Mashreq posts 35% increase in Net Profit in the first quarter of 2014

- ***Net Profit increases by 35% to AED 575 million***
- ***Operating Income up by 24% YoY to AED 1.4 billion***
- ***Net Interest Income up by 41% YoY***
- ***Cost efficiency improved by 6% YoY to 37.9%***
- ***Loans and advances increase by 6% to AED 53.3 billion***
- ***Liquid Assets stand at 26%***
- ***Capital Adequacy steady at 16.8%***

Dubai, UAE; 30th April 2014: Mashreq, one of the UAE's leading financial institutions, has announced strong first quarter results reporting 35% increase in its Net Profit in Q1 2014, climbing to AED 575 million compared to AED 425 million for the same period in 2013.

The bank's Total Operating Income for the period grew to AED 1.4 billion, an increase of 23.6% 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 March 2014 was up by 41.0% compared to a year earlier, driven by 5.6% year-on-year increase in loan volume and 45 bps improvement in net interest margin, 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 50.4% led by a 33.3% growth in Net Fee and Commission Income and 28.3% growth in Net Investment Income.

General and Administrative Expenses for the period increased by 7.7% compared to a year earlier to reach AED 524 million; However Mashreq's Efficiency Ratio improved by 5.6% on a year-on-year basis to reach 37.9% at the end of March 2014.

Earnings per share strengthened to AED 3.40 at the end of March this year compared to AED 2.52 a year earlier.

Asset quality continued to improve as Non Performing Loans to Gross Loans ratio reduced from 6.0% in December 2013 to 5.8% at the end of March 2014. Mashreq's Allowances for impairment, net, for Q1 2014, was AED 251 million, and Total Provisions for Loans and advances reached AED 3.3 billion, constituting 102% coverage for Non Performing Loans as on March 31, 2014.

Mashreq's capital adequacy ratio and tier 1 capital ratio continue to be higher than the regulatory limit and stood at 16.8% and 15.3% respectively, at the end of March 2014.

Mashreq's CEO, H.E. AbdulAziz Al Ghurair, said: "The first quarter results build confidence and are usually indicative of the year ahead. We have worked hard to make sure that our performance matches our aspirations and the Bank's true potential. So it gives me great satisfaction to announce that we have started off the year with an increase of 35% in Net Profits from the same period last year.
We see our growth narrative forging ahead in 2014, building as it does on a combination of employee engagement, product innovation and a very high level of technical knowledge and ability of our people."

He continued: "As a banking leader in the Middle East, we are well positioned to take advantage of the growth opportunities that the Region is expected to witness in the coming years. As a customer centric organization, we recognize that our customers increasingly want to partner with a financial services provider that strives to make their financial life easier and all our energies are focused on creating innovative banking services and products that do exactly that."

Mashreq's Total Assets increased by 4.9% to reach AED 94.1 billion in March 2014, compared to AED 89.7 billion at the end of 2013. Liquid Assets to Total Assets stood at 26% with Cash and Due from Banks at AED 24.3 billion at the end of the first quarter.

Loans and Advances grew by 5.6% during the first quarter of 2014 to reach AED 53.3 billion, compared to AED 50.4 billion at the end of December 2013. Customer Deposits increased by a similar percentage, during the same period, to stand at AED 61.9 billion at the end of March 2014.

The Bank's Loan-to-Deposit ratio remained stable at 86% at the end of March 2014, the same as in December 2013. The bank's Loan-to-Total Assets Ratio improved slightly from 56% to 57%.

Operational update:

During the first quarter of the year, Mashreq launched its new corporate identity 'We Make Possible', which reinforces its customer centricity approach. Mashreq has taken the responsibility to uplift customer satisfaction in the Banking industry. The Bank continues to reinforce its brand power by officially taking over four decades of banking excellence to the next level and launching a major campaign publicly pledging to embody the very spirit of the UAE and make the seemingly impossible become possible for its customers.

The Bank was a proud recipient of the Gallup Great Workplace Award 2014, the first and only financial institution in the Region to receive such a prestigious international recognition. The annual award recognizes the best-performing workforces in the world, and Mashreq was chosen as one of a group of 36 elite institutions for its ability to create an engaged workplace culture. Mashreq demonstrated Engagement Excellence through having one the most productive and engaged workforces in the world.

The *Retail Banking Group* started the year with a set of innovative banking solutions, continuing the technology fulfillment across banking solutions and services. Mashreq kicked off the 2014 FIFA World Cup Brazil™ action with the launch of the "Limited Edition FIFA World Cup™ Mashreq Visa Card". Football fans will now be able to carry the only FIFA World Cup™ Visa card in the UAE, with the official Trophy design, in their wallets. The Limited Edition FIFA World Cup™ Mashreq Visa Card comes powered by 'Salaam Goals' – a new reward program by Mashreq.

