

Mashreq reports 22% increase in net profit for the 1st half of 2011

- ***Net profit increased to AED 551.6 million***
- ***Operating income reports AED 2.2 billion***
- ***Liquid Assets increased to 37%***
- ***29% decrease in provisions for bad loans***
- ***Capital Adequacy ratio 22.59%***

Dubai – UAE, 26th July 2011: Mashreq, one of the UAE's leading financial institutions reported a 22% increase in its net profit for the first half of 2011 to AED 551.6 million compared to AED 453 million for the same period in 2010, on operating income AED 2.2 billion.

Mashreq's continuous efforts on strategic repositioning of its balance sheet led to the decline in provisions for loan losses by 29% to AED 637 million. The efficiency ratio remained healthy at 42%.

In its 1st half year results, Mashreq's total assets reported AED 85 billion compared to AED 84.8 billion as at 31st Dec. 2010. Percentage of Liquid assets increased to 37% with Cash and due from banks at AED 31 billion. Total customer deposits including Islamic deposits stood at AED 52 billion, reporting an increase compared to AED 51.2 billion at the end of 2010.

H.E. Abdul Aziz Al Ghurair, CEO of Mashreq commented on the financial results, "Mashreq has delivered a robust performance during the first six months of the year. This highlights our strategy and commitment towards the banking industry in the UAE and the region."

Al Ghurair added, "We continue to invest in people, technology, and upgrading of our products and services to seize opportunities as various markets witnessed slow but steady recovery."

Net interest income and income from Islamic products, net of distribution to depositors decreased by 11.6% to AED 1.035 billion. Net fee commission and other income decreased by 12% reporting AED 556 million, against AED 633 million for the same period last year. However, fee and other income to gross income ratio at 52% is one of the best in its class.

Maintaining a cautious approach towards liquidity management, credit expansion and capital management, Mashreq strengthened its balance sheet with strong capital adequacy, high liquidity and low advances to deposits ratio. The capital adequacy ratio remained strong at 22.59% with its tier one ratio at 15.92%. The advances to deposit ratio is healthy at 73%.

Operational updates:

At a **Retail level**, during half yearly performance, Mashreq continued to strategically expand in the UAE, with the opening of its 54th branch, located in Umm Suqeim area, which includes a Mashreq Gold centre.

Mashreq also launched the first Student Banking Centre (Electronic Banking Unit) at Dubai International Academic City (DIAC), serving 27 universities and academic institutions.

Mashreq recently launched a revolutionary new banking programme called 'Salaam by Mashreq'. The programme offers compelling reasons for customers to consolidate their banking arrangements. Salaam offers world-class financial and lifestyle benefits through Salaam Mosaic – a revolutionary financial tool and Salaam Rewards – the most personalized rewards programme in the world.

Furthermore, Mashreq signed an agreement with Higher Colleges of Technology (HCT) to become one of the founding members of the HCT Foundation's *HCT 100* corporate group. In line with its Emiratisation strategy, Mashreq announced the recruitment of the second group of UAE Nationals from the Capital, Abu Dhabi. The group consists of aspiring UAE Nationals with strong academic performance from the Higher Colleges of Technology and Zayed University.

Mashreq continues to strengthen its online banking with the upgrade of its enhanced Online Banking System, which has additional security enabled, this upgraded system will equip customers with additional banking functionality, improved security measures and financial freedom.

On the International arena, earlier this year, Mashreq announced the opening of its representative offices in Nepal.

Additionally, Mashreq signed an exclusive agreement with Bank of China to establish a 'China Desk' in the UAE. The first of its kind exclusive agreement demonstrates Mashreq's long-term plans with Bank of China and the strong presence of both institutions.

From a **corporate** perspective, Mashreq anchored along with partner banks successfully closed a syndicated term loan for Sri Lanka's largest bank, Bank of Ceylon (BOC) for USD 175 Million facility.

Moreover, Mashreq successfully led USD 403 million syndicated facility for the engineering, construction and procurement works of the Borouge 3 expansion project, which was awarded to the Tecnimont S.p.A - Samsung Engineering joint venture.

Awards:

Lately, His Excellency Abdul Aziz Al Ghurair was the recipient of two prestigious awards for his achievements and his continuous contributions to the banking & finance industry. Al Ghurair received the Outstanding Contribution to the Industry Award from The Banker Middle East Industry awards 2011, as well as The Arab Banker of the year for the private sector award 2010-2011 from The Union of Arab Banks (UAB) in Rome - Italy.

The first half of the year witnessed Mashreq winning awards recognizing its ongoing efforts to offer innovative and convenience products and services. The latest accolades include Best Call Centre of the year award - strategically aligned category from Middle East Call Centre awards 2011 organized by INSIGHTS and the Best

Islamic Window from The Banker Middle East Industry Awards 2011 for Mashreq Al Islami.

Moreover, the bank was awarded the ISO 9001:2008 Certification by the British Standards Institute (BSI) for its Operations Group.

Mashreq's funds recorded outstanding performance amidst tough market conditions by winning top three awards at the MENA Fund Manager 2011 Performance Awards organized by MENA Fund Manager Magazine. The 'The Newcomer Fund of the year' Award was given to Mashreq Al Islami income Fund, for having the highest risk adjusted returns. The Fixed Income Fund of the Year' award was given to the Makaseb Income Fund. The UAE Asset Manager of the Year' was given to Mashreq Capital.

Makaseb Emirates Opportunities Fund (MEOF) won the prestigious Lipper Fund Award 2011 for the best equity fund over 3 years and 5 years under Equity, UAE category.

Lastly, Mashreq was recognized with two awards by the Banker Middle East Product Awards, the "Best Current Account" and the "Best Retail Banking Promotion" for the Etisalat Credit Card campaign.

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About Mashreq:

Mashreq is one of the UAE's leading National Financial institutions. 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.

For further information, please contact:

Samir Hammad

Regional PR Manager, Mashreq
Tel: 04 -6083701 / Mob. 055-8832021
Email: SamirH@mashreqbank.com

Huda Ismail

Asst. PR Manager, Mashreq
Tel: 04 - 6083629
Email: HudaI@mashreqbank.com

Faten Abdullah

Gulf Hill & Knowlton
Tel: 04 334 4930
Email: Faten.abdullah@hillandknowlton.com