% year on year in response to prudent financial management which has seen the bank increase its provisions for loans, advances, and other financial assets to AED 1.4bn. Mashreq's earnings per share stand at AED6.95, a 26% reduction year on year.

Mashreq has a strong asset base with total assets standing at AED 99.9bn, an increase of 7% as compared to 31st December 2008, largely attributed to a significantly stronger cash position.

At an operational level, Mashreq has experienced a healthy growth in deposits, with the value at 30th September 2009 standing at AED 61bn, an increase of 19% against 31st December 2008 position. During the same period, loans and advances including Islamic financing reduced by 9.5% enabling the bank to achieve a very comfortable advances to deposit ratio of 82%. At a business level, this is reflective of Mashreq's strategy to keep this ratio at a prudent level under current market uncertainties. Consequently, Mashreq operates a highly liquid balance sheet with cash and balances

with Central Bank standing at AED 20bn, a 218% increase compared to 31st December 2008.

In addition to this strong financial position, Mashreq's cost management efforts have resulted for a year on year 1% reduction in operating expenses to AED 1.3b. Resultantly the Bank's expenses to income ratio improved to a healthy 34%.

As part of its strategy, Mashreq has focused efforts on ensuring that it is well capitalized with a total capital adequacy ratio of 21% and Tier-1 Capital ratio at 15%. In the current market environment, this solid capitalization adds strength to the bank's operations.

Commenting on Mashreq's financial performance for the nine months to 30th September 2009, Abdul-Aziz Al-Ghurair, CEO of Mashreq said:

"As we move through 2009 to our full year results in December, Mashreq continues to be a very profitable financial institution and a key part of the UAE banking landscape.

"Whilst net profits are below those recorded for the equivalent period last year, this is largely due to our ongoing policy of prudent financial management which has seen us increase our provisions for loans, advances and other financial assets. At an operating level our income has increased, reflective of the products that we offer suiting the needs for our customers.

"We remain a well capitalized, highly liquid and profitable institution, and are well positioned to continue with our strategic growth plans as the economy develops over the coming months."

Mashreq continues to build on its strength and presence throughout the UAE, having recently unveiled 4 new branches throughout Abu Dhabi and Al Ain, as part of its expansion plans in the Capital, bringing the total number of branches in the UAE to 62. It also entered into strategic partnerships with leading developers in Abu Dhabi such as Aldar, TDIC & Sorouh, to increase access to home financing for customers wishing to invest in Abu Dhabi real estate.

In order to increase convenience for retail customers, Mashreq successfully installed 11 ATMs in nine stations of phase I of the much anticipated Dubai Metro, the first national bank to do so. At a product level, the Bank recently launched the Grand Entertainment Card and the Mashreq Business Platinum Debit card for Small and Medium Enterprises (SME), the first of their kind in the UAE.

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About Mashreq:

Mashreq is one of the largest banks in the UAE and 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 travelers' cheques, credit cards and ATMs.

Mashreq has received numerous international awards such as the 'Best Bank in the UAE in 2008' from Euro money and various awards particularly for quality management. According to independent research it has more ISO certifications than any bank in the region by a wide margin. It's most recent acknowledgement was Best Consumer Internet Bank in Qatar and Best Consumer Internet Bank regionally by Global Finance Awards 2009.

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.

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