Continuing its innovation stride and complementing the Bank's many technology-led achievements, Mashreq pioneered another UAE first with the launch of Tap n Go. This is the country's first NFC *(Near Field Communication)* Sticker solution and is set to redefine the world of mobile payments. The Tap n Go Sticker makes low-value purchases exceedingly simple by converting any mobile phone of any generation into a credit card that can then be used to make contactless payments at thousands of retail outlets in the UAE and abroad. The newly launched Tap n Go is already accepted at over 4000 merchants and growing in the UAE. The Sticker is powered by the latest NFC technology that helps it to communicate wirelessly and securely with payment terminals, allowing transactions to be processed instantly. All purchases less than AED 100 require no signature.

The Bank also launched an innovative Current Account 'Sweep' designed, a best-in-class interest bearing transaction account, designed to automatically sweep idle money above a certain a threshold into an interest-paying deposit. Customers can withdraw funds anytime from any Mashreq branch, ATM, Mashreq Online & through mobile banking.

Reaching out to new employees coming to the UAE, Mashreq rolled out first of its kind service 'Mashreq Essentials – a new, easy and efficient way of banking which is offered to new recruits. The package includes new account details, a credit card, debit card and a banking guide, which is handed over to employees on their first day of joining their new employer in the UAE. New recruits can request for the welcome pack online from the comfort of their home country, prior to their arrival in the UAE.

From a partnership perspective, Mashreq collaborated with SALAMA – Islamic Arab Insurance Company to launch a unique savings plan, which comprehensively meets the ongoing multiple savings needs of individuals and families in the UAE and helps them plan for the future. The Sharia'h compliant savings plan, Idikhar Plus provides customized solutions based on Plan holders' life circumstances where they can decide how long they want to save, how much, how often, with what level of protection along with the flexibility to make changes to the plan as their life circumstances change. Plan holders are also given the option of saving in currency of their choice with a wide range of funds to choose from.

Continuing with innovative solutions, Mashreq partnered with emaratech to launch an e-wallet, noqodi, a first of its kind payment gateway. Customers will be able to top-up their noqodi wallet instantly via MashreqOnline and Mashreq's mobile banking app, Snapp. The e-wallet is a convenience and a fast way to pay for government services and other merchant services online.

Furthermore, the Bank revamped its mobile App 'Mashreq Flavors' which represents users with an entirely new design and user experience, while maintaining its popular, user friendly approach. The mobile application features over 700 casual and fine dining outlets for consumers to browse and choose from, in addition to a continually updated range of unique offers and promotions. The App has proven to be of success with 45% growth in its adoption rate since its launch.

With the aim to encourage customers to save, Mashreq launched the Step Up Saver, which is a capital guaranteed savings scheme that is designed for customers to get one of the best returns on a 18-months fixed deposit by accelerating the rate of interest to 4% in the 18^{th} month. This scheme is ideal for both salaried and self-employed individuals looking for better returns on a medium term savings and the interest in the Step-Up Saver is accrued daily and paid on maturity.

Moreover, the Bank launched a Non Salary Transfer Personal Loan (NSTL) with the opportunity to borrow either a conventional or Sharia'h Compliant lending without necessarily having to their salary to Mashreq. Customers can conveniently service their installments using UAE Direct Debit System without the need to provide post dated cheques as per past practice.

During the first quarter, the Bank's International Banking Group implemented a new Core banking system in Hong Kong, standardizing the platform across all FI Branches, which will assist in new product roll outs and improve operational capabilities and efficiency and transaction Electronic Robust Mandate System (TERMS) has been implemented in Qatar to facilitate online bill payments.

Awards:

- **Banker Middle East Product Awards**
  Best Call Centre

Best Corporate Account

Best Customer Service – Retail

Best Fixed Income Fund

Best Web/Mobile site

- **Gallup Great Workplace Award**
- **The Asian Banker (Excellence in Retail Financial Services**

International Awards

Best Improved Retail Bank in the Middle East

Best Mobile Phone Banking

Best Retail Banking Branch Innovation

- **MENA Fund Manager Awards 2014**

Best Equity Fund - Makaseb Arab Tigers Fund, for both the one year performance category and the three year performance category.

Best Fixed Income Fund award - Makaseb Income Fund won the in both the one year and three year Fixed income categories.

- **ENDS-**

<u>About Mashreq:</u>

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 Banking Group in UAE by World Finance, Best Banking Innovation, Best Islamic Window, Best Technology Implementation by Banker ME Industry Awards 2013, Best Loan House in UAE by EMEA Finance Middle East Banking Awards 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 & 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.

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

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