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1H 2024 Financial Results Presentation

JULY 2024

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▶ Performance Highlights

Financial Results Overview

Appendix

Financial highlights – Consolidated Income statement [AED million]

Income Statement (AED million)

Net Interest Income & Income from Islamic Financing	
Non- Interest Income	
Total Operating Income	
Operating Expenses	
Operating Profit	
Impairment Allowance	
Profit before tax	
Tax Expense	
Profit for Period	
Non-Controlling Interest	
Profit attributable to Owners of the Parent	

1H 2024

4,226
1,902
6,127
(1,673)
4,454
45
4,499
(447)
4,052
(50)

4,003

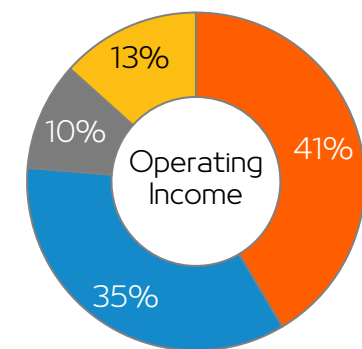
1H 2023

3,616
1,511
5,127
(1,451)
3,676
(54)
3,622
(62)
3,560
(44)

3,516

YoY (%)

17
26
20
15
21
NM
24
618
14
14
14



Wholesale Treasury & Capital Markets
Retail Insurance & Others

Balance Sheet (AED million)

Net Loans & Advances
Total Assets
Customer Deposits
Shareholders Equity

Jun 2024

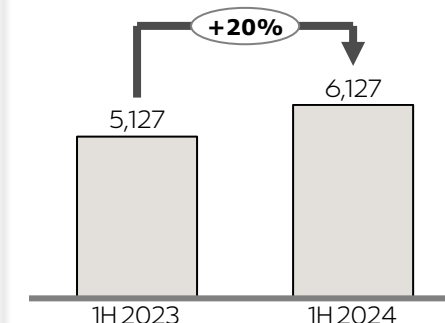
253,467
162,970
153,964
32,252

Dec 2023

239,981
149,483
146,232
30,333

YTD (%)

6
9
5
6



Key Ratios



	30 Jun 2024	30 Dec 2023	30 Jun 2023
Capital adequacy			
CET1 Ratio	15.7%	13.7%	15.0%
Tier I Capital Ratio	17.3%	14.3%	15.7%
Total Capital Ratio	19.5%	16.5%	18.0%
Liquidity			
Liquid Assets to Total Assets ¹⁾	35.4%	33.6%	30.8%
Advances to Deposits	73.9%	75.5%	74.9%
Liquidity Coverage Ratio (LCR)	154.1%	133.5%	133.7%
Asset quality			
NPL Coverage Ratio	230.5%	247.5%	237.6%
NPL to Gross Advances	1.3%	1.3%	1.7%
Performance			
ROA ²⁾	3.3%	4.1%	3.6%
ROE ²⁾	27.6%	34.3%	30.2%
Net Margin ³⁾	3.8%	4.1%	4.1%
Cost - Income Ratio	27.3%	30.9%	28.3%
Fee and other income to total income	31.0%	28.6%	29.5%

Note: 1) Total Assets excludes contra items

2) Annualized;

