# Mashreq posts 34% increase in Net Profit for the first nine months of 2013

- ***Net Profit increased to AED 1.3 billion***
- ***Operating Income up 19% to AED 3.5 billion***
- ***Loans and advances increase by 18% to AED48.7 billion***
- ***Liquid Assets stand at 23%***
- ***Capital Adequacy steady at 18.2%***

**Dubai, UAE; 30th October 2013:** Mashreq, one of the UAE's leading financial institutions, has reported a 34% increase in its Net Profit for the first nine months of 2013, climbing to AED1.3 billion compared to AED970 million at the end of September 2012.

The bank's Total Operating Income for the period grew to AED3.5 billion, an increase of 19.2% compared to a year earlier, driven by both Net Interest Income and Net fee and commission income.

The bank's Net Interest Income at the end of September 2013 was up by 18.6% compared to a year earlier, driven by 17.7% year-on-year increase in loan volume and 40 bps improvement in net interest margin from 2.51% in September 2012 to 2.91% this year, which was predominantly led by change in balance sheet structure and composition of loans.

Mashreq's best-in-class Net Fee, Commission and Other Income to operating income ratio remained high at 52.3% led by a 22.8% growth in Net Fee and Commission Income and 36.0% growth in Other Income.

General and Administrative Expenses for the period increased by 10.6% compared to a year earlier to reach AED1.5 billion; However Mashreq's Efficiency Ratio improved by 3.3% on a year-on-year basis to reach 43.0 % at the end of September 2013.

Earnings per share strengthened to AED7.70 at the end of September this year compared to AED5.74 a year earlier.

Asset quality continued to improve as Non Performing Loans to Gross Loans ratio reduced from 9.4% in December 2012 to 6.4% at the end of September 2013. Mashreq's Provisions for Loans & Advances, for the nine months, stood at AED627 million, and Total Provisions for Loans and advances reached AED 2.90 billion, constituting 87.9% coverage for Non Performing Loans as on September 30, 2013.

Mashreq’s capital adequacy ratio and tier 1 capital ratio continue to be significantly higher than the regulatory limit and stood at 18.2% and 16.4% respectively, at the end of September 2013.

**Mashreq's CEO, H.E. AbdulAziz Al Ghurair, said:** “The results of the nine months are gratifying for more reasons than one. The strong underlying growth in our lending and deposits, the success of new product lines in delivering new revenues – like insurance and investment in our Retail Division , the extremely robust growth in the current account deposits in our Corporate Banking Division have all contributed handsomely to this year on year growth in revenues and the bottom line.”

**He continued,** “While the pace of economic growth in the UAE picks up, adding further momentum to our business, it is the collective effort of our people – lead by a highly engaged management team – that has produced this performance.”

In its third quarter results statement, Mashreq’s Total Assets increased by 8.7% to reach AED83.0 billion, compared to AED76.4 billion at the end of 2012. Liquid Assets to Total Assets stood at 23% with Cash and Due from Banks at AED19.1 billion at the end of the third quarter.

Loans and Advances grew by 17.7% during the first nine months to reach AED48.7 billion, compared to AED41.4 billion at the end of December 2012. Customer Deposits increased by 11.7% during the same period to stand at AED53.0 billion at the end of September 2013.

The Bank's Loan-to-Deposit ratio increased to 92% at the end of third quarter as compared to 87% in December 2012. The bank's Loan-to-Total Assets Ratio also grew from 54% to 59%.

**Continuous innovations:**

During the first nine months, 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. Just recently, the same concept was extended to Ibn Battuta branch with further plans to enroll it across all branch network. The E Cube Retail Branch concept is a truly disruptive innovation and is a first of its kind globally. The innovation differentiator comes not from just the comprehensive implementation of all the technologies, but in how content is delivered in an engaging experience and how consumers are intuitively interacting with technologies they have never seen before.

Mashreq's Corporate Banking mission has been to drive relationship banking through customer centricity, ensuring that it is the primary bank of corporate clients.

In 2013, the Corporate Investment Banking recognized Global Transaction Services (GTS) launched a fully integrated online portal – mashreqMATRIX. This is available to customers and provides a wide range of value-added services fulfilling their transactional banking requirements. It is the first such integrated GTS portal to be offered by any of the local banks in our region and marks yet another milestone in our journey towards innovative solutions for our corporate clients.

