Strong nine months financial performance by Mashreq achieves 35% increase in Net Profit

- ***Net Profit increase to AED 1.76 billion up 35% YoY***
- ***Operating Income up 24% to AED 4.3 billion***
- ***Loans & advances grow by 14% vs Dec-2013 to AED 57.3 billion***
- ***Liquid Assets stand at 26%***
- ***Capital Adequacy steady at 16.4%***

Dubai, UAE; 27th October 2014: Mashreq, one of the UAE's leading financial institutions, has reported a 35% increase in its Net Profit for the first nine months of 2014, climbing to AED 1.76 billion compared to AED 1.30 billion at the end of September 2013.

The bank's Total Operating Income for the period grew to AED 4.3 billion, an increase of 24% 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 2014 was up by 33% compared to a year earlier, driven by 18% year-on-year increase in loan volume and 27 bps improvement in net interest margin from 2.91% in September 2013 to 3.18% this year, which was predominantly a function of a change in balance sheet structure.

Mashreq's best-in-class Net Fee, Commission and Other Income to operating income ratio remained high at 48.6% led by 18% growth in Net Fee and Commission Income and 38% growth in Investment Income as compared to September 2013.

General and Administrative Expenses for the period increased by 7% compared to a year earlier to reach AED 1.6 billion; however Mashreq's Efficiency Ratio improved from 43% in September 2013 to reach 37.3% at the end of September 2014.

Earnings per share strengthened to AED 10.39 at the end of September this year compared to AED 7.70 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 September 2014. Mashreq's Provisions for Loans & Advances, for the nine months, stood at AED 860 million, and Total Provisions for Loans & Advances reached AED 3.84 billion, constituting 110% coverage for Non Performing Loans as on September 30, 2014.

Mashreq's Capital Adequacy ratio and Tier 1 capital ratio continue to be significantly higher than the regulatory limit and stood at 16.4% and 14.9% respectively, at the end of September 2014.

Mashreq's CEO, H.E. AbdulAziz Al Ghurair, said: "The Bank continues to deliver exceptional results for the first nine months of the year with an increase of 35% in net profits. All the Bank's businesses are doing exceptionally well, with each division delivering stellar returns. Our customer-centric financial services never fail to delight our customers. Customers in the UAE demand innovation, they demand new ideas, new ways that suit their latent needs and Mashreq remains in the forefront by leading this new wave."

He continued, "While the banking industry in the UAE remains a crowded and competitive arena, there are huge opportunities too. The World Economic Forum's annual Global Competitiveness Index recently showed that the UAE Economy is the highest rated in the Arab world, ranking it 12th out of 144 countries. This is further evidence of the strength of the economic recovery that we are witnessing and the shape of things to come in the near term and spelling a bright future for the banking sector as a whole."

In its third quarter results statement, Mashreq's Total Assets increased by 14% to reach AED 102.3 billion, 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 26.8 billion at the end of the third quarter.

Loans & Advances grew by 14% during the first nine months to reach AED 57.3 billion, compared to AED 50.4 billion at the end of December 2013. Customer Deposits also increased by 14%, during the same period, to stand at AED 66.8 billion at the end of September 2014.

The Bank's Loan-to-Deposit ratio and Loan-to-Asset ratio remained the same as of December 2013 - 86% and 56% respectively.

Operational update:

During the nine months, 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 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 from 36 elite institutions for its ability to create an engaged workplace culture. It was also the first winner of the newly created Trailblazer award from Gallup.

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 rewards program from 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.

Mashreq recently launched yet another innovative solution to provide unprecedented benefits to its customers - with the newly launched Gold Edge Invest account, customers can now own, buy and sell gold currency (XAU) right from their doorstep without any security or handling concerns.

In line with some of its recent innovations, Mashreq announced the opening of a cutting-edge branch in Al Ain. The newly opened branch is Sharia'h Compliant, where customers will be offered Islamic Banking first followed by conventional smart banking capabilities. Continuing its branch network expansion, Mashreq also inaugurated another branch in Sharjah City Centre which features the E Cube Retail Concept offering customers speedy, smart banking and interactivity with the latest technology led devices. Additionally, Mashreq Gold, the priority banking division of the Bank will also be available in the branch offering customers wealth management and priority support. Customers will also benefit from Mashreq's Instant Banking services which include printing cheque books, debit and credit cards in just 30mins.

In an unprecedented step, Mashreq announced a financial literacy initiative; a UAE's first of its kind digital platform www.foloosy.ae has been launched to encourage financial education across the UAE. The launch of the platform was announced by H.E. AbdulAziz Al Ghurair and the platform is meant to make customers more knowledgeable about financial know-how. Foloosy (which is the Arabic word for My Money) website, supported by an app and various social media sites, has been strictly designed with the objective to empower residents in the UAE with the knowledge they need to choose the financial products that are best-suited to them and to avoid making potentially costly financial mistakes. Foloosy mobile app is put together to provide ultimate convenience to individuals who wish to have it installed in their phones and it will have the same information as the website. The website is operated by Mashreq and forms part of the Bank's commitment to raising the level of financial education available in the UAE. Although operated by Mashreq, it can be used by anyone, regardless of what banking institution they use as it is designed very much to be an overall financial knowledge centre. The Foloosy.ae site features five core personal finance pillars – Save, Borrow, Invest, Insure and Islamic Banking.

