Mashreq reports a strong 2012, net profit up by 60%

- ***Net profit records an increase of AED 492 million to reach AED1.3 Billion***
- ***Operating Income reaches AED4.1 billion***
- ***Provisions decrease by 31%***
- ***Loans and advances increase by 10% to AED41.4 billion***
- ***Investment Income jumps 131.6%***
- ***Capital Adequacy ratio at 19.3%***
- ***Proposed dividend of 38% (subject to approval)***

Dubai; UAE, 3rd February 2013: Mashreq, one of the UAE's leading financial institutions, has reported a net profit of AED1.3 billion for the year ended 31st December 2012, constituting a 60 per cent increase on the previous year.

The bank's Total Operating Income for 2012 was AED4.1 billion, representing a 5.5 per cent increase relative to 2011, while Q4 2012 Operating Income increased by 10.1 per cent on a QoQ basis to reach AED 1.1 billion; As compared to Q4 2011, Operating income grew by 29.4 per cent. The annual increase is on the back of fee income and investment income.

Net fee and commission income recorded a growth of 20.8 per cent as compared to 2011 while Investment Income for 2012 climbed by 131.6 per cent. Mashreq's best-in-class Net Fee, Commission and Other Income to Operating Income ratio further improved from 49.8 per cent in 2011 to a high of 53.4 per cent in 2012.

General and Administrative expenses for 2012 increased by 3.4% over the previous year to reach AED 1.9 billion.

Earnings per share increased from AED4.85 in 2011 to AED7.76 in 2012.

The board has proposed a cash dividend of 38% subject to Central Bank and shareholder approval.

H.E. Abdul-Aziz Al Ghurair, Chief Executive Officer of Mashreq commented on the year-end results: "2012 has been a watershed year, both for the UAE economy at large and the Bank. Mashreq has made an impressive showing on all the essential performance parameters - Operating Income, Net Profit and in the reduction of provisions. I believe that the UAE Banking industry is poised for a strong comeback from the rough patch that it passed through in the recent past. The recovery of the banking sector bodes well for the overall Economy and will restore the Nation to the growth path that it has been pursuing."

Al Ghurair added: "The Mashreq results in 2012 once again demonstrate the tremendous success achieved by our long term strategy of commitment to customer centricity and staying at the leading edge of banking innovation. The very satisfying results also reflect the indomitable spirit of our people and the very capable leadership that we have in place."

Mashreq's Total Assets witnessed a moderate decline of 3.6 per cent, reaching AED76.4 billion compared to AED79.2 billion at the end of 2011. Liquid Assets to Total Assets stood at 27 per cent at the end of 2012, with Cash and Due from Banks at AED20.9 billion.

Loans & Advances grew by 9.9 per cent in 2012 to reach AED41.4 billion at year end, compared to AED37.7 billion at the end of 2011.

During 2012, the bank grew its deposit base leading to a 4.5 per cent increase in customer deposits compared to 2011, reaching AED47.5 billion. A higher growth in loans versus deposits led to an optimum level of Loan-to-Deposit ratio of 87 per cent in December 2012, and Loan-to-Total Asset ratio improved from 48 per cent to 54 per cent.

Mashreq's Provisions for Loans & Advances decreased by 31 per cent as compared to 2011 and stood at AED826 million at the end of 2012. The bank's efficiency ratio improved during 2012 to reach 45.4 per cent by the end of the year.

The bank's Capital Adequacy stands at a healthy 19.3 per cent in 2012, while Tier 1 capital ratio improved to reach 17.2 per cent at year end.

2012 Operational Updates:

At a Corporate level, Mashreq became the first UAE bank to launch Renminbi (RMB) account services. This will facilitate commercial contracts to be agreed in RMB, allowing Chinese suppliers to invoice and receive settlement from UAE buyers in the local currency RMB, which enables them to avoid foreign exchange risks and costs.

Mashreq Al Islami, Islamic Banking Division of Mashreq was the Mandated Lead Arranger and coordination bank for the Emicool successful signing conclusion of AED 793 Million for a 10years refinancing structured term loan. In addition, Mashreq was also the security and Facility Agent.

The bank participated in the consortium of bank to announce the successful closing of a AED 4 Billion Syndicated Contractor financing facility with TAV, CCC & Arabtec JV for the Construction of Midfield Terminal Building at Abu Dhabi Airport. This is the largest single contract awarded in the GCC during the first half of 2012. Mashreq coordinated the deal and was one of the joint mandated lead arrangers and co-led the financing.