Mashreq continues to stay tuned to the needs of the market within the UAE and have geared its emphasis on providing innovative financial solutions towards growth in sectors such as real estate, emerging corporate, infrastructure projects, Government and Related Entities (GRE), as well as many others. Mashreq's specialized and established teams have been equipped to serve future planned market growth and aspirations.

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.

Continuing pioneering innovation led banking solutions, Mashreq announced the launch of 'Mashreq Payport', the region's first fully EMV Chip & PIN compliant mobile POS solution. For businesses that are dependent on cash to facilitate home deliveries or many other similar business segments, Mashreq Payport provides the ideal, convenient, secure and cost-effective solution. With Mashreq Payport, any standard smart phone can be converted into a full-fledged payment acceptance terminal, all that is needed is to download the Mashreq Payport app on the phone and insert the card in the accompanying device.

On another hand, the Bank re-launched the Mashreq Air Arabia Visa Platinum Credit Card, its co-branded card with Air Arabia, the region's first and largest low-cost airline. Through the unique *Air Arabia Dirham* program, the card provides the fastest route to earning and redeeming rewards; customers can earn *Dirhams* on card activation and for every purchase.

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 over 700 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. It's not just convenience. The MAX pack also includes a range of services and offers giving tremendous value to all users.

To offer further convenience to its customers, Mashreq upgraded 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. It is now available on the Windows 8 platform. Online banking customer registration grew 86%, while mobile banking customer registrations grew by 55% since the launch of the new mobile banking application 'Snapp' while 86% of the retail bank's financial transactions were carried out through electronic channels.

In line with its commitment to customers, Mashreq signed a Memorandum of Understanding with Emirates Group. The partnership enables Emirates Group staff to use e-letter functionality when availing 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 started 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. Mashreq recently also launched Self Employed Personal Loan (SEPL) to customers. SEPL is an installment loan product designed to cater to the resident UAE Self Employed Professional such as Doctors, Accountant, and Consultants etc. and Small Business Owners constituting of Sole Proprietorship, Partnership, Free Zone Establishment, Limited Liability companies etc. All loans will be availed in the personal name of the customer and can go up to AED 600,000.

Focusing on Islamic Banking, Mashreq Gold – the Premium Banking service now offers Sharia'h Compliant products and services. While Mashreq Al Islami launched a

Platinum Credit Card that balances tradition with modernity and offers customers unmatched benefits that are clear, easy to understand and above all, Sharia'h compliant. The new card will can be obtained instantly in 30mins across the Mashreq Go branches.

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 wins Banking & Finance Implementation of the year Award for 2013 by ACN Arab Technology Award.
- Mashreq wins Best Debt House" in UAE for 2012 by EMEA Finance Awards.
- Mashreq wins Best Banking Innovation at the Banker Middle East Industry Awards 2013.
- Mashreq wins Best Technology Innovation at Banker Middle East Industry Awards 2013.
- Mashreq wins Best Islamic Window at Banker Middle East Industry Awards 2013.
- Mashreq rated #1 in customer service by Gulf News
- Mashreq wins Best Personal Loan at Banker Middle East Industry Awards 2013.
- Mashreq named Best Retail Bank UAE by Global Banking & Finance Review 2013.
- Mashreq named Best Banking Group, UAE by World Finance Banking Awards 2013.
- Mashreq awarded Best Credit Card in the Middle East by Smart Cards Middle East Awards 2013.
- Mashreq awarded Best Debit Card in the Middle East by Smart Cards Middle East Awards 2013.

- Mashreq awarded CSR label by Dubai Chambers & Commerce Industry for the 3rd year in a row.
- Mashreq included in Super brands 2013 (UAE's strongest brands).
- Mashreq Asset Management's Makaseb Arab Tigers Fund won the 'Equity Fund of the Year Award' in both the one year and three year performance categories at the 2013 Mena Fund Manager awards.
- Mashreq Asser Management's Makaseb Income Fund won the 'Fixed Income Fund Award' for performance in the three year category the 2013 Mena Fund Manager awards.

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

**For further information, please contact:**

**Huda Ismail**
Manager - PR, CSR & Events
Mashreq
Tel: 04 – 6083826
Email: HudaI@mashreq.com

**Nssrin Khalil**
PR Manager
Mashreq
Tel: 04 – 6083836
Email: NssrinK@mashreq.com