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

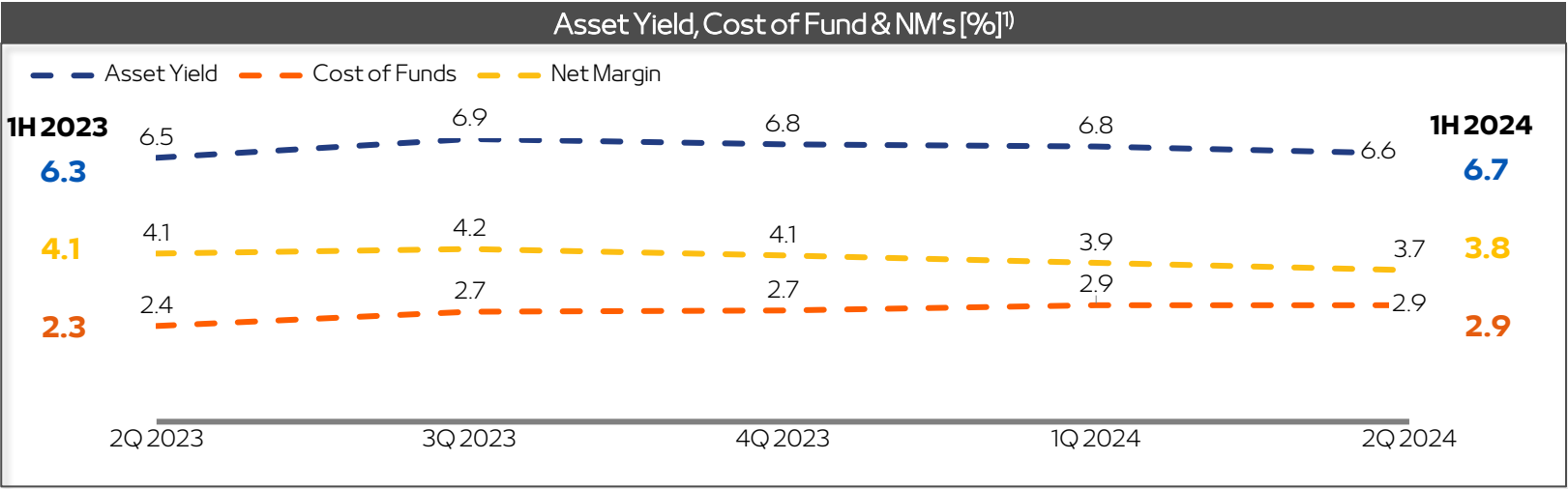
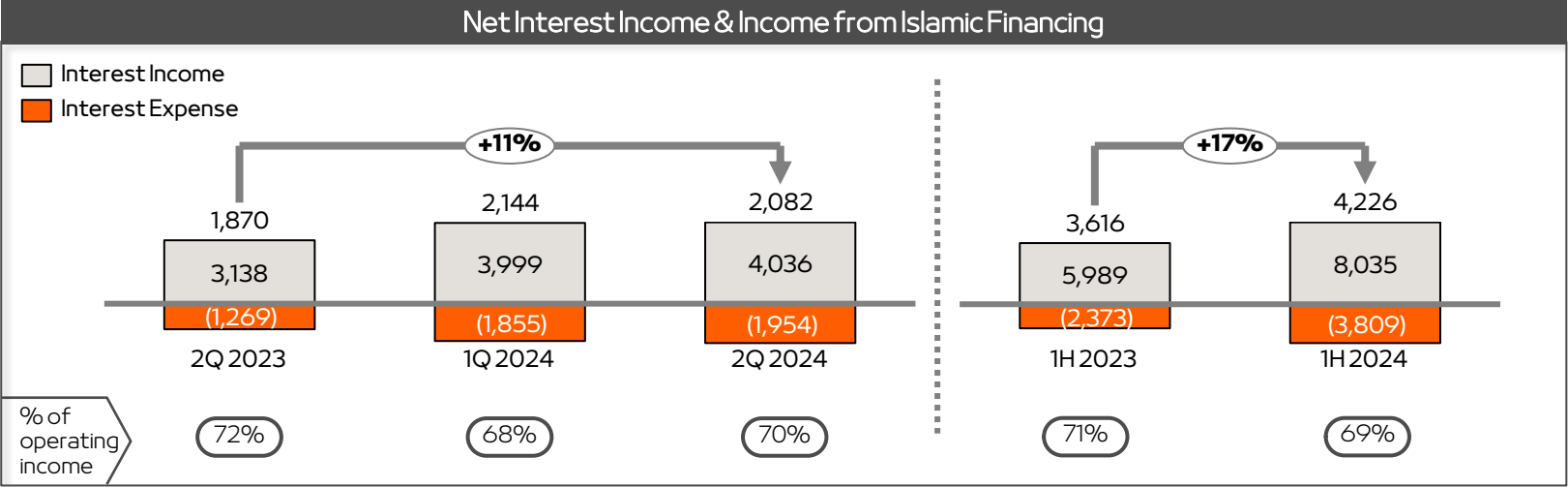
Classification: Public

Performance Highlights

► Financial Results Overview

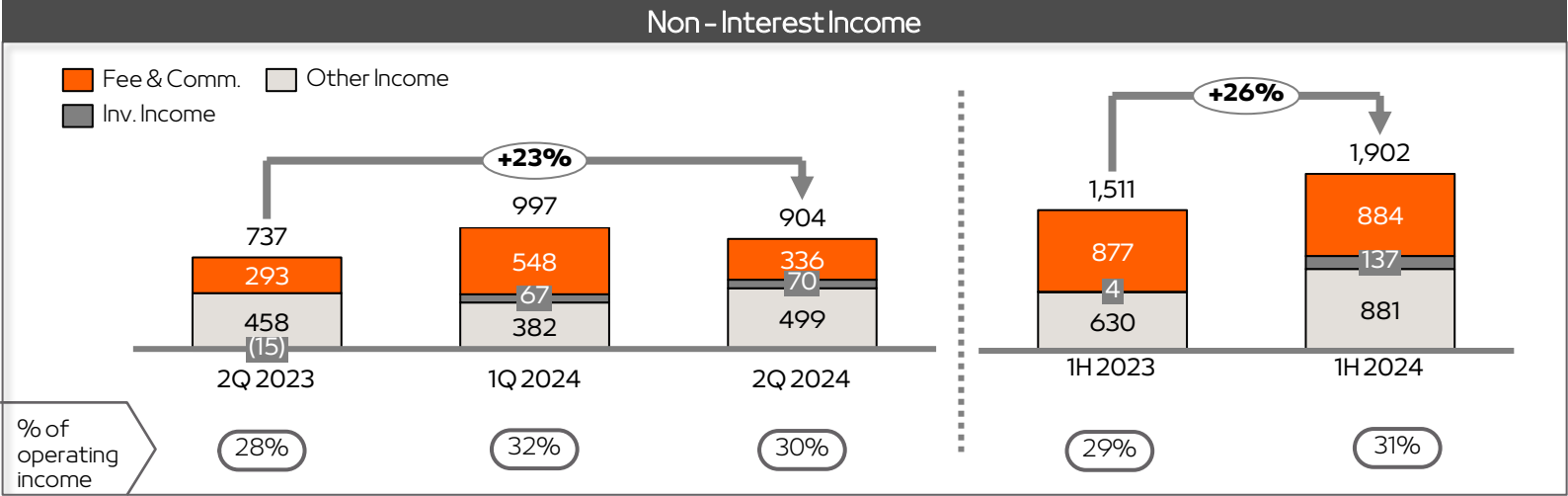
Appendix

Increased NII because of higher NIMS from both assets & liabilities[AED million,%]



