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1Q 2024 Financial Results Presentation

MARCH 2024

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▶ Performance Highlights

Financial Results Overview

Appendix

Performance Highlights



Net Profit 1Q'24
↑ 25% YoY
36% pre tax

Loan Growth 1Q'24
+37 Bn AED
YoY

ROE 1Q'24
28%

Deposit Growth 1Q'24
+35 Bn AED
YoY

C/I 1Q'24
27%

NM¹⁾ 1Q'24
3.9%

Net Profit Growth despite Tax Impact

Driven by operating income growth from a 23% YoY increase in Net interest income and a 29% increase in Non interest income. Non interest income to operating income now stands at 32%

Significant Balance Sheet Growth

Organic growth momentum evident from a 7% year to date loan growth and a 6% increase in customer deposits

Improved Operational Efficiency & Enhanced Financial Standing

Capital adequacy ratio increases to 17.7% highlighting the banks sustained resilience in a dynamic environment. Exceptional financial performance as evident from the high ROE of 28% and a low Cost to Income ratio of 27%

1) Net Margin represents Net Interest Margin & Margin for Islamic products;

Financial highlights – Consolidated Income statement [AED million]



| Consolidated Income Statement | | | |
|-------------------------------|---------|---------|----------|
| | 1Q 2024 | 1Q 2023 | Variance |
| Operating income | 3,141 | 2,520 | 25% |
| Operating expense | (839) | (761) | 10% |
| Operating profit | 2,303 | 1,759 | 31% |
| Impairment allowance | (38) | (96) | (61%) |
| Net profit | 2,007 | 1,610 | 25% |

- ### Comments
- > **Operating income** is up from higher interest income from exceptional business growth augmented by a rising interest rate environment and low cost of funds. Non-Interest Income has reached almost AED 1 Billion in 1Q 2024, a distinguished 29% year-on-year growth
 - > **Operating expenses** have increased by 10% vis-à-vis last year however cost to income ratio has reduced to 26.7% in 1Q 2024 (30.2% in 1Q 2023) because of effective control on operating costs while supporting the prudent growth objectives of the bank
 - > **Impairment allowance** has decreased by 61% to AED 38 million, mainly from sensible risk management and a change to last years accounting pertaining to general provisions
 - > **Net Profit** of AED 2.0 billion attributed to increased operating income from enhanced business volume and efficient risk management

Financial highlights – Consolidated Balance sheet [AED million]



| Consolidated Balance Sheet | | | |
|-----------------------------------|----------|----------|----------|
| | Mar 2024 | Dec 2023 | Variance |
| Total Assets | 249,592 | 239,981 | 4% |
| Loans & Advances ²⁾ | 159,457 | 149,483 | 7% |
| Customers' deposits | 155,498 | 146,232 | 6% |
| Shareholders Equity ¹⁾ | 28,473 | 30,333 | (6%) |
| Risk weighted assets | 174,104 | 175,532 | (1%) |

| Comments |
|--|
| <ul style="list-style-type: none"> > Total loans and advances at AED 159.5 billion, increased by 7% year to date mainly from a 25.2% from loans to banks. The loans to customers is driven by increased lending to the Services and Transport sector. > Customer deposits increased by 6% to AED 155.5 billion largely from an AED 6.3 billion increase in current deposits. CASA balances witnessed a 9% YOY increase and constitutes 62% of total deposits. > Risk weighted assets decreased by 1% to reach AED 174.1 billion mainly from decreased Credit risk weighted assets |

1) Equity Attributable to owners of parent including noteholders of the Group
 2) Loans & Advances to customers and banks

Financial track record



| | 31Mar 2024 | 31Dec 2023 | 31Mar 2023 |
|---|------------|------------|------------|
| Capital adequacy | | | |
| CET1 Ratio | 14.9% | 13.7% | 14.4% |
| Tier I Capital Ratio | 15.5% | 14.3% | 15.1% |
| Total Capital Ratio | 17.7% | 16.5% | 17.4% |
| Liquidity | | | |
| Liquid Assets to Total Assets ¹⁾ | 35.6% | 33.6% | 35.6% |
| Advances to Deposits | 71.1% | 75.5% | 75.8% |
| Liquidity Coverage Ratio (LCR) | 153.7% | 133.5% | 146.5% |
| Asset quality | | | |
| NPL Coverage Ratio | 249.8% | 247.5% | 231.3% |
| NPL to Gross Advances | 1.3% | 1.3% | 1.9% |
| Performance | | | |
| ROA ²⁾ | 3.3% | 4.1% | 3.4% |
| ROE ²⁾ | 28.0% | 34.3% | 28.4% |
| Net Margin ³⁾ | 3.9% | 4.1% | 4.0% |
| Cost - Income Ratio | 26.7% | 30.9% | 30.2% |
| Fee and other income to total income | 31.7% | 28.6% | 30.7% |

Note:1) Total Assets excludes contra items

2) Annualized;

3) Net Margin represents Net Interest Margin & Margin for Islamic products calculated on Earning Assets