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 4,000 outlets and 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. 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 nine 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 a 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 also announced the 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 or 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 details of the new account, 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 convenient 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 a success with 45% growth in its adoption rate since its launch.

Mashreq's Corporate Banking Group's mission is to drive relationship banking through customer centricity, ensuring that it is the primary bank of corporate clients, and the efforts continued in the quarter. Corporate Banking Group delivered world class Investment Banking Services to the clients, especially in the fields of Corporate Finance, Real Estate and Investment Services (Islamic or Conventional). It successfully closed more than 13 multibank deals and transactions establishing the best DCM platform amongst local / regional banks as evidenced by bagging the **"Best Loan House in UAE"** award from EMEA Finance for the second year in a row and attaining number **2 ranking for Middle East 2013 Book Runner Loan League Table**.

Mashreq's pioneering innovation and market leading **Global Transaction Services (GTS)** received many important accolades in 2014 - **EMEA Finance – Best Cash management Services in the Middle East was announced at SIBOS; The Banker Middle East - Best Corporate Account Product; Celent Model Bank Awards – Cash Management and Trade.** These awards serve as a measure of the Bank's outstanding achievements in a very competitive market. **The Government & Related Entities (GRE) & Real Estate** continuous efforts resulted in closing some major deals – Emaar Malls Lead & Co-ordinating bank, TECOM & New Mall Limited, Emaar Malls Sukuk, Tamouh Investment etc. Market trends have also recently allowed Mashreq to re-engage its efforts around IPOs, which it sees as possible opportunities going forward and Mashreq was mandated as a key receiving bank for **Emaar IPO**.

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WE MAKE POSSIBLE

The Contracting Finance division also continues to lead the way as a differentiating segment now capturing significant **market share** in the UAE and actively expanding its regional presence including Qatar/Bahrain/Egypt and Kuwait through projects awarded. As in previous years we have managed to lead major projects like the AD Midfield, Red Line North Rail project in Doha and this year Mashreq has participated in two out of three packages of the Kuwait National Petroleum Company Clean Fuel Project. This demonstrates the reach for this segment in our countries of presence.

The Commercial Banking & Large Corporate divisions persist to show strong growth in their portfolio by deepening their relationships and ensuring "stickiness". Commercial banking has successfully closed over **50 Collection & Payment mandates** through the year bringing in healthy levels of CASA balances. The **Emerging Corporates (EC)** is the driving engine of any economy and is a key strategic growth segment at Masheq. EC has reported a strong momentum of funded asset growth regionally and hosted the first **"Most Valued Customer Awards"** aiming to strengthen and enhancing the relationship with top **customers in the last quarter.**

During the nine months period, the ***Bank's International Banking Group (IBG)*** has continued to increase its contribution to the overall bank results despite challenging operating environment in some of the countries over an extended period of time. IBG is having an excellent 2014; a performance that demonstrates that it is on the right path for a stronger and even better tomorrow as it continues to diversify revenue streams in high growth markets. Mashreq's International Banking Group's strategic goal is to continue to leverage its existing footprint by supporting franchise client needs internationally and international client needs. The primary focus remains on payments, trade, investment and capital flows, whether inwards or outwards, between the GCC and Egypt with the rest of the world. The secondary focus is transactions across the bank's network. A significant development in the international sphere has been the upgrade of the banking license in Hong Kong to the status of a Tier 1 full-fledged bank. The upgraded branch in Hong Kong is now poised to expand reach to new and larger clients, increase business from VOSTRO accounts from Correspondent Banks, become a direct member of clearing and handle selective commercial banking business.

There has been some technological development as well such as Mashreq Qatar's systems now becoming IBAN compliant. Transaction Electronic Robust Mandate System (TERMS) has been implemented in Qatar to facilitate online bill payments. Furthermore, the new Core banking system has been implemented in Hong Kong, standardizing the platform across all Financial Institutions Branches, which will help in new product roll outs and improve operational capabilities and efficiency. The success of Mashreq outside UAE has been recognized internationally by many reputed global institutions.

Awards:

- **MasterCard Innovation Forum 2014**
  The Best Use of Innovative Technology' in the Middle East & Africa

- **World Finance Banking Awards 2014**
  Best Investment Bank - UAE
  Best Commercial Bank – Qatar

- **Global Finance magazine**
  Best Consumer Internet Bank in Qatar (6th year in a row)

- **Global Banking and Finance Review Awards:**
  Best Corporate Bank Qatar 2014
  Best Customer Service Bank Qatar 2014

- **EMEA Finance Awards**
  Best Cash Management in the Middle East
  Best Loan House in the UAE

- **Celent Awards**
  Best Cash Management and Trade award

- 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**

- **Gallup Trailblazer Award**

- **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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