On an international level, Mashreq was part of Standard Bank closure of its debuted syndicated loan issue of US$175 Million. The bank was the Mandated Lead Arranger and sole Bookrunner of the financing. Standard Bank Group is Africa's largest banking group.

Mashreq was part of an arranged structured facility of $175 Million for the state owned carrier Sri Lankan Airlines. The facility was structured as per Islamic Sharia'a principles and was subscribed both in US$ and AED.

During 2012, Mashreq continued to launch distinctive products and services demonstrating its leading position in the industry. The Bank offered the UAE's first of its kind Instant Banking Services with 'Mashreq Go' allowing customers to walk into branches and get a financial product in just 30 minutes. Continuing the success of Mashreq Majestic bundle, the Bank launched Majestic II bundled Personal Loan with a free iPad Mini.

Mashreq announced for the first time in the UAE, a tailor-made proposition for Non-Resident Egyptians. Non-Resident Egyptians can now carry out their banking requirements without having to travel to Egypt. Mashreq's Salaam Rewards Program recently announced instant redemption at over 1000 partner outlets in more than 100 of the biggest and well-known brands across the UAE.

In line with its Emiratisation strategy to provide career placements for UAE National staff, Mashreq announced a 100% nationalization of Branch Managers across its branch network. Fulfilling its commitment, Mashreq introduced another UAE's first, as the only bank to offer a Cash Back card on school fees expenditure. SmartSaver Titanium Credit Card will offer 10% cash back both local and international school fees. Demonstrating its commitment to offer ground-breaking banking services, the bank launched 'Mashreq Al Emirati' - its first ever unique proposition exclusively designed for UAE Nationals.

Mashreq's brokerage arm, Mashreq Securities announced the launch of Trade Net X, a new trading platform for customers. The newly launched trading platform, offers different categories of client access to robust trading platforms, making Mashreq Securities one of the few firms in the industry to offer this service.

Awards:

The bank received a series of accolades during 2012, underscoring the launch of several successful products and services. Mashreq's Islamic Banking Division, Mashreq Al Islami was awarded the **Best Islamic Fund Award**. From a retail level, the Bank received the '**Best Regional Consumer Internet Bank for Online Deposit, Credit and Investment Product offerings'** by "Global Finance Best Internet Bank Awards". The recognition comes as part of the magazine's World's Best Internet Bank" placing Mashreq among top international banks for its advanced online capabilities. Banker ME Industry Awards 2012 recognized Mashreq's retail operations with **Best Regional Retail Bank Award**. The Bank was a proud recipient of the **Silver Medal in the category of Best Contact Center (in house)** at the EMEA Region at the Contact Centre World Awards in London.

Furthermore, Mashreq was recognized at the TFR Excellence Awards 2012 from London-based Trade & Forfaiting Review (TFR) Magazine receiving the Bronze award in the category of **"Best Trade Bank in the Middle East",** the only Arab Bank in the Top 3. Rewarding its excellent performance, Mashreq Al Islami Income Fund received a **Silver fund grading from S&P Capital IQ** as the first Islamic fixed-income fund in the MENA region.

For the second year in a row, Mashreq received **Dubai Chamber CSR Label** for its efforts in Corporate Social Responsibility & sustainability. CSR Label program is designed to award organizations and institutions that are socially responsible in the communities they operate in.

Moreover, **Dubai Human Development Appreciation Award 2012** was awarded to Mashreq, as the only bank to receive this recognition in the financial services sector this year. This award is a testimonial to the bank's continuous support of the Emiratisation cause, through talent creation, development and offering continuous career growth opportunities.

The bank's flagship sukuk fund Mashreq Al Islami Income Fund was awarded **"Fixed Income Fund of 2012"** by the *MENA Fund Manager* magazine for the second consecutive year. The awards also included announcing the Head of Asset Management at Mashreq as the recipient of the "**Outstanding Achievement by an individual"** award for his contribution to the regional asset management industry over the last twelve months.

Mashreq also won the **"Best Branch Design"** and **"Best Islamic Investment Fund"** for the Mashreq Al Islami Income Fund at the prestigious of *Banker Middle East* magazine's Product Awards 2012.

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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. Its 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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