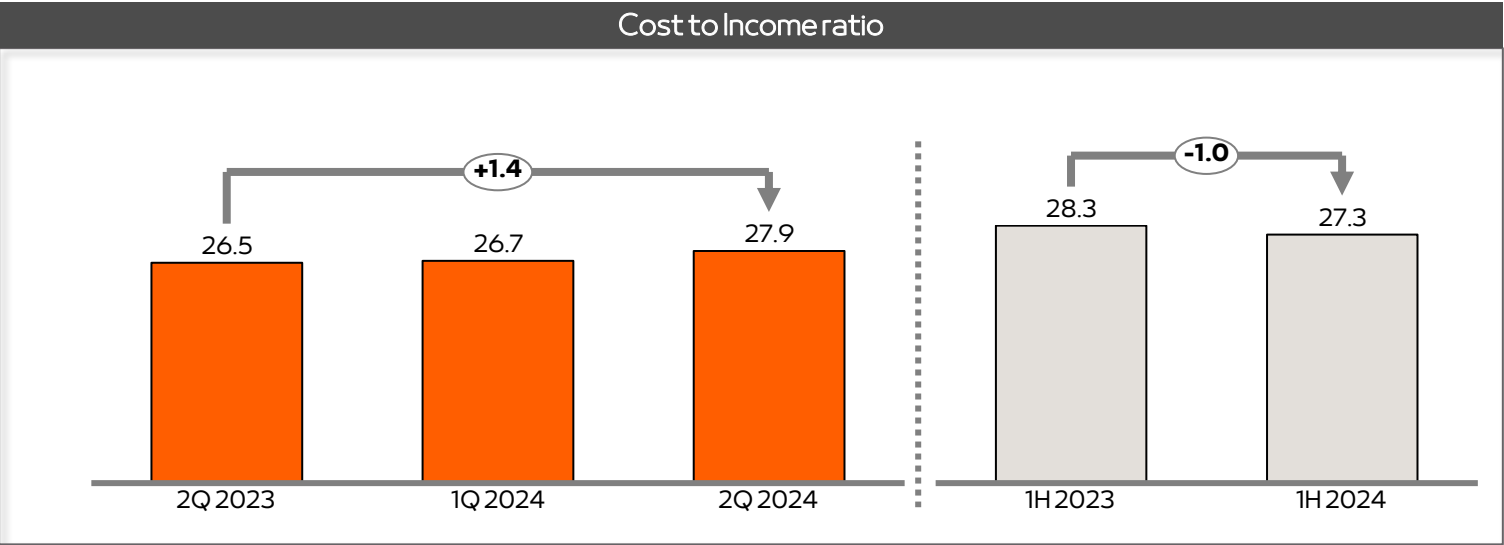
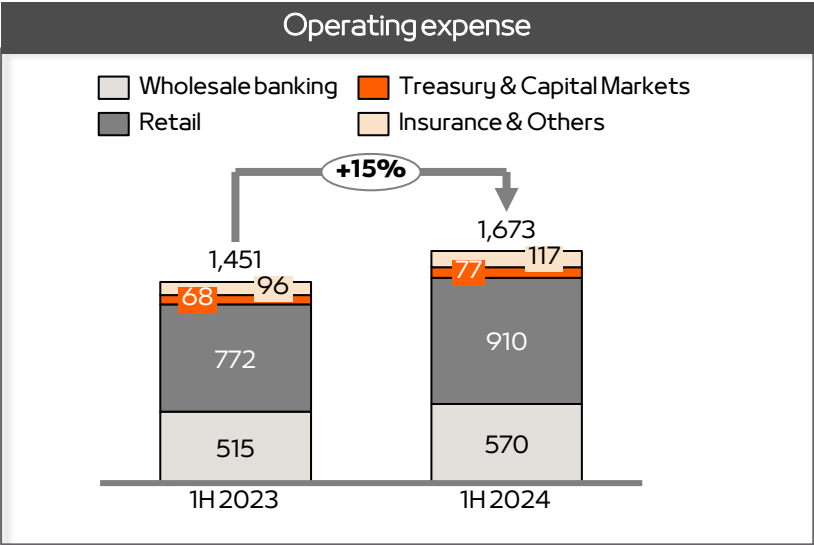
1) Annualized; Net Margin represents Net Interest Margin & Margin for Islamic products;

Non NII income driven by increase in Fee & commission [AED million,%]



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

Operating expenses increase driven by strategic investments in digital and business growth[AED million,%]

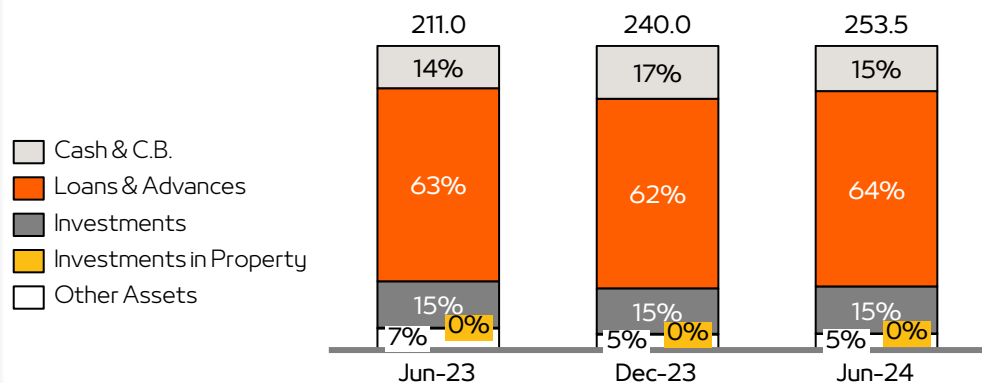


- > 1H 2024 operating expenses increased by 15% Y-o-Y. The increase is supported by increased business volume growth requirements and investments in the digital infrastructure
- > Retail banking represents the highest proportion of total expenses
- > Cost to Income ratio decreased by a percentage point to 27.3% in 1H 2024 vs 28.3 % in 1H 2023