Classification: Public

1Q 2024 Results

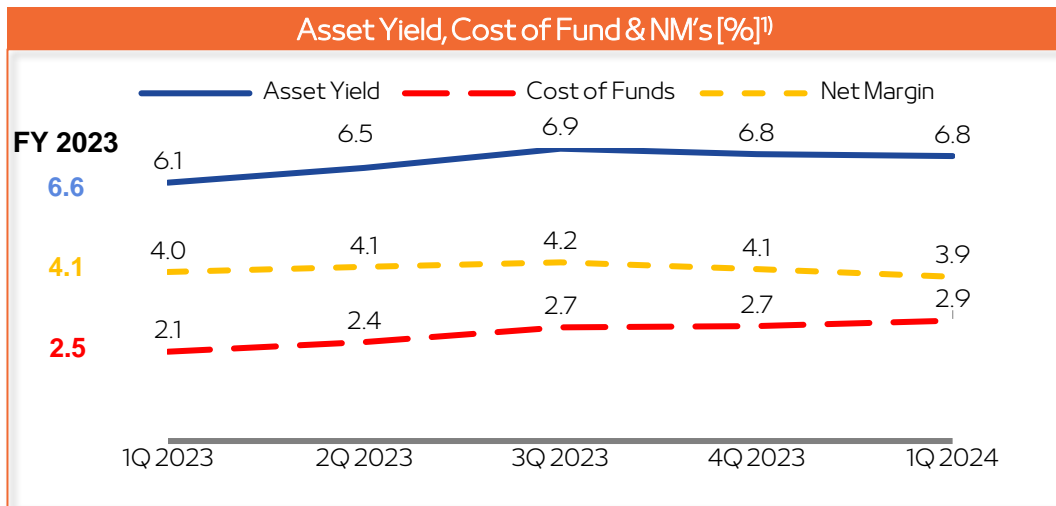
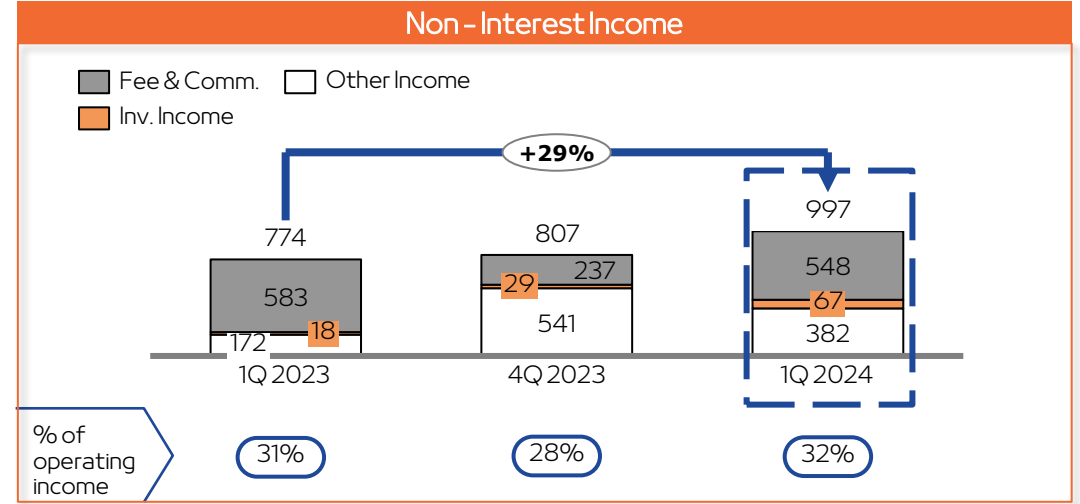
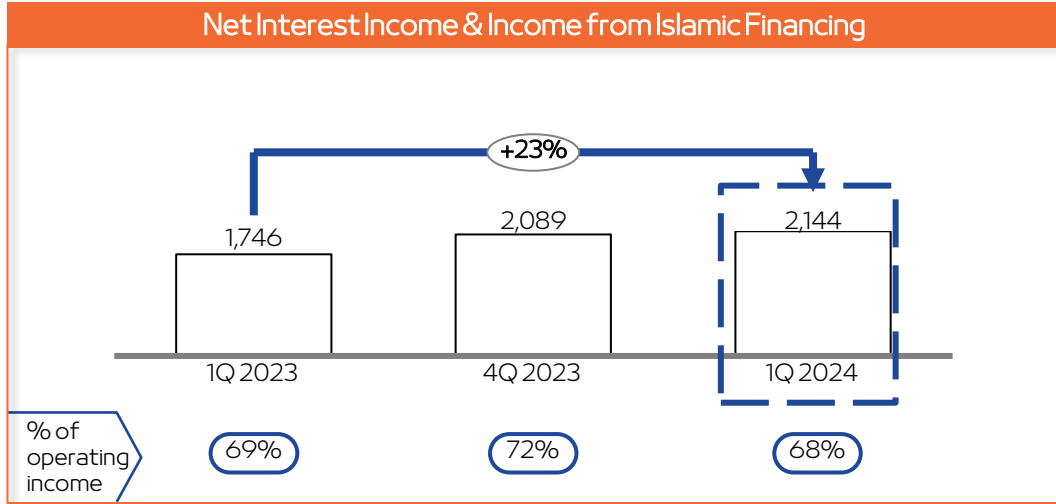


Performance Highlights

▶ **Financial Results Overview**

Appendix

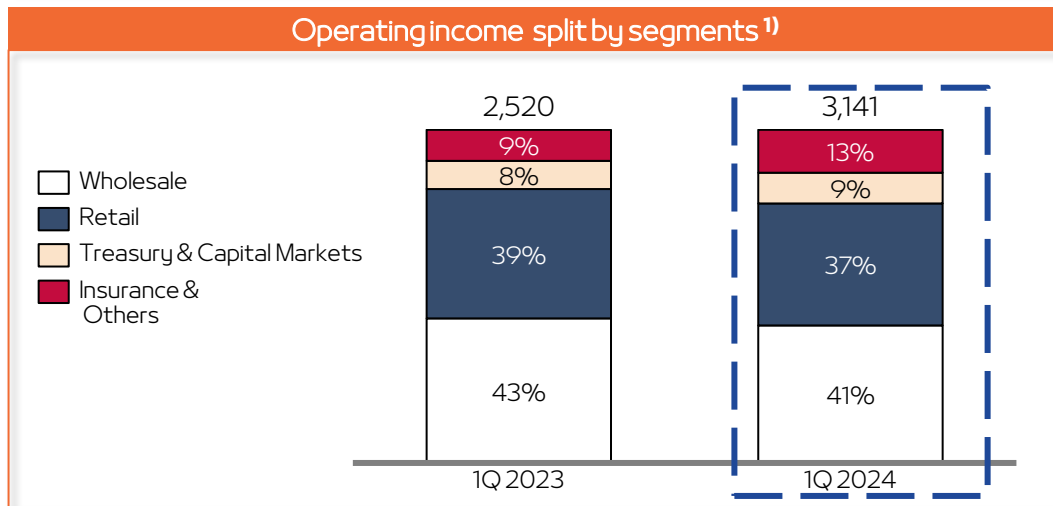
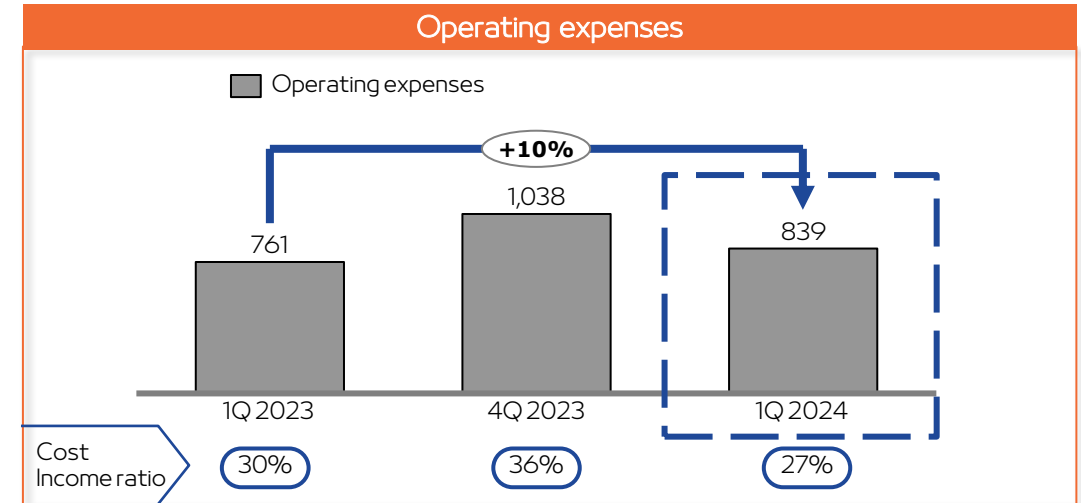
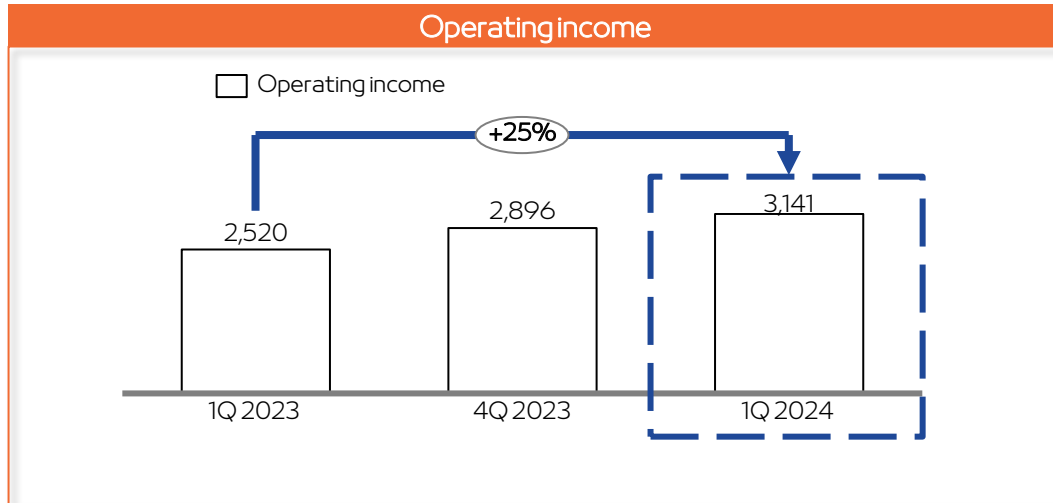
Operating income mix [AED million,%]



