Mashreq posts 40% increase in Net Profit in the 1st half of 2013

- ***Net Profit increased to AED 828 million***
- ***Operating Income up 19% to AED2.3 billion***
- ***Net fee and commission income up 20% to AED682 million***
- ***Loans and advances increase by 15% to AED47.4 billion***
- ***Liquid Assets stand at 22%***
- ***Capital Adequacy at 18.5%***

Dubai, UAE; 25th July 2013: Mashreq, one of the UAE's leading financial institutions, has reported a 40% increase in Net Profit for the first half of 2013, climbing to AED828 million as compared to AED591 million in the first half of June 2012.

The bank's Total Operating Income for the period grew to AED2.3 billion as compared to AED1.9 billion a year earlier, an increase of 19.1%, driven by both Net Interest Income and Net fee and commission income

The bank's Net Interest Income in first half ending June 2013 was up by 14.8% as compared to last year. On a quarter to quarter basis, the Net Interest Income increased by 14.4% to reach AED556 million in Q2 2013.

Mashreq's best-in-class Net Fee, Commission and Other Income to operating income ratio remained high at 53.8% led by 19.6% growth in Net Fee and Commission Income and a 45.2% growth in Other Income.

General and Administrative expenses for the first half of 2013 increased by 11.2% to reach AED1.0 billion.

Earnings per share strengthened to AED4.90 in the first half of 2013 as compared to AED3.50 in June 2012.

Commenting on the financial results, His Excellency AbdulAziz Al Ghurair, CEO of Mashreq said, "The UAE economy has clearly stabilized and this is reflected in the strong results reported for the first half by the top banks in the country. Our robust bottom line growth of 40% was powered by a strong top line growth, perhaps the best indication of the rest of the year's performance. We are pleased that the half yearly results are built on a solid performance by all parts of our bank- Corporate, Retail and the International divisions have performed exceptionally. After the deleveraging of the past two three years, we are also pleased to report that our advances have grown handsomely."

Al Ghurair continued, "And finally and most importantly Mashreq has re-established its historical innovation credentials with a host of innovations that not only create customer delight but also have been recognized by the industry: Banker Middle East has named Mashreq as being the Best in Banking Innovation in the Region."

In its half yearly results statement, Mashreq reported a 6.3% increase in Total Assets reaching AED81.2 billion as compared to AED76.4 billion at the end of December 2012. Liquid Assets to Total Assets stood at 22% with Cash and Due from Banks at AED18.1 billion on 30 June 2013.

Loans and Advances grew by 14.6% during the first six months of 2013 to reach AED47.4 billion as compared to AED41.4 billion at the end of December 2012. Customer Deposits increased by 7.4% during the same period and stood at AED51.0 billion as of 30 June 2013.

The Bank's Loan-to-Deposit ratio increased to 93% in June 2013 from 87% in December 2012. The bank's Loan-to-Total Assets Ratio also grew from 54% to 58% during the same period.

Mashreq's Provisions for Loans & Advances, for the first 6 months, stood at AED384 million, and Total Provisions for Loans and advances reached AED 2.68 billion, constituting 82.8% coverage for Non Performing Loans as on June 30, 2013. The Bank's Efficiency Ratio improved by 3.2% on a year-on-year basis to reach 44.6% in the first half of 2013.

Mashreq’s capital adequacy ratio and tier 1 capital ratio continue to be significantly higher than the regulatory limit and stood at 18.5% and 16.6% respectively, at the end of June 2013.

Continuous innovations:

During the first half of the year, Mashreq has implemented and launched various products and services. Continuing to lead the innovation space in the financial industry and delivering revolutionary banking solutions, the Bank recently launched a UAE’s first of its kind initiative ‘E Cube Retail Concept in Dubai Internet City Branch.

The Corporate Banking Group recently enhanced its technological platforms to improve the range of value-added solutions in the transaction services and investment services. A separate specialized team was set up to focus around the Government and related entities and support the various initiatives of UAE in line with the vision for sustained growth.

While continuing to provide a high level of service in this traditional mainstay, Mashreq’s Corporate Banking has consistently increased the proportion of the higher value-added, fee-based and treasury products it provides to deliver higher levels of capital efficiency.

Reflecting its commitment towards the SME segment, Mashreq launched a Platinum Business MasterCard Credit Card. The card is designed to offer payment convenience to SME customers whereby owners, proprietors and authorized signatories can get the primary card and then extend the same benefits to their employees by giving supplementary cards.

Mashreq's conventional regional bond fund Makaseb Income Fund announced the payment of 4% cash dividend for 2012 to its investors. The fund returned circa 20% in 2012 vs. the benchmark return of 12.0% and outperformed all its peer funds.

