Strong half year by Mashreq with 40% YoY increase in Net Profit

- ***Net Profit increased to AED 1.16 billion***
- ***Operating Income up by 26% YoY to AED 2.9 billion***
- ***Cost efficiency improved by 7% YoY to 37.2%***
- ***Loans and advances increase by 11% to AED 56.0 billion***
- ***Liquid Assets stand at 29%***
- ***Capital Adequacy steady at 16.1%***

Dubai, UAE; 23rd July 2014: Mashreq, one of the UAE's leading financial institutions, has reported a 40% increase in Net Profit for the first half of 2014, climbing to AED 1.16 billion as compared to AED 828 million in the first half of 2013. Continuing on the growth momentum witnessed in the first quarter of 2014, the Net Profit in the second quarter reached AED 585 million, an increase of 45% from last year.

The bank's Total Operating Income for the first half of 2014 grew to AED 2.9 billion, an increase of 26.4% 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 June 2014 was up by 38.1% compared to a year earlier, driven by 11.0% year-on-year increase in loan volume and 33 bps improvement in net interest margin from 2. 7% in June 2013 to 3.0% 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 49.5% led by a 25.7% growth in Net Fee and Commission Income and 30.4% growth in Net Investment Income over first half of last year.

General and Administrative Expenses for the period increased by 5.4% compared to a year earlier to reach AED 1.1 billion; However Mashreq's Efficiency Ratio improved by 7.4% on a year-on-year basis to reach 37.2% at the end of June 2014.

Earnings per share strengthened to AED 6.86 at the end of June this year compared to AED 4.90 a year earlier.

Asset quality continued to improve as Non Performing Loans to Gross Loans ratio reduced from 6.0% in December 2013 to 5.7% at the end of June 2014. Mashreq's Allowances for impairment, net, for H1 2014, was AED 556 million, and Total Provisions for Loans and advances reached AED 3.6 billion, constituting 105% coverage for Non Performing Loans as on June 30, 2014.

Mashreq's capital adequacy ratio and tier 1 capital ratio continue to be higher than the regulatory limit and stood at 16.1% and 14.7% respectively, at the end of June 2014.

Mashreq's CEO, H.E. AbdulAziz Al Ghurair, said: "Our first half results underscore the fact that the Bank is steaming ahead to a record year in a sustained manner, recording both top and bottom line growth because of equally strong performances from the corporate, retail and international divisions. This performance has been made possible by putting our long held philosophy of customer-centricity to work, allowing people to recognize that we are more than just a bank, we are a financial partner, providing them with the banking solutions they need for all aspects of their lives."

He continued, "Seeing how the UAE economy is picking up speed, we believe that this is the time when banks that will benefit the most will be those who are genuinely committed to putting their customers first and investing in the innovative platforms needed by the smart banking public in our market."

Mashreq's Total Assets increased by 15.9% to reach AED 103.9 billion in June 2014, compared to AED 89.7 billion at the end of 2013. Liquid Assets to Total Assets stood at 29% with Cash and Due from Banks at AED 30.5 billion at the end of the first six months.

Loans and Advances grew by 11.0% during the first half of 2014 to reach AED 56.0 billion, compared to AED 50.4 billion at the end of December 2013. Customer

Deposits increased by 20.7%, during the same period, to stand at AED 70.6 billion at the end of June 2014.

The Bank's Loan-to-Deposit and Loan-to-Total Assets Ratio stood at 79% and 54% respectively at the end of June 2014.

Operational update:

During the first half 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. 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.

Mashreq unveiled its new, super-premium card, the Mashreq Solitaire Credit Card aimed exclusively at the discerning, affluent customer. Solitaire is the epitome of luxury and unique in every way – from UAE's first and only genuine, certified diamond embedded plastic to a new and appealing vertical design that is singular in nature, just like the cardholder himself. The card offers a sparkling array of bespoke privileges and rarified experiences here in the UAE and across the globe. Solitaire cardholders get to enjoy a customized Rewards program, Salaam Carats, that offers significant value across local and international spend, backed by the first ever choice of redemption options across over fifty and growing luxury brands.

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 accepted at over 4000 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. Tap n Go is already merchants and growing in the UAE. All purchases less than AED 100 require no signature.

Another first, which was launched by Mashreq was the world's first online & international mobile top-up and bill payment service, another quick and hassle free payment facility for consumers. This new initiative allows customers to instantly top-up mobile credit to their family, friends and loved ones in 103 countries from Mashreq's dedicated online platform, MashreqOnline and Snapp mobile app.

Realizing its customer's aspirations, Mashreq launched a special account called 'DreamSaver' that encourages customers to save regularly in order to achieve a pre defined financial goal. Mashreq's 'DreamSaver' gives consumers a unique flexibility to select the 'dream' & choose the tenure & savings option to meet the stated objective. The best part of DreamSaver is the ability to save anytime and anywhere, as they will have the option to use online banking via MashreqOnline as well as Mashreq's mobile banking platform, Snapp and save on the go.

The first six months witnessed the launch of Mashreq Max2.0, one of the most technologically-advanced banking innovations. Not only do customers have the choice of receiving a Galaxy Tablet 3 or a Galaxy S5 phone, it comes pre-loaded with a vast range of banking services and lifestyle rewards – and even gets delivered to the doorstep .Mashreq Max2.0 marks a complete overhaul of the Mashreq Max device launched last year. It allows customers to get all the benefits of visiting the branch – but from the comfort of their home. The Mashreq Max2.0 includes state-of-the-art financial applications, such as Snapp Mobile Banking, Mashreq Store, lifestyle-enhancing apps Mashreq Flavours dining program, and Mashreq's Salaam Rewards program. It also comes with time-saving tools such as a loan calculator and the ability to set-up branch visit appointments. It also features the complete account package, including a debit card, credit card and cheque book, together with the option for a personal loan and revolving overdraft.

The Bank announced launch of Home Equity Release solution, which enables clients to use the additional value in their home to generate cash flows, which can be used for further investments to generate wealth. Home equity loans allow borrowers to use the equity in their home as collateral. This means that if a customer has a property which is fully paid up and not mortgaged, they can take advantage of the value in their home and cash out part of that value which can be further invested in real estate, the stock market or to finance a business venture.

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.

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.

During the first half, 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:

- First Bank in **UAE to achieve Conformance with IIA's Internal International Standards for the Professional Practice of Internal Auditing.**
- **Banker Middle East Industry Awards**

  Best Regional Retail Bank
- **International Finance Magazine**

  Best Mobile Banking in UAE

  Best Internet Banking in UAE

  Best Bill Presentment in UAE
- **Smart Card Awards 2014**

  Best Debit Card – Supplementary Debit Card
  Best mPayment Innovation – PayPort
- **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 in both the one year and three year Fixed income categories.

- **Insights -** Best Customer Retention Unit
- **Super brands 2014**
- **CSR Label – Dubai Chambers - 2014**

<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 Gallup Great Workplace Award 2014, Best Regional Retail Bank by Banker Middle East Industry Awards 2014, 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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