- ### Key Points
- > 1Q 2024 Net Interest Income and income from Islamic Financing increased by 23% Y-o-Y. The increase is supported by increased business volume.
 - > 1Q 2024 Non-interest income increased by 29% Y-o-Y. Insurance, FX & other income increased by 122% and is the main driver of the growth
 - > Net Margins have decreased slightly year on year even though asset yields have increased to 6.8%. This is mainly because of an increase in cost of funds to 2.9% in 1Q 2024
 - > Non-interest income as % of total income stood at 32% for 1Q 2024

1) Annualized; Net Margin represents Net Interest Margin & Margin for Islamic products;

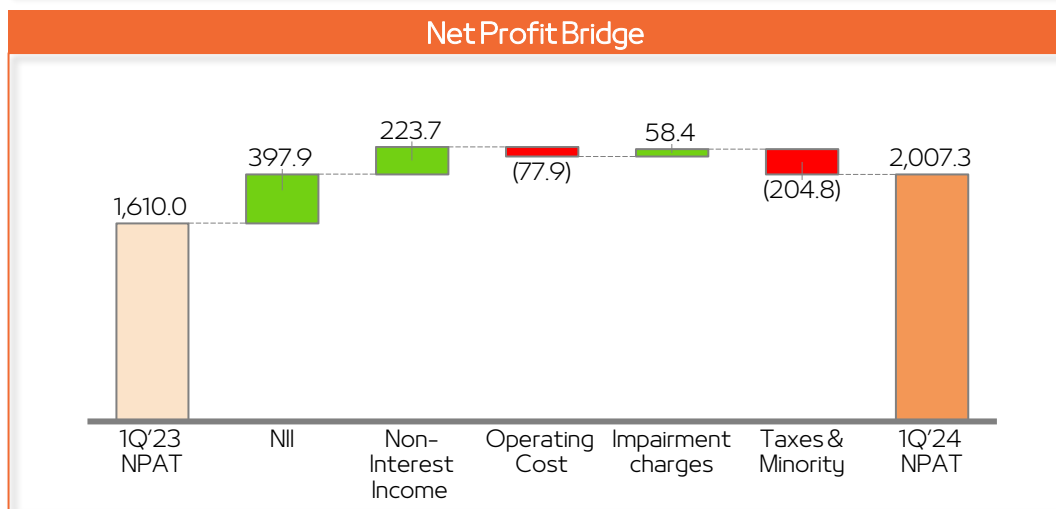
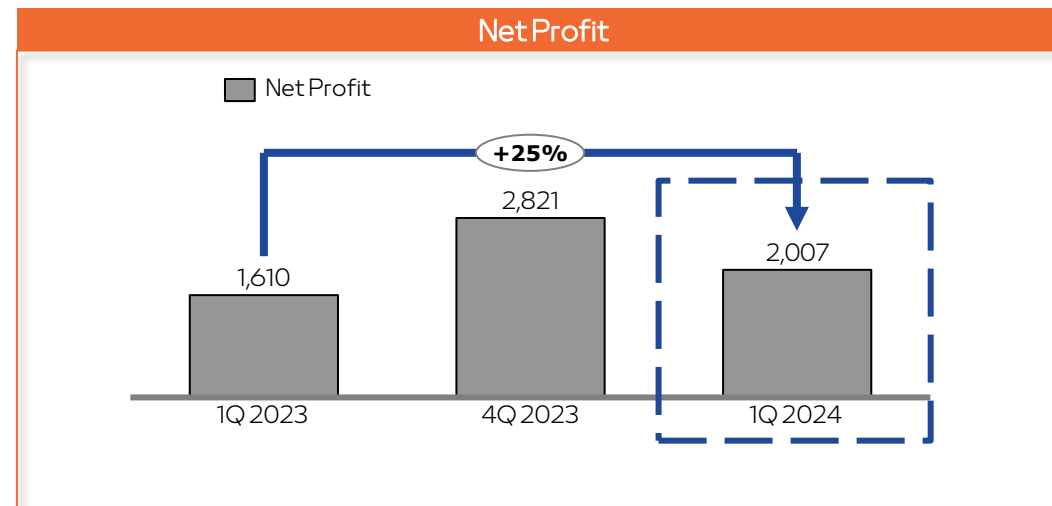
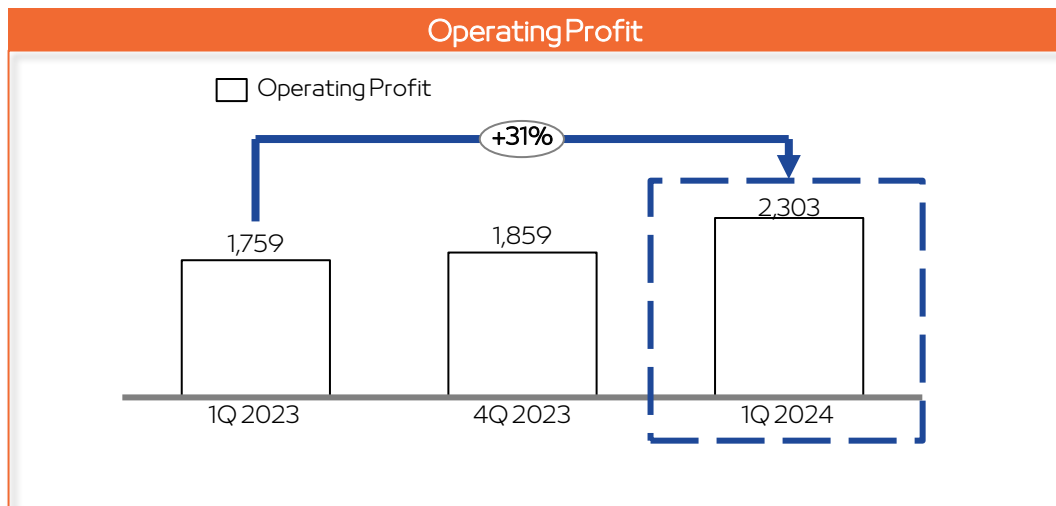
Operating income and expense [AED million,%]