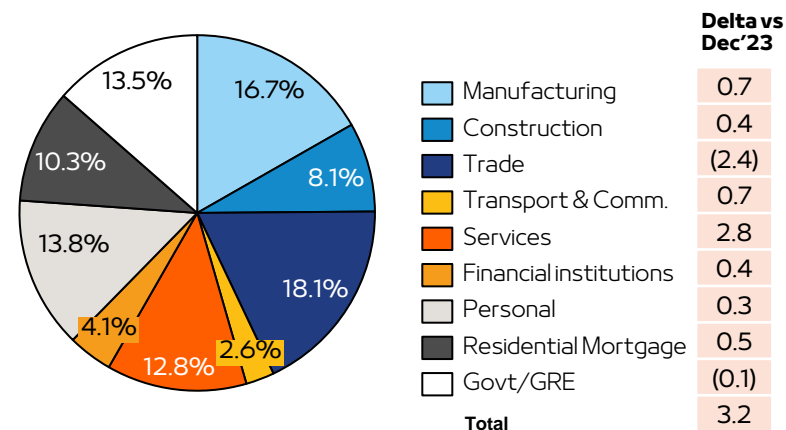
1) Annualized; Net Margin represents Net Interest Margin & Margin for Islamic products;

Asset mix [AED billion,%]

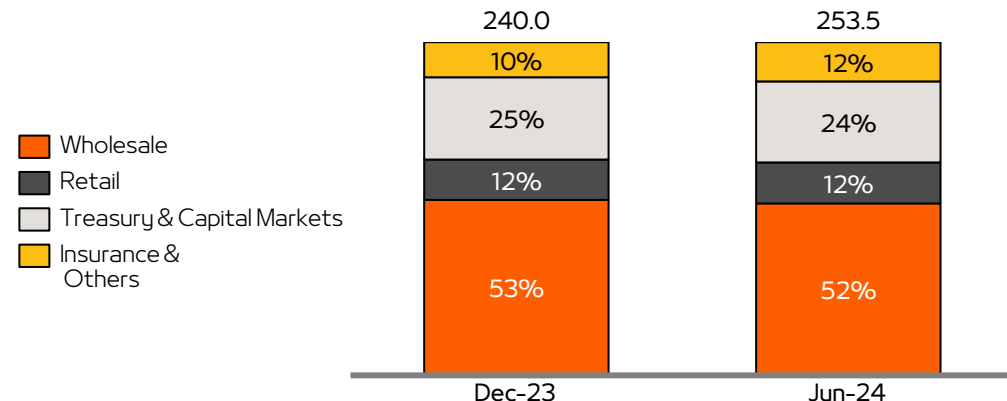
Total Assets and Net Loans & Advances ¹⁾



Gross Loans & Advances ¹⁾ portfolio split as of June 2024 (AED119.0 billion)

