Mashreq posts 28% growth in net profit for the first nine months of 2012

- ***9 months net profit increased to AED 970 million***
- ***Liquid Assets to Total Assets at 27%***
- ***Provisions for loans and advances decreased by 37%***
- ***Capital Adequacy ratio improved further to 23.05%***

Dubai – UAE, 24th October 2012: Mashreq, one of the UAE's leading financial institutions, has announced a 28.3 per cent increase in Net Profit for the first nine months of 2012 reaching AED970 million compared to AED756 million for the same period last year, on operating income of AED 2,937 million

Loans & Advances grew over the last nine months by 7.5 per cent to reach AED40.5 billion as of September 2012, compared to AED37.7 billion at the end of 2011.

Mashreq continued to rationalize its liability structure by shedding high cost deposits, leading to a 4.1 per cent reduction in Customer Deposits as compared to December 2011, reaching AED43.5 billion. As per the bank's balance sheet management strategy, the bank's Total Assets witnessed a moderate decline of 3.6 per cent, reaching AED76.4 billion compared to AED 79.2 billion as of 31st December 2011.

Liquid assets to total assets stand at 27 per cent with Cash and due from banks at AED20.4 billion as of September 2012.

The bank's growth in loans along with shedding of high cost deposits moved its loan-to-deposit ratio from 83 per cent at the end of December 2011 to 93 per cent in September 2012.

Mashreq's Provisions for loans & advances continued to decrease and for the first 9 months of the year reached AED533 million which is a decline of 37 per cent as compared to the same period last year. The bank's efficiency ratio stood at 46.4 per cent at the end of September 2012.

The bank's capital adequacy increased to 23.05 per cent compared to 22.64 per cent as of December 2011 while its Tier 1 capital ratio stood at a healthy 17 per cent as of September 2012.

Commenting on the latest figures, H.E. Abdul Aziz Al Ghurair, CEO of Mashreq characterized the results as 'promising'. "The last two quarters in particular have shown very promising trends which have culminated in a healthy bottom line growth. We are witnessing increasing stability in the UAE and look forward to continuing this positive growth in the coming quarters."

Al Ghurair continued, "We are cautiously optimistic, and will continue to build on the positive performance while ensuring that we follow our long-term strategy of sustainable growth in the coming period."

The total operating income for the bank during the period under review was AED2.9 billion, representing a slight 1.6 per cent drop relative to the same period last year. However on a quarterly basis the third quarter of 2012 saw operating income increase by 26.5 per cent over Q3 2011 to reach AED1 billion. Similarly, Net Interest Income for the third quarter witnessed an increase of 12.5 per cent over Q3 2011 to reach AED499 million.

Mashreq's best-in-class net fee, commission and other income to operating income ratio remained high at 52.1 per cent, led by a 9.85 per cent growth in net fee and commission income and a 66.14 per cent growth in investment income during first 9 months of this year as compared to the same period in 2011.

General and Administrative expenses for the period increased by 3.91 per cent to reach AED1.36 billion.

Earnings per share for the publicly listed bank increased by 28 per cent from AED4.47 in September 2011 to AED5.74 this year.

Operational updates:

During the first nine months, Mashreq continued to launch distinctive products and services demonstrating its leading position in the industry. The bank offered the UAE's first of its kind Instant Banking Services with 'Mashreq Go'. Powered by innovative technology, Mashreq Go allows customers to walk into branches and get a financial product in just 30 minutes, such as Platinum Elite Credit Card, a Debit Card or a Current Account with a Cheque Book. Customers can also apply for a personal loan and get money into their accounts in just 24hrs.

Mashreq's Salaam Rewards Program recently announced instant redemption at over 600 partner outlets in more than 100 of the biggest and well-known brands across the UAE. The all new Mashreq Salaam Rewards now rewards customers with higher points for using various Mashreq financial solutions in addition to higher points on all credit & debit card spends, including double points on Mashreq Platinum Credit cards. The bank signed a strategic partnership with leading retail franchise operator, M.H. Alshaya Co. to offer INSTANT redemption of points at more than 400 Alshaya operated retail outlets across the UAE.

Fulfilling its commitment, Mashreq introduced another UAE's first, as the only bank to offer a Cash Back card on school fees expenditure. SmartSaver Titanium Credit Card will offer 10% cash back both local and international school fees. Customers will also receive 1.25% cash back on local purchases, 3.25% on International purchases.

Mashreq continued to strategically follow its expansion plans – offering ever greater accessibility to customers with the opening of its branch in Mirdif City Centre. Expansion branch network includes presence in Ibn Battuta Mall, which is to be inaugurated soon.

At a Corporate level, Mashreq became the first UAE bank to launch Renminbi (RMB) account services. This will facilitate commercial contracts to be agreed in RMB, allowing Chinese suppliers to invoice and receive settlement from UAE buyers in the local currency RMB, which enables them to avoid foreign exchange risks and costs.

Mashreq Al Islami, Islamic Banking Division of Mashreq was the Mandated Lead Arranger and coordination bank for the Emicool successful signing conclusion of AED 793 Million for a 10years refinancing structured term loan. In addition, Mashreq was also the security and Facility Agent.

The bank participated in the consortium of bank to announce the successful closing of a AED 4 Billion Syndicated Contractor financing facility with TAV, CCC & Arabtec JV for the Construction of Midfield Terminal Building at Abu Dhabi Airport. This is the largest single contract awarded in the GCC during the first half of 2012. Mashreq coordinated the deal and was one of the joint mandated lead arrangers and co-led the financing.

On an international level, Mashreq was part of Standard Bank closure of its debuted syndicated loan issue of US$175 Million. The bank was the Mandated Lead Arranger and sole Bookrunner of the financing. Standard Bank Group is Africa's largest banking group.

Mashreq was part of 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.

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.

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.

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. Recently, Mashreq received the 'Best Regional Consumer Internet Bank for Online Deposit, Credit and Investment Product offerings' by "Global Finance Best Internet Bank Awards". The recognition comes as part of the magazine's World's Best Internet Bank" placing Mashreq among top international banks for its advanced online capabilities.

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. 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-

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 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 Award & 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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