From a Retail perspective, Mashreq UAE's Best Dining Program 'Mashreq Flavours' included more partners to reach 650 restaurants across the UAE and launched a mobile application specifically designed for the dining program. The Bank launched Mashreq SmartSaver MasterCard Titanium Credit Card, offering 5% cash back on utility bill payments and 5% cash back on education spend. Customers will earn 1.25% cash back on domestic retail purchases on the Card and 3.25% cash back on International retail spends.

Continuing its pioneering strategy to launch 'first of its kind' financial solutions, Mashreq launched 'Mashreq Max' a revolutionary banking experience that delivers the bank to the customers, elevating customer service to new heights. When a customer opens a Salary Transfer Account, a Samsung Tab with preloaded banking services will be delivered to him.

To offer further convenience to its customers, Mashreq launched the enhanced version of its Mobile Banking Service called 'Snapp'. Customers can access Mashreq Snapp using their MashreqOnline username and password. There is no requirement to register separately for Mobile Banking.

In line with its commitment towards customers, Mashreq signed a Memorandum of Understanding with Emirates Group. The partnership enables Emirates Group staff to use e-letter functionality when availing of retail financial products from Mashreq. Emirates Group staff can now apply for a salary transfer letter or salary certificate by applying through their HR online portal and a reference number will be generated for the same.

Mashreq starting offering Auto Financing with a 24 hours approval convenience with a gamut of benefits, such as free first-year Platinum Elite Credit Card, free Overdraft facility, free Current Account, competitive insurance rates and other benefits.

Business Banking upgraded its Small Business Loan, which is now available to companies with only 2 years of business vintage offering a loan size of up to 1.5 Million AED. Focusing on Islamic Banking, Mashreq Gold – the Premium Banking services now offers Sharia'h Compliant products and services.

In line with the country's goal of becoming the Islamic economic Capital under the supervision of Islamic-Compliant regulators, Mashreq Al Islami, the Islamic banking arm of Mashreq Group, recently launched a comprehensive suite of Islamic business solutions including Islamic business finance of up to AED1.5million, Islamic business current accounts offering a range of banking solutions on multiple business accounts, attractive and customized Takaful for life cover and savings plans, as well as Islamic treasury solutions.

Awards:

Mashreq was awarded by EMEA FINANCE the award for the "Best Debt House" in UAE for 2012. The Award caps a very successful year for Mashreq, having earlier ranked # 1 and #2 in Islamic and Conventional" book running league tables" in MENA and EMEA respectively by Bloomberg.

The Bank was a proud recipient of top 3 awards in the recently held Banker Middle East Industry Awards 2013. Mashreq received Best Banking

Innovation Award, Best Technology Implementation and Mashreq Al Islami was awarded Best Islamic Window 2013.

During the Smart Cards Awards Middle East 2013, Mashreq won over the independent panel of expert judges to walk away with two of the most coveted trophies of the evening 'Best Credit Card' and 'Best Debit Card' in the Middle East.

Banker Middle East Product Awards 2013 put Mashreq's Majestic Personal Loan first awarding the Bank with the UAE's Best Personal Loan.

Mashreq was recently awarded UAE's Best Retail Bank by Global Banking & Finance Review Awards 2013.

For the 3rd year running, Mashreq Asset Management won at the 2013 Mena Fund Manager awards. The Makaseb Arab Tigers Fund won the 'Equity Fund of the Year Award' in both the one year and three year performance categories and the Makaseb Income Fund won the 'Fixed Income Fund Award' for performance in the three year category.

-Ends-

About Mashreq:

Mashreq is one of the UAE's leading National Financial institutions 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 reflecting the bank's successful record, such as the Best Credit Card and Best Debit Card by Smart Card Awards Middle East 2013, Best Retail Bank UAE Award by Global Banking & Financial Review 2013, Best Debt House Award by EMEA Finance 2012, Best Regional Consumer Internet Bank for Online Deposit, Credit and Investment Product offerings' by Global Finance Best Internet Bank Awards 2012, Best Regional Retail Bank by The Banker ME Industry Awards 2012, Best Branch Design Award & Best Islamic Investment Fund Award for Mashreq Al Islami Income Fund from Banker Middle East Product Awards 2012, Dubai Human Development Appreciation Award 2012 for its efforts towards the Development of the Emiratisation initiative.

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 in. Towards this goal the bank pays particular attention to recruiting, training, developing and retaining UAE National employees.

For further information, please contact:

Huda Ismail
Public Relations, Mashreq
Tel: 04 –6083629
Email: HudaI@mashreq.com

Nssrin Khalil
Public Relations, Mashreq
Tel: 04 – 6083836
Email: NssrinK@mashreq.com