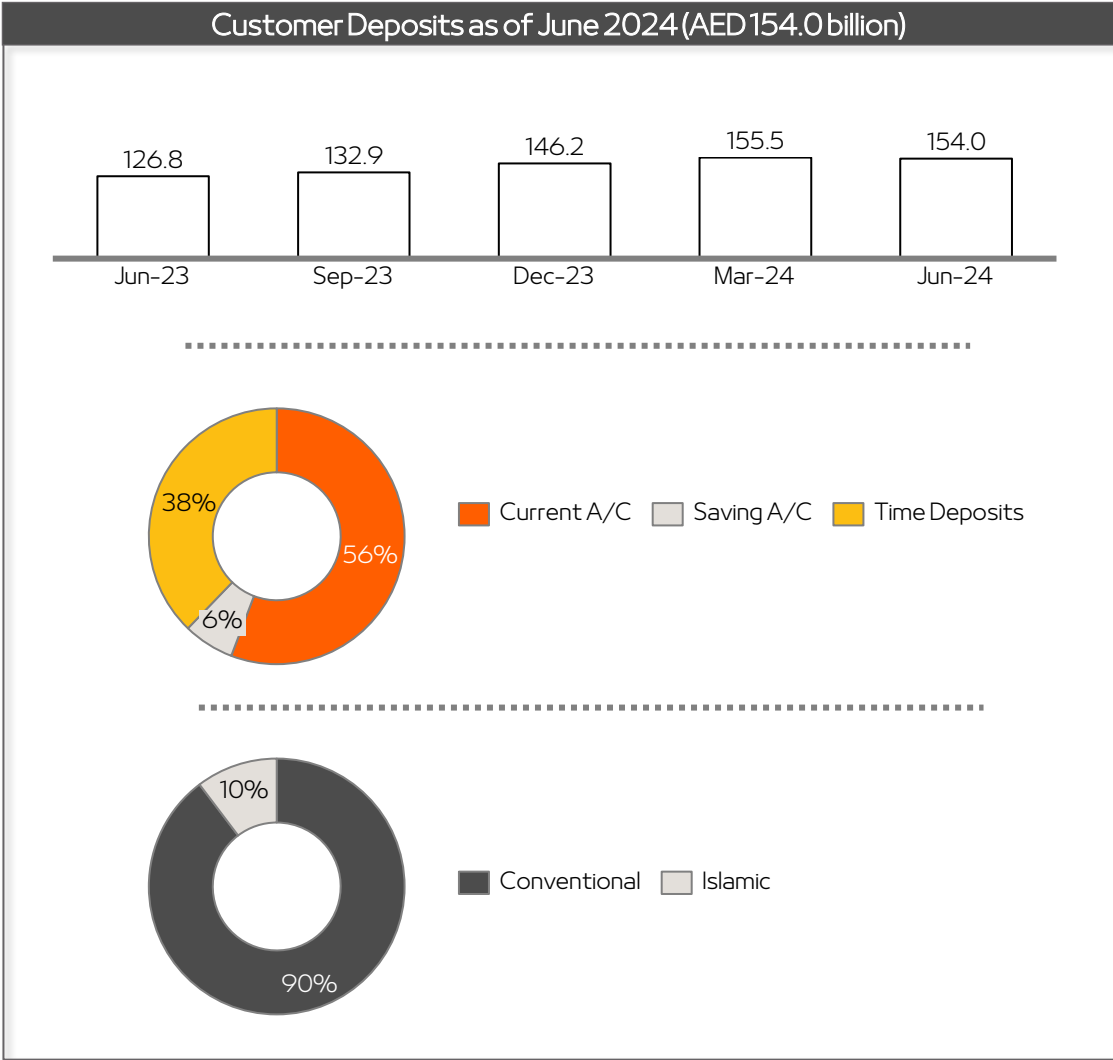
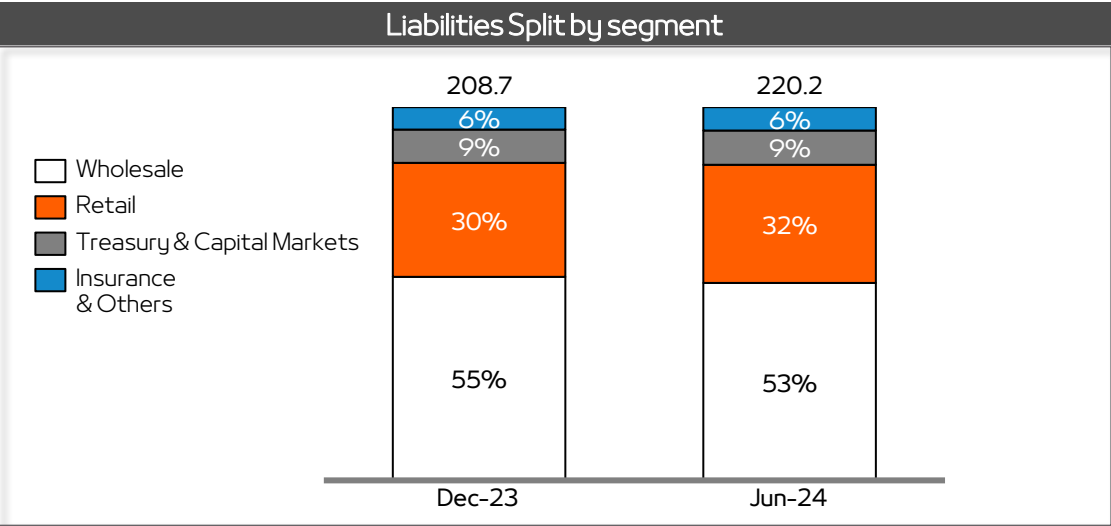
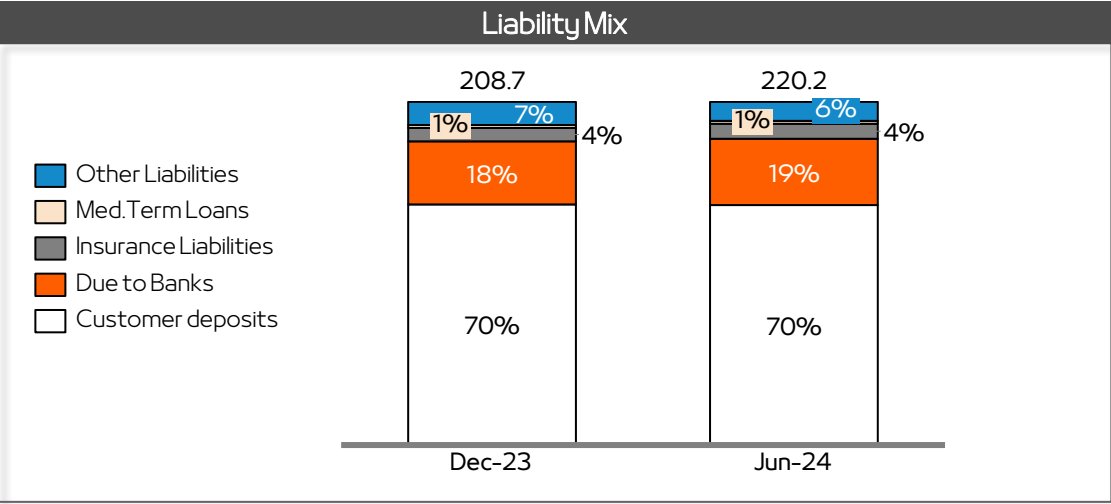