- ### Key Points
- > 1Q 2024 Operating Income has increased by 25% Y-o-Y and stands at AED 3.1 billion. This is primarily from increased interest income from growing business volume
 - > Cost to Income ratio for 1Q 2024 stood at 27% vs 1Q 2023 at 30%. The decrease indicates the thorough focus on increasing efficiencies by optimizing cost growth vis a vis revenue growth
 - > The Operating income growth was as a result of a robust business volume increase and the high interest rate environment. The non Interest income to total income ratio stands at 31.8%
 - > Wholesale banking accounted for 41% and Retail Banking accounted for 37% of the operating income for 1Q 2024. collectively contribution to almost 80% of the banks revenues.

1) Wholesale banking includes International banking segment

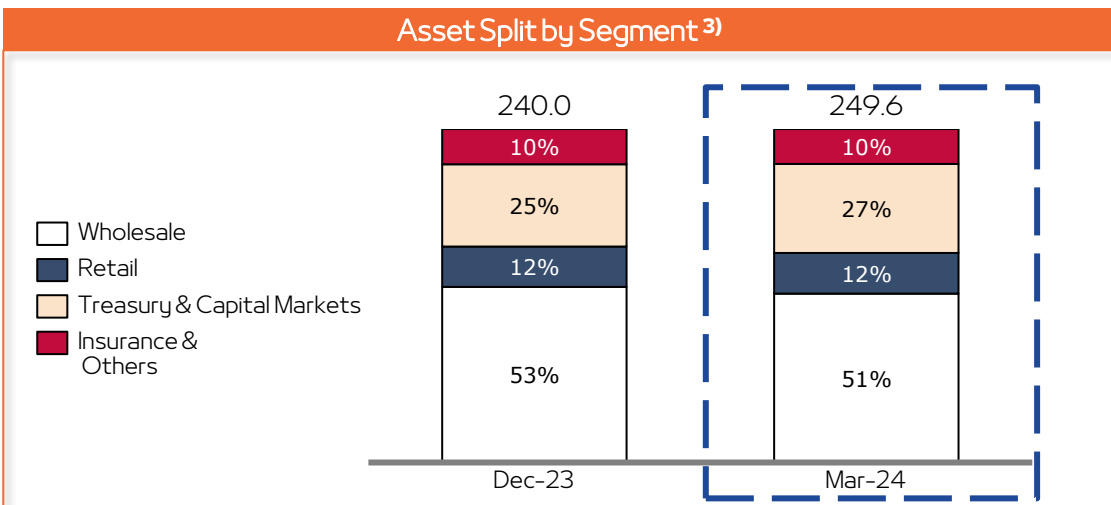
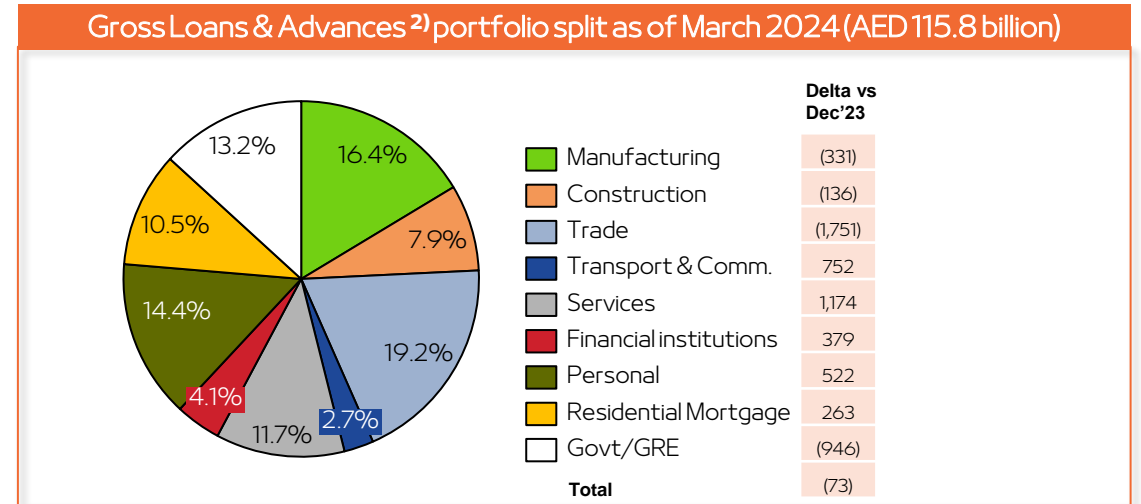
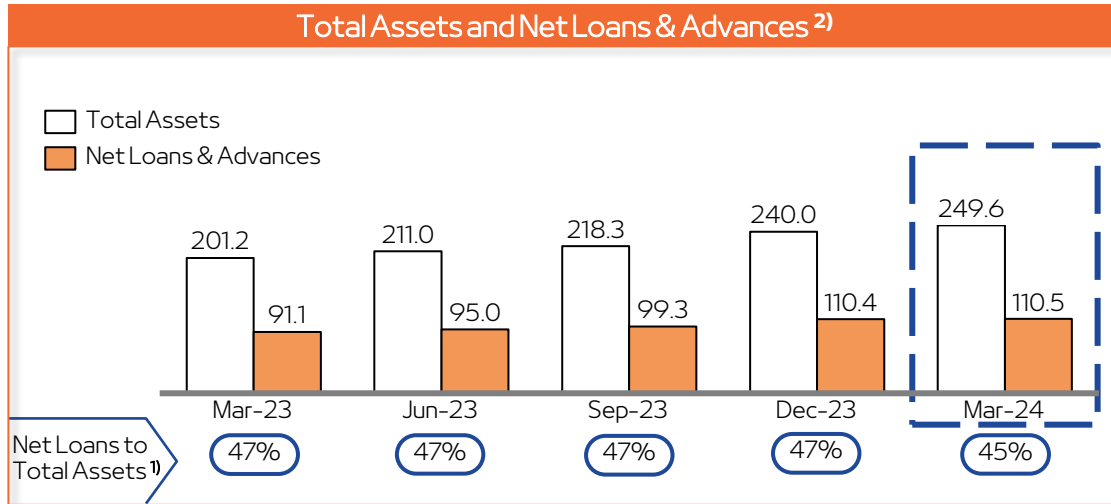
Operating profit and Net profit [AED million]



