Mashreq posts 38% increase in Net Profit in 2013

- ***Net Profit increased to AED 1.8 billion***
- ***Operating Income up 18% to AED 4.8 billion***
- ***Loans and advances increase by 22% to AED 50.4 billion***
- ***Liquid Assets stand at 27%***
- ***Capital Adequacy steady at 18.2%***

Dubai, UAE; 26th January 2014: Mashreq, one of the UAE's leading financial institutions, has reported a 38% increase in its Net Profit in 2013, climbing to AED1.8 billion compared to AED1.3 billion at the end of December 2012.

The bank's Total Operating Income for the period grew to AED4.8 billion, an increase of 18.4% 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 December 2013 was up by 23.9% compared to a year earlier, driven by 21.8% year-on-year increase in loan volume and 39 bps improvement in net interest margin from 2.55% in December 2012 to 2.94% 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 51.3 % led by a 21.2% growth in Net Fee and Commission Income and 23.2% growth in Other Income.

General and Administrative Expenses for the period increased by 10.0% compared to a year earlier to reach AED2.0 billion; However Mashreq's Efficiency Ratio improved by 3.2% on a year-on-year basis to reach 42.2 % at the end of December 2013.

Earnings per share strengthened to AED10.68 at the end of December 2013 compared to AED7.76 a year earlier.

Asset quality continued to improve as Non Performing Loans to Gross Loans ratio reduced from 9.4% in December 2012 to 6.0% at the end of December 2013. Mashreq's Allowances for impairment, net, for 2013, was AED873 million, and Total Provisions for Loans and advances reached AED 3.10 billion, constituting 97% coverage for Non Performing Loans as on December 31, 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 December 2013.

Mashreq's CEO, H.E. AbdulAziz Al Ghurair, said, “Our annual financials reflect solid and sustainable growth. We are constantly innovating to give our customers what they need, and a 38% increase in net profits to AED 1.8 billion underscores this. More and more people, whether retail or corporate customers, recognize that Mashreq is the bank of choice for them, providing the financial tools to allow them to manage their finances on their own terms.”

He continued: “The banking industry as a whole has enjoyed a strong 2013 – which is good for the UAE. The banking industry is in a strong position and the performance of the banks can be used as a measure of wider economic performance, so a healthy banking industry is indicative of a healthy economy.”

Mashreq’s Total Assets increased by 17.4% to reach AED89.7 billion in 2013, compared to AED76.4 billion at the end of 2012. Liquid Assets to Total Assets stood at 27% with Cash and Due from Banks at AED23.8 billion at the end of the fourth quarter.

Loans and Advances grew by 21.8% during 2013 to reach AED50.4 billion, compared to AED41.4 billion at the end of December 2012. Customer Deposits increased by 23.5% during the same period to stand at AED58.6 billion at the end of December 2013.

The Bank's Loan-to-Deposit ratio remained stable at 86% at the end of 2013 as compared to 87% in December 2012.

Continuous innovations:

In 2013, 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 same concept was extended to Dubai Mall branch, 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.

During last year, 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.

The Bank led the OSN debut syndicated five-year financing facility for US$200 Million. Mashreq acted as the sole Mandated Lead Arranger, Bookrunner and Underwriter for OSN. The transaction received an overwhelming response from international and regional banks and was heavily oversubscribed. The participating banks include: Barclays Bank PLC, BNP Paribas Fortis SA/NV, Citibank N.A., HSBC Bank Middle East Ltd, and National Bank of Kuwait SAK.

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.

Customers can now look at paying anyone and anywhere using their cards using Mashreq's innovative Easy Cheque solution. The unprecedented product directly benefits credit card customers who can pay in any currency using their Mashreq cards, even at places where credit cards are not accepted. With the launch of Easy Cheque, Mashreq credit card customers can get a cheque straight out of their credit card account to make payments related to rental, property, education, investment or any other area where credit cards are not accepted.

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.

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.

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 2013 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 Asset Management's Makaseb Income Fund won the 'Fixed Income Fund Award' for performance in the three year category the 2013 Mena Fund Manager awards.
- Mashreq wins Most Innovative Bank UAE at International Finance Magazine Annual Financial Awards 2013.
- Mashreq Al Islami named Best Islamic Window at Banker ME Islamic Business & Finance Awards 2013.

-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 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.

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