Asset Split by Segment ²⁾

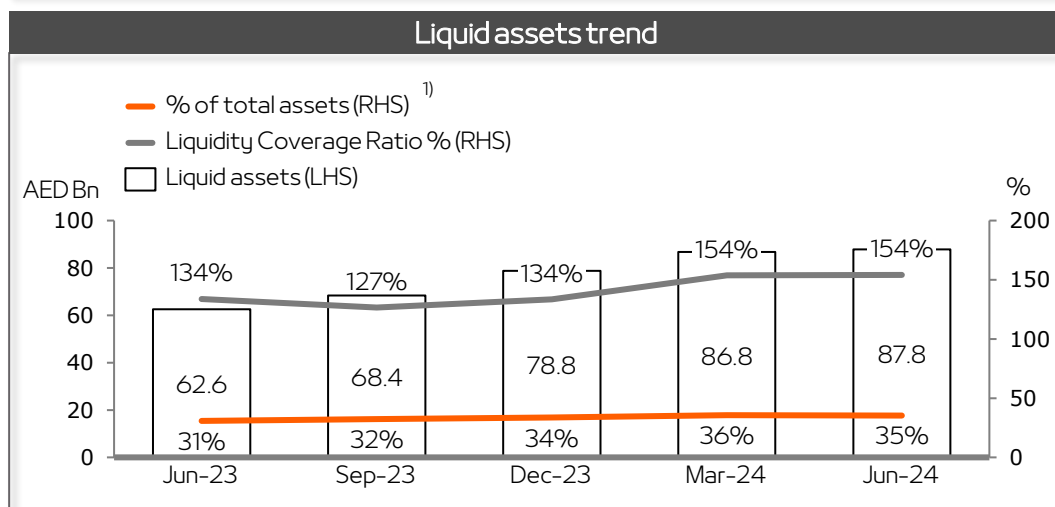
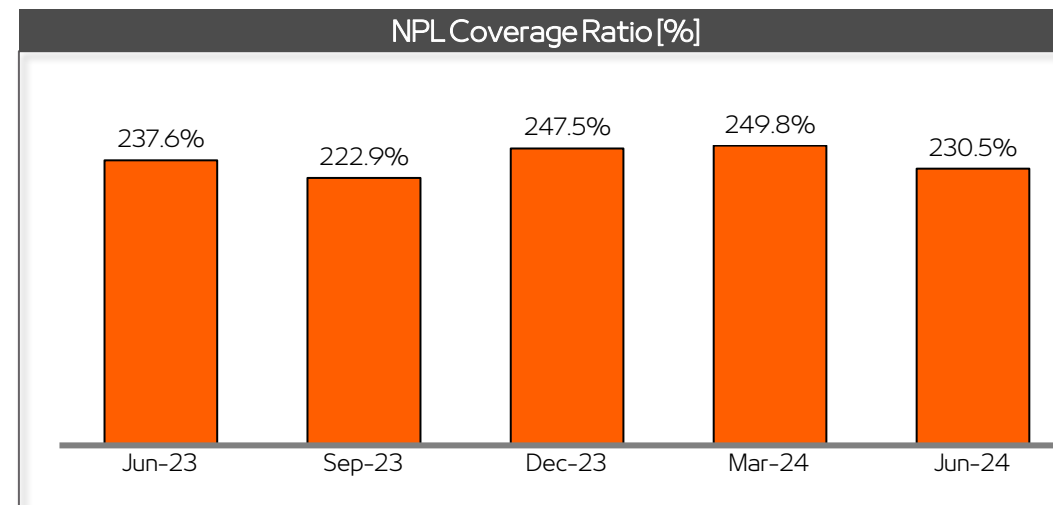
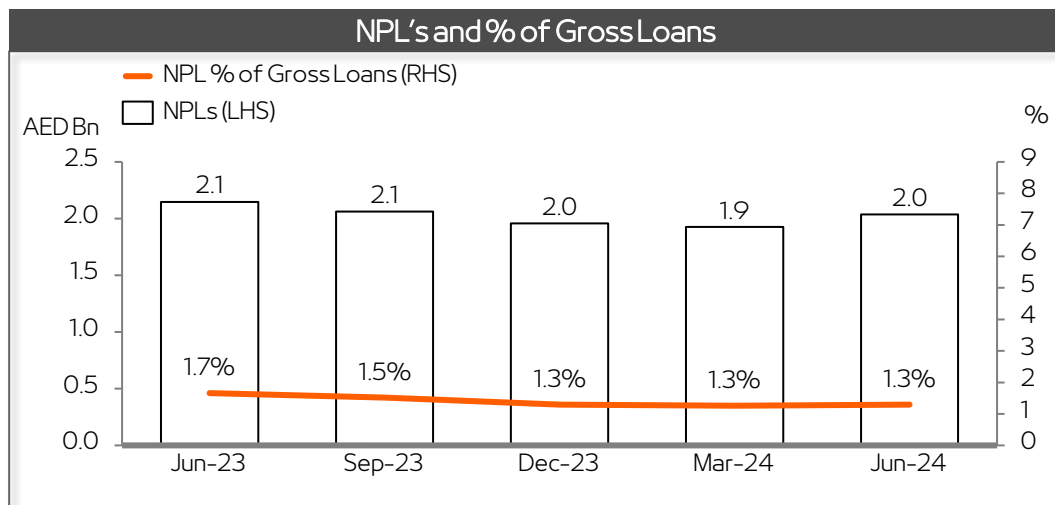


- > Net Loans & advances to customers are at AED 253 billion, a 6% increase compared to December 2023
- > Personal segment contributes 14% of the Gross Loans while residential mortgage represents 10%. Trade is the biggest proportion of Gross Loans at 18% followed by Manufacturing at 17%. The bank has diversified loans portfolio with no individual sector accounting for more than ~18% of the total loan portfolio
- > Wholesale Banking accounts for 52% of total assets as of June 2024. Retail Assets stand at 12%.