- ### Key Points
- > Operating profit for 1Q 2024 increased to AED 2.3 billion compared to AED 1.8 billion in 1Q 2023.
 - > The bank registered a Net profit of AED 2.0 billion in the first quarter of 2024 vs AED 1.6 billion in 1Q 2023. The increase comes regardless of the 9% corporate tax which has resulted in an AED 205 million increased expense vs last year

1) Wholesale banking includes International banking segment

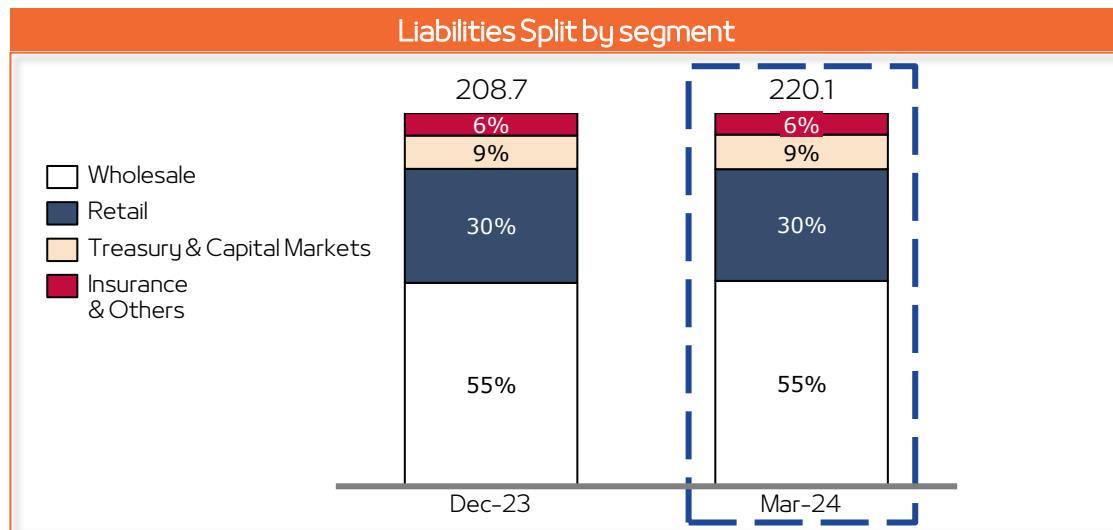
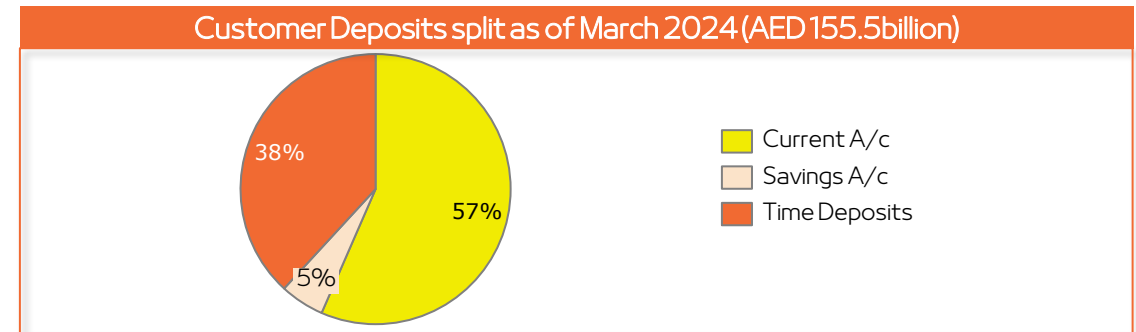
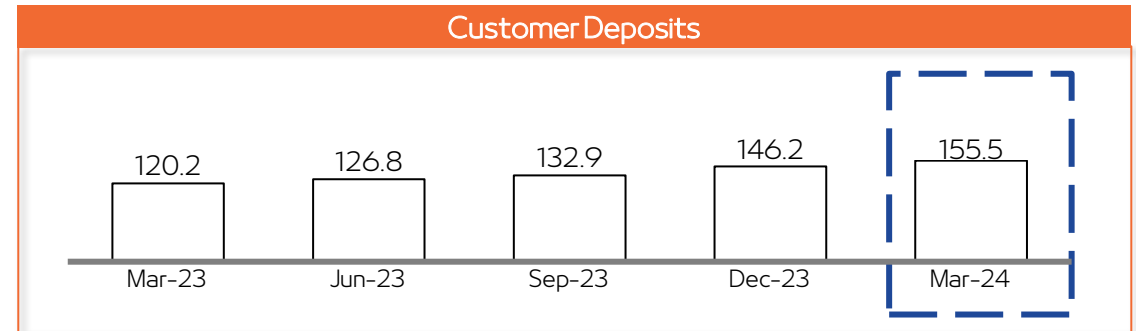
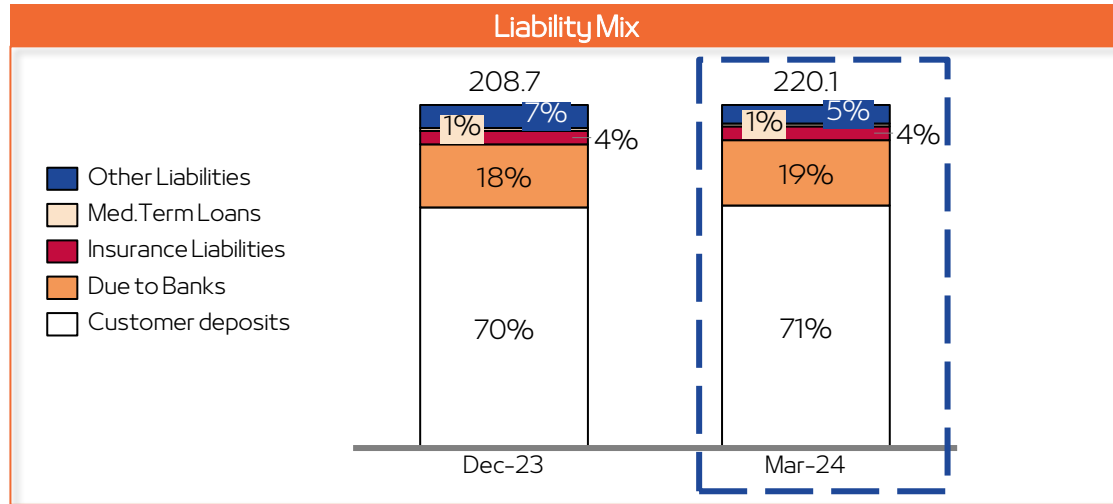
Asset mix [AED billion,%]



- ### Key Points
- > Net Loans & advances to customers are at AED 111 billion, stable compared to December 2023
 - > Personal segment contributes 14% of the Gross Loans while residential mortgage represents 11%. Trade is the biggest proportion of Gross Loans at 19% followed by Manufacturing at 16%. The bank has diversified loans portfolio with no individual sector accounting for more than ~19% of the total loan portfolio
 - > Wholesale Banking accounts for 51% of total assets as of March 2024. Retail Assets stand at 12%.

