# Mashreq reports 7.2% increase in net profit for the 1st half of 2012

- ***Net profit increased to AED 591 million***
- ***Operating income of AED 1.9 billion***
- ***Liquid Assets stand at 27%***
- ***45% decrease in provisions for bad loans***
- ***Capital Adequacy ratio remained stable at 22.7%***

**Dubai, UAE; 22nd July 2012:** Mashreq, one of the UAE's leading financial institutions reported a 7.2% increase in its net profit for the first half of 2012 to AED 591 million compared to AED 551 million for the same period in 2011, on an operating income of AED 1.9 billion.

The bank's ongoing strategic repositioning of its balance sheet led to a decline in provisions for bad loans by 45% to AED 352 million from AED 637 million reported during 1st half in 2011. The efficiency ratio stood at 47.8%.

In its half yearly results statement, Mashreq's Total Assets witnessed a moderate decline of 3.5%, reaching to AED 76.4 billion compared to AED 79.2 billion at the end of 2011. Loans and Advances grew 5.1% over the first six months of 2012 to record AED 39.6 billion compared to AED 37.7 billion at the end of 2011. In line with the bank's strategy of rationalizing its liability structure by shedding high cost deposits, total deposits fell by 3.8%.

At the end of June 2012, total customer deposits including Islamic deposits stood at AED 43.7 billion. Loan growth, along with the shedding of high cost deposits, moved the loan-to-deposit ratio from 83% in December 2011 to 91% in June 2012.

Liquid Assets to Total Assets stood at 27% with Cash and Due from Banks at AED 20.7 billion as of 30th June 2012.

**Commenting on the financial results, His Excellency AbdulAziz Al Ghurair, CEO of Mashreq said,** "The second quarter has seen a marked progress in performance. Revenue and Net Interest Income have both recorded an improvement over the first quarter, which reflects the increasing level of confidence in the UAE and regional economies."

**He added**, "We look forward to building on the achievements of the first half while continuing to operate profitably and with prudence. This report demonstrates an increase of 18% in net profit as compared to the first quarter which is a healthy sign and reflects on the bank's rigorous commitment to the path to growth."

During the second quarter Revenue increased by 2.2% as compared to Q1 2012 to reach AED 958 million and Net Interest Income increased by 6.4% to AED 468 million. However, Mashreq's Total Income during the first half reported AED 1.9 billion, representing a 12.4% decline relative to the same period in 2011. The ratio of Mashreq's best-in-class net Fee, Commission and Other Income relative to Operating Income remained high at 52.1% in H1 2012.

The bank's Capital Adequacy remained stable at 22.7%, as compared to 22.6% in December 2011, while its tier 1 capital ratio has improved to 16.6%over the same period.

General and Administrative Expenses for the first half declined to AED 906 million, down 0.9% compared to the same period in 2011.

Earnings per share strengthened to AED 3.50 during the period, up from AED 3.26 in 2011.

**Operational updates:**

During the first half of the year, Mashreq continued to strategically follow its expansion plans – offering ever greater accessibility to customers with the opening of its branch in Mirdif City Centre.

Reflecting on the bank's commitment to launch innovative financial solutions to fulfill customer needs, Mashreq launched its top-of-the-range credit card tailored to meet the lifestyle aspirations and requirements of the affluent customers in the UAE. The Mashreq Platinum Elite Credit Card is an exclusive product offering that is tailor-made to specifically cater to the preferences that complement the lifestyle of the elite customer in the UAE.

During the period under review, Mashreq launched distinctive programs for its cardholders. Mashreq Flavours, UAE's Best Dining Program in partnership with over 500 restaurants, offers competitive discounts when using Mashreq Credit and Debit Cards. This was followed by the launch of UAE's Best Travel Programme - a special Travel programme to help customers take off with fabulous offers and exciting travel benefits on their Mashreq Credit and Debit Cards, in partnership with MakeMyTrip and SNTTA.

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.

Catering to the SME segment, Mashreq's Business Banking launched upgraded Trade & Working Capital facilities. The latest upgrade of the product is a partially secured facility offered to customers to meet their working capital requirement and for import/export of goods and or services.

The facility can be tailored as per the needs of the clients and has no limits in terms of size.

Reinforcing its leading position in the banking sector, Mashreq launched the country's first ever 30mins instant banking service. The service enables customers to open current accounts and get a chip-enabled debit card in just 30minutes.

Demonstrating its commitment to offer ground-breaking banking services, the bank launched 'Mashreq 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.

The bank recently announced the launch of its Mobile Banking app for Google Android devices. Mashreq's mobile app is now accessible through all 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.

At the Corporate level, the bank participated in an arranged structured facility of $175 Million for the state owned carrier Sri Lankan Airlines. The facility was structured as per Islamic Sharia'a principles and was subscribed both in US$ and AED.

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, making 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 half of the year, underscoring the launch of several successful products and services. Banker ME Industry Awards 2012 recognized Mashreq's retail operations for its Best Regional Retail Bank Award. The bank was a proud recipient of the Silver Medal in the category of Best Contact Center (in house) at the EMEA Region at the Contact Centre World Awards in London.

Furthermore, Mashreq was recognized at the TFR Excellence Awards 2012 from London-based Trade & Forfaiting Review (TFR) Magazine receiving the Bronze award in the category of "Best Trade Bank in the Middle East", the only Arab Bank in the Top 3. The award is a testament of the Bank's focus on delivering financial solutions to its clients based on their requirements. Rewarding its excellent performance, Mashreq Al Islami Income Fund received a Silver fund grading from S&P Capital IQ as the first Islamic fixed-income fund in the MENA region.

For the second year in a row, Mashreq received Dubai Chamber CSR Label for its efforts in Corporate Social Responsibility & sustainability. CSR Label program is designed to award organizations and institutions that are socially responsible in the communities they operate in.

Dubai Human Development Appreciation Award 2012 was awarded to Mashreq, as the only bank to receive this recognition in the financial services sector this year. This award is a testimonial to the bank's continuous support of the Emiratisation cause, through talent creation, development and offering continuous 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.

**-Ends-**