Liability mix [AED billion,%]



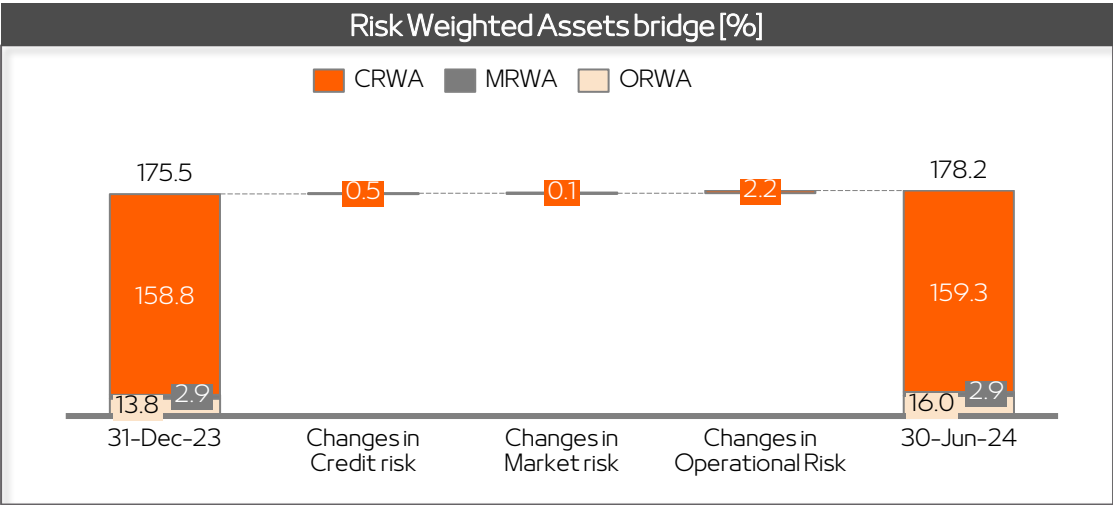
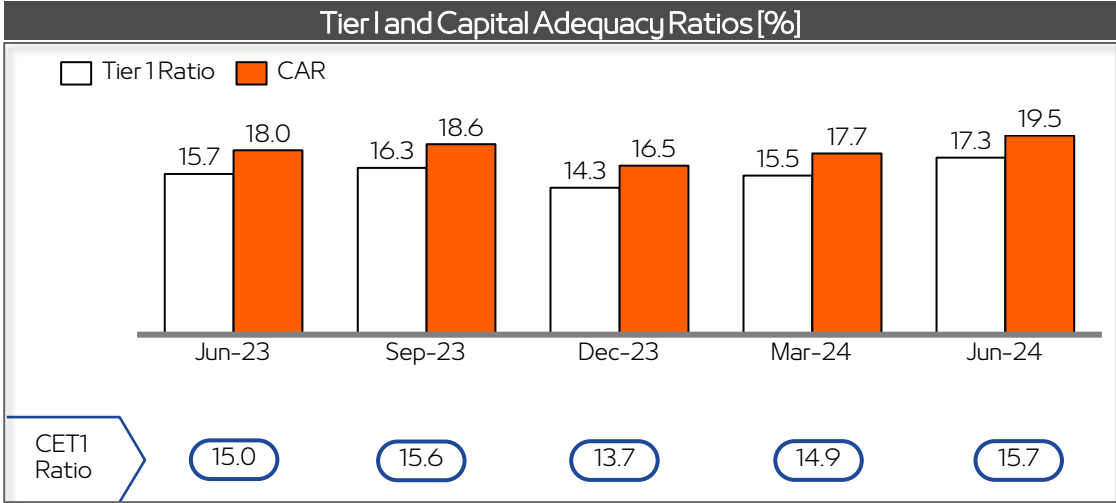
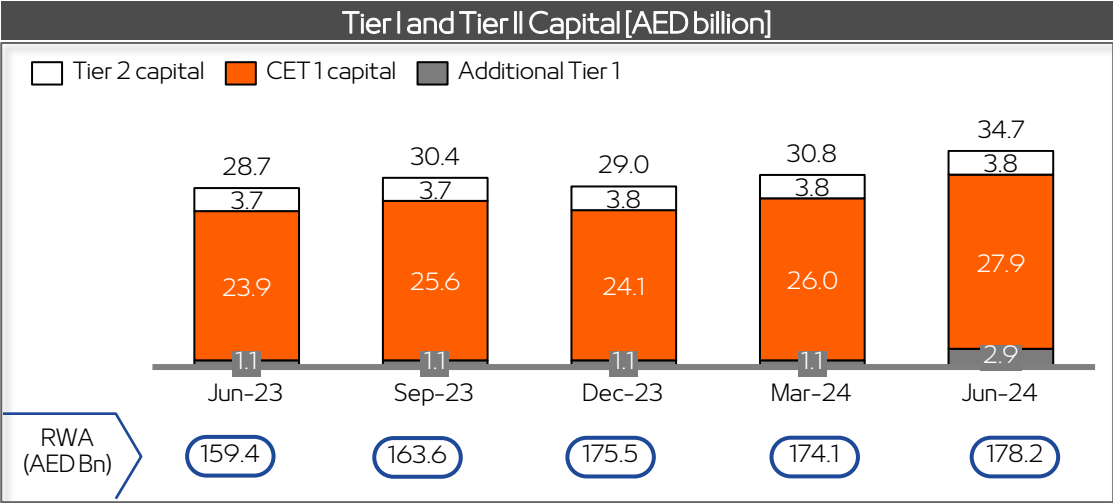
Asset quality and liquidity [AED billion,%]