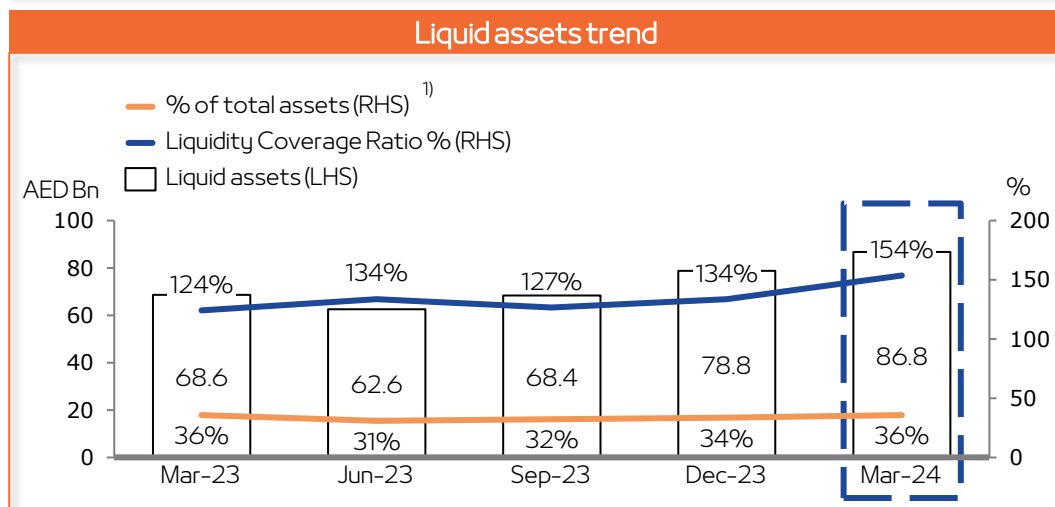
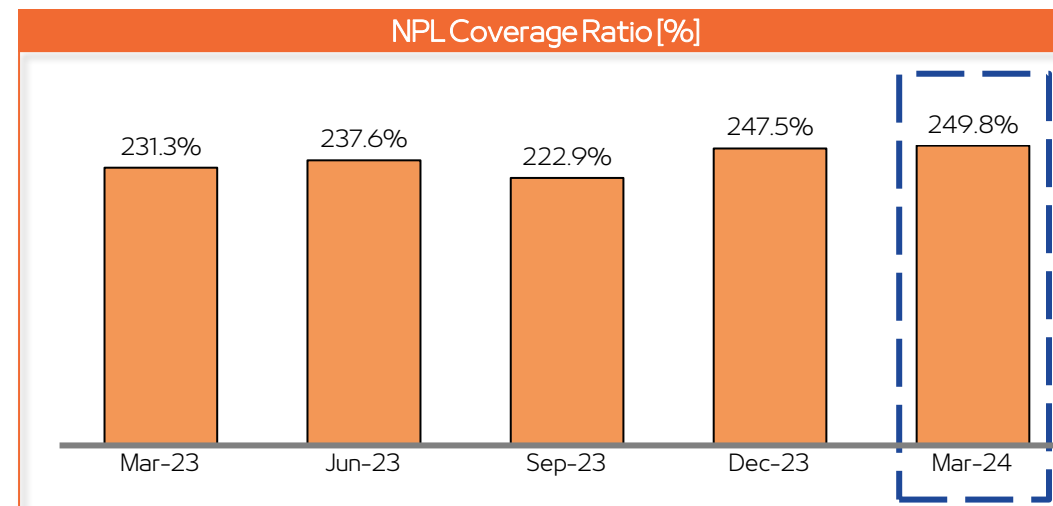
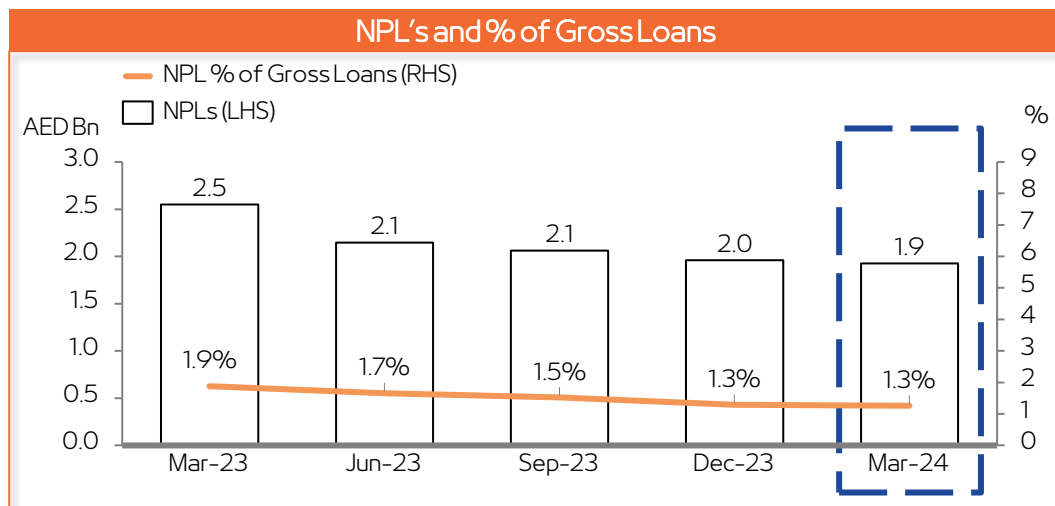
1) Total Assets excludes contra items; Net Loans and advances are to Customers
 2) Includes Islamic Financing
 3) Wholesale banking includes International banking segment

Liability mix [AED billion,%]



- ### Key Points
- > Customer deposits accounted for 71% of total liabilities
 - > CASA accounts for 62% of customer deposit as compared to 60% in Dec 2023; Time deposits contributed 38% of total deposits (40% in Dec 2023).
 - > Wholesale Banking accounts for the largest portion of liabilities at 55% as of March 2024

