Mashreq reports AED271 million in net profit for Q1 2012

- ***Net profit edges up 2% to AED 271 million in Q1 2012 as compared to Q1 2011.***
- ***Total assets at AED 76.6 billion.***
- ***Capital Adequacy climbs to 23.4%.***
- ***Drop of 46% provisions for bad loans.***
- ***Operating expenses remain stable.***

Dubai – UAE, 24th April 2012: Mashreq, one of the UAE's leading national financial institutions, reported a 2% increase in its net profit in Q1 2012 to AED 271 million compared to AED 265.3 million for the same period in 2011.

The Total income for the bank during first quarter of 2012 reported AED 937 million, representing a 14.3% drop relative to Q1 2011. However, Mashreq's best-in-class net fee, commission and other income to operating income ratio, increased further to close at 53.1% in Q1 2012

Mashreq continued to rationalize its liability structure by shedding high cost deposits, leading to a 2.2% reduction in customer deposits as compared to December 2011, reaching AED 44.4 billion. However, the bank continues to maintain a robust loan-to-deposit ratio, which stood at 84% as of 31st March 2012.

In its first quarter results statement, as per the balance sheet management strategy of the bank, Mashreq's Total Assets witnessed a moderate decline of 3.3% reporting AED 76.6 billion compared to AED 79.2 billion at the end of 2011. While Liquid Assets to Total Assets stood at 29% with Cash and due from banks reporting AED 22.4 billion as of 31st March 2012.

Loans and Advances remained stable at AED 37.2 billion, a minimal decrease of 1.4% from AED 37.7 billion at the end of 2011.

Demonstrating Mashreq's ongoing efforts on improving its assets quality, the provisions for loans and advances continued to decline by 46% and 50% as compared to Q1 2011 and Q4 2011 respectively to reach AED 176 million.

Commenting on the financial results, H.E. Abdul Aziz Al Ghurair, CEO of Mashreq, said: "Our performance during the first quarter reflects our strategy to continue strengthening our balance sheet over the long term. We have successfully maintained our position as a financial institution which is liquid and is well-capitalized. Focusing on building strong customer-centric products and services has been a priority, while improving our offerings, hence enhancing customer loyalty.

He added, "Economic indicators suggest the UAE and Regional economies have recovered from the downturn of three years ago and we are now seeing steady growth in most sectors. The local banking industry demonstrated healthy signs in the first quarter, which will have a positive impact going forward."

As part of Mashreq's prudent financial management practice, expenses are kept under control, with general and administrative expenses remaining stable at AED 456 million compared to the same period in 2011, and reporting a decrease of 5.5% compared to Q4 2011.

Maintaining a cautious approach towards Capital management, the bank's capital adequacy, increased to 23.4% representing a 0.8% rise from December 2011 levels, while Tier 1 capital ratio also improved by 0.6% to 16.8% over the same period.

Operational updates:

Mashreq recently launched the UAE's first ever 30mins instant banking service. This comes in line with its constant efforts to offer customer innovative and convenient financial services. The service enables customers to open current accounts and get chip-enabled debit cards in just 30mins.

Reflecting the bank's commitment towards Emiratisation initiative, the bank reported 42% of Emirati workforce across the bank and the appointment Emiratis as Branch Managers and other senior positions.

Demonstrating its commitment to launch ground-breaking banking services, Mashreq recently launched ''Masheq Al Emirati' - its first ever unique proposition exclusively designed for UAE Nationals. Catering specifically to Emirati customers, Mashreq Al Emirati is for Emiratis by Emiratis whereby highly trained Emirati Branch Managers will become the touch point of customers. Offering an array of customized banking products, Mashreq Al Emirati package includes attractive bundled products such as Personal Loan up to AED2.5 million or a Home Loan up with high loan amounts of up to AED12 million, along with tenors of up to 30years. This includes free for the first year 'Mashreq Soltaire Infinite' Credit Card, free MashreqMillionaire savings certificate for a chance to become a millionaire every month, free iPhone 4S and a bonus 150, 000 Salaam Points.

The bank recently announced the launch of its Mobile Banking for Google Android devices. Mashreq's mobile app is also accessible through smartphones and devices such as iPhone, iPad, Blackberry and Java OS Mobile phones. Customers using this service enjoy easy access to their bank accounts through their mobile phones 24/7, from any GPRS / 3G / wireless (Wi-Fi) network, anywhere in the world.

Offering value added products, the bank also launched the UAE's largest 0% Easy Payment Plan promotion with over 90 partner brands and 800 outlets in UAE.

Mashreq's brokerage arm, Mashreq Securities announced the launch of Trade Net X, a new trading platform for customers. The newly launched trading platform, offers different categories of client access to robust trading platforms, makes Mashreq Securities one of the few firms in the industry to offer this service.

Awards:
The bank received a series of accolades during the first quarter of the year, echoing its successful products and services. Mashreq recently received the prestigious Dubai Human Development Appreciation Award 2012, as the only bank to receive this recognition in the financial services sector this year. This award is a testimonial

towards Mashreq's continuous support towards the Emiratisation initiative, through talent creation, development and offering constant career growth opportunities.

The bank's flagship sukuk fund "Mashreq Al Islami Income Fund" was awarded "Fixed Income Fund of 2012" by the *MENA Fund Manager* magazine for the second consecutive year. The awards also included announcing the Head of Asset Management at Mashreq as the recipient of the "Outstanding Achievement by an individual" award for his contribution to the regional asset management industry over the last twelve months.

Mashreq also won the 'Best Branch Design' and 'Best Islamic Investment Fund' for the Mashreq Al Islami Income Fund at the prestigious of *Banker Middle East* magazine's Product Awards 2012.

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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 such as the Best Bank in the UAE in 2008 from Euro money and various awards particularly for quality management. According to independent research it has more ISO certifications than any bank in the region by a wide margin. It's most recent acknowledgement was Best Consumer Internet Bank in Qatar and Best Consumer Internet Bank regionally by Global Finance Awards 2009.

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.

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