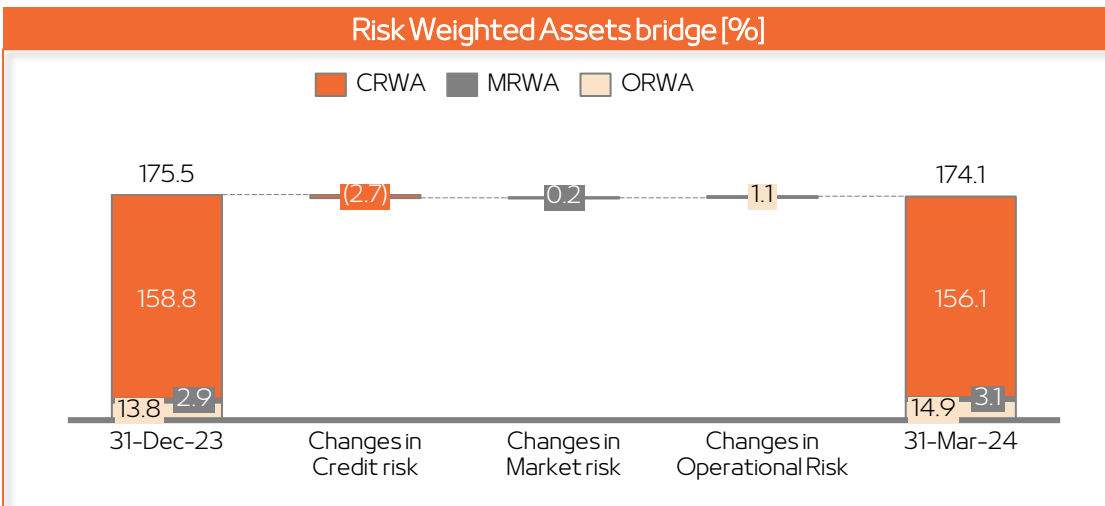
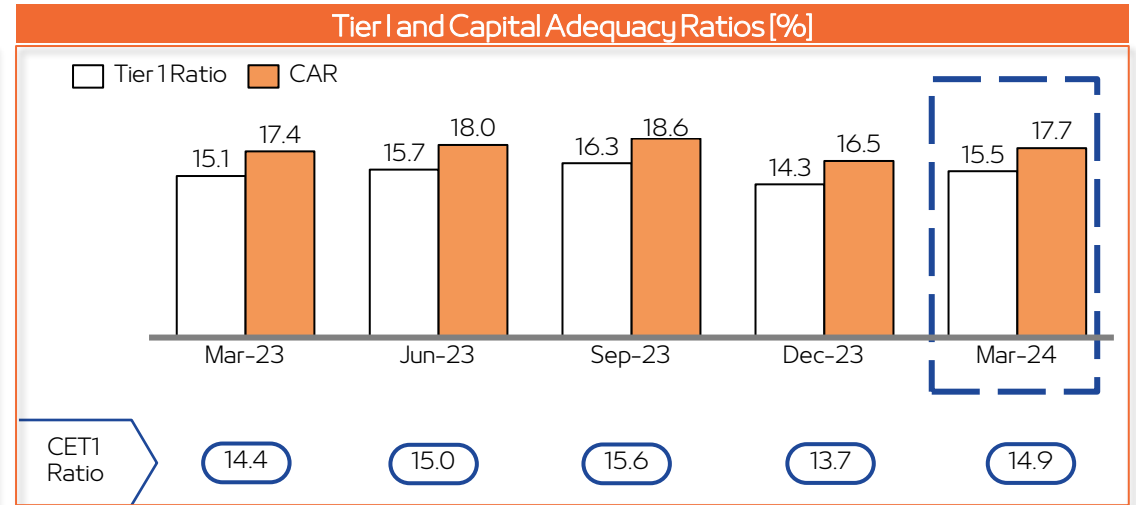
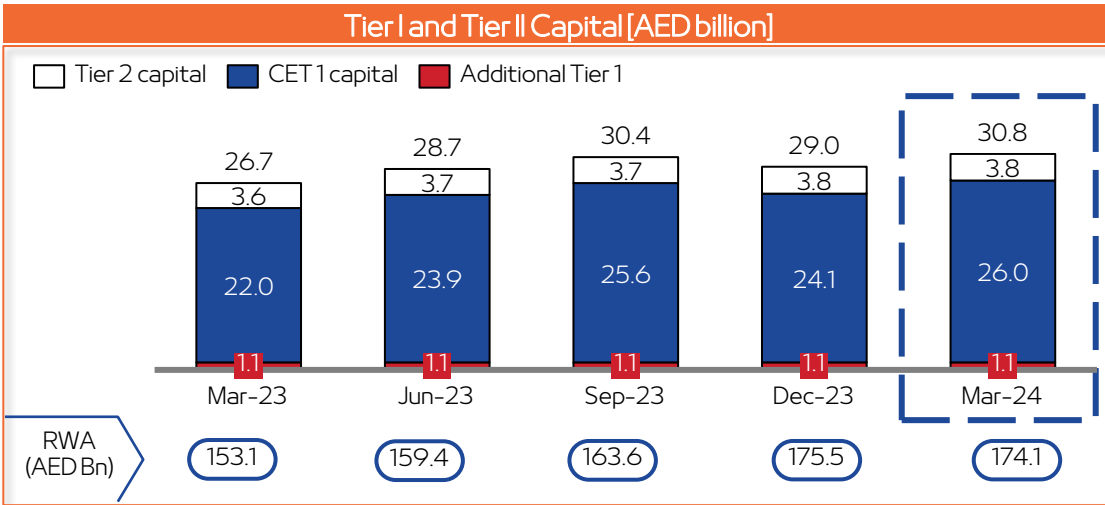
Asset quality and liquidity [AED billion,%]



- ### Key Points
- > General provisions are 1.64% of Credit Risk Weighted Assets
 - > NPLs have decreased by 24% year on year to reach AED 1.9 billion. This development is on the back of write-offs and increased recoveries. The NPL ratio has decreased to 1.3% (1.9% in March 2023)
 - > NPL Coverage ratio in March 2024 stands healthy at 249.8% (247.5% in December 2023)
 - > Liquid assets to total assets as of March 2024 was at 35.6%

¹⁾ Total Assets excludes contra items

Capital adequacy [AED billion; %]

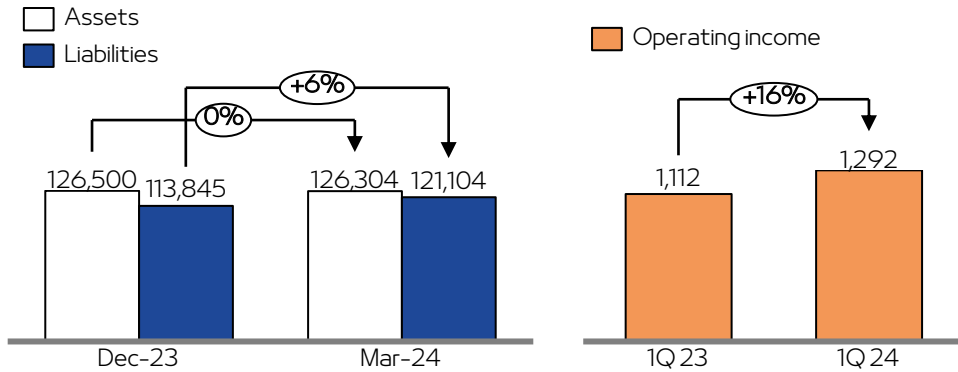


- ### Key Points
- > Mashreq CAR stands at 17.7% and is comfortably above the regulatory requirement of 13.0%
 - > Mashreq Tier 1 capital ratio was at 15.5% with CET 1 at a healthy 14.9%
 - > RWA/Total assets is at 70% in March 2024 compared to 73% in December 2023

Business segment information [AED million] (1/2)

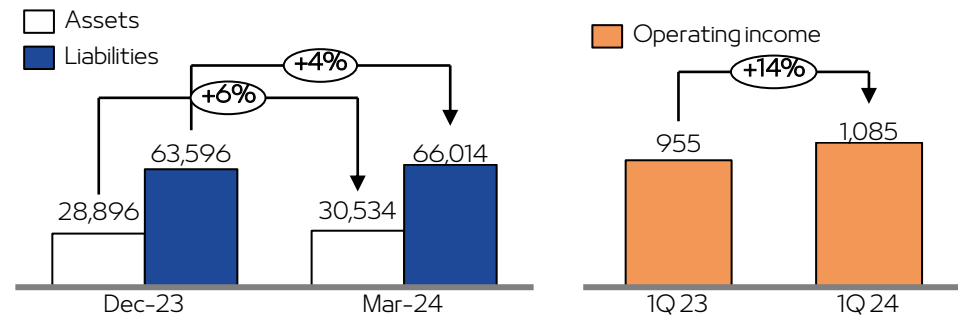


Wholesale Banking



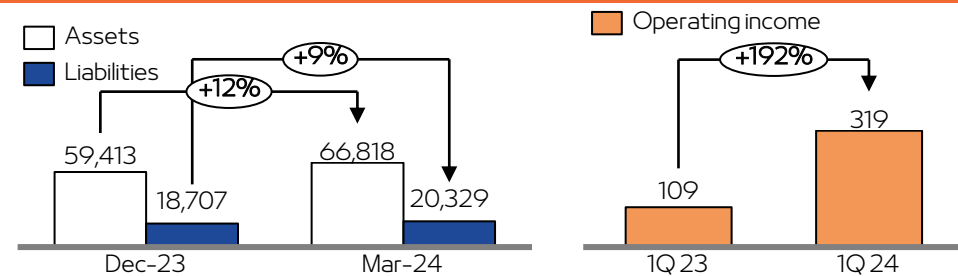
- > Wholesale banking is the biggest segment in Mashreq in terms of assets (51% of assets), liabilities (55% of total liabilities) and Operating Income (41% of total income) as of March 2024
- > Assets remained stable at AED 126.5 billion. There was an AED 1.1 billion increase in the services segment and a AED 752 million increase in Transport. The increase was balanced by a decrease in the Trade and Govt /GRE segment
- > Operating income increased by 16% Y-o-Y

Retail Banking



- > Retail banking is a key contributor to the operating income at 37% in 1Q 2024
- > Y-o-Y operating income increased by 14% mainly from business banking and the digital banking segment NEO
- > Retail banking assets increased by 6% and stand at AED 30.5 billion
- > Liabilities have increased by 4% and are AED 66 billion as of March 2024 (30% of total liabilities)

Treasury & Capital Markets



- > Treasury & Capital Markets accounts for 27% of assets and 9% of liabilities as of March 2024
- > Assets increased by 12% year to date and stood at AED 67 billion.
- > Y-o-TCM Operating income contributed 37% to the total operating income in 1Q 2024.
- > Y-o-Y operating income increased by 192% to AED 319 million. This is from a one-off gain in investment and enhanced customer flow business thereby increasing the FX revenue significantly

Performance Highlights

Financial Results Overview

▶ Appendix

1Q 2024 financials – Consolidated Income statement [AED million]



| Income statement | 2024 | 2023 | 2023 | Variance (% change) | |
|-------------------------------|--------------|--------------|--------------|---------------------|--------------------|
| | 1Q | 4Q | 1Q | 1Q 2024 vs 4Q 2023 | 1Q 2024 vs 1Q 2023 |
| | | | | (Q-o-Q) | (Y-o-Y) |
| Net interest income | 2,144 | 2,089 | 1,746 | 2.6 | 22.8 |
| Net Fees and commission | 548 | 237 | 583 | 131.0 | (6.0) |
| Net Investment income | 67 | 29 | 18 | 130.5 | 264.3 |
| Other income | 382 | 541 | 172 | (29.4) | 122.2 |
| Non Interest Income | 997 | 807 | 774 | 23.5 | 28.9 |
| Total operating income | 3,141 | 2,896 | 2,520 | 8.5 | 24.7 |
| Operating expenses | (839) | (1,038) | (761) | (19.2) | 10.2 |
| Operating profit | 2,303 | 1,858 | 1,759 | 23.9 | 30.9 |
| Impairment allowance | (38) | 1,027 | (96) | (103.7) | (60.7) |
| Tax expense | (224) | (43) | (28) | 420.4 | 687.3 |
| Non-Controlling Interest | (34) | (22) | (24) | 55.4 | 38.7 |
| Net Profit | 2,007 | 2,821 | 1,610 | (28.8) | 24.7 |

March 2024 financials – Consolidated Balance sheet [AED million]



| Balance sheet | 31 Mar 2024 | 31 Dec 2023 | YOY (%) |
|---|----------------|----------------|-------------|
| Assets | | | |
| Cash and balances with central banks | 35,337 | 41,760 | (15%) |
| Loans and advances to banks | 48,973 | 39,127 | 25% |
| Financial assets measured at fair value | 32,327 | 26,032 | 24% |
| Securities measured at amortised cost | 9,311 | 9,952 | (6%) |
| Loans and advances to customers | 92,016 | 93,603 | (2%) |
| Islamic financing and investment products | 18,468 | 16,752 | 10% |
| Acceptances | 3,910 | 3,537 | 11% |
| Reinsurance contract assets | 2,610 | 2,757 | (5%) |
| Investment in associate | 36 | 36 | 0% |
| Investment properties | 514 | 502 | 2% |
| Property and equipment | 1,374 | 1,382 | (1%) |
| Intangible assets | 347 | 361 | (4%) |
| Other assets | 4,368 | 4,180 | 4% |
| Total Assets | 249,592 | 239,981 | 4% |
| Liabilities | | | |
| Deposits and balances due to banks | 40,869 | 37,335 | 9% |
| Repurchase agreements with banks | 1,063 | 1,063 | 0% |
| Customers' deposits | 134,460 | 132,610 | 1% |
| Islamic customers' deposits | 21,039 | 13,622 | 54% |
| Acceptances | 3,910 | 3,537 | 11% |
| Medium-term loans | 2,785 | 5,159 | (46%) |
| Subordinated debt | 1,831 | 1,831 | 0% |
| Insurance and Investment contract liabilities | 5,226 | 5,335 | (2%) |
| Other liabilities | 8,942 | 8,171 | 9% |
| Total Liabilities | 220,125 | 208,663 | 5% |
| Total Equity | 29,467 | 31,318 | (6%) |
| Total Liabilities and Equity | 249,592 | 239,981 | 4% |

1) Equity Attributable to owners of parent including noteholders of the Group and minority interest



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THANK YOU.