- > General provisions are 1.55% of Credit Risk Weighted Assets
- > NPLs have decreased by 5% year on year to reach AED 2.0 billion. This development is on the back of write-offs and increased recoveries. The NPL ratio has decreased to 1.3% (1.7% in June 2023)
- > NPL Coverage ratio in June 2024 stands healthy at 230.6% (247.5% in December 2023)
- > Liquid assets to total assets as of June 2024 was at 35.4%

1) Total Assets excludes contra items

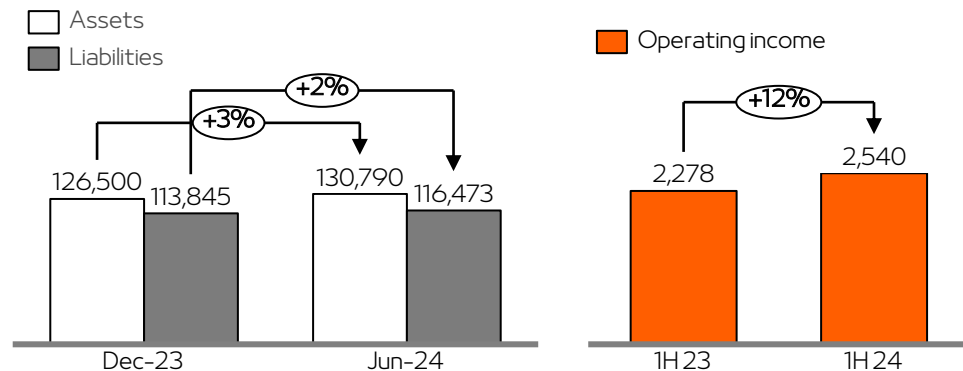
Capital adequacy [AED billion; %]



- > Mashreq CAR stands at 19.5% and is comfortably above the regulatory requirement of 13.0%
- > Mashreq Tier 1 capital ratio was at 17.3% with CET 1 at a healthy 15.7%
- > RWA/Total assets is at 70% in June 2024 compared to 73% in December 2023

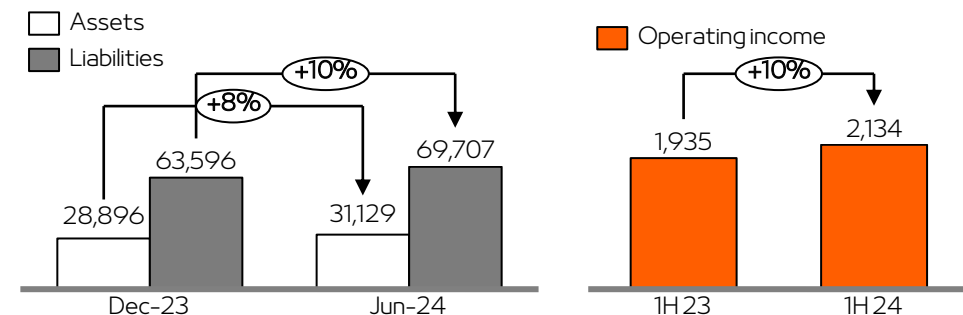
Business segment information [AED million] (1/2)

Wholesale Banking



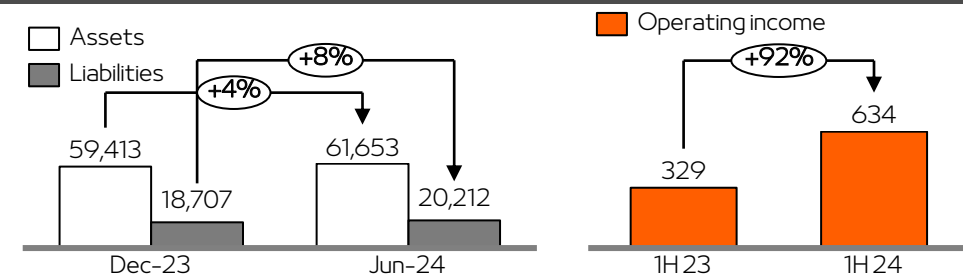
- > Wholesale banking is the biggest segment in Mashreq in terms of assets (51% of assets), liabilities (55% of total liabilities) and Operating Income (41% of total income) as of March 2024
- > Assets increased by 3% and are at AED 131 billion. CIBG assets grew across segments with key performances coming from the public sector in terms of asset growth, Energy sector in terms of cross sell and FI returns and Services and Manufacturing segment in terms of securing key mandates in the Healthcare sector
- > Operating income increased by 12% Y-o-Y. The increase was supported by an impressive performance of the investment banking team especially in the education sector clocking in high fee incomes

Retail Banking



- > Retail banking is a key contributor to the operating income at 37% in 1Q 2024
- > Y-o-Y operating income increased by 10% mainly from business banking and the digital banking segment NEO
- > Retail banking assets increased by 8% and stand at AED 31 billion
- > Liabilities have increased by 10% and are AED 70 billion as of June 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 4% year to date and stood at AED 62 billion.
- > Y-o-Y TCM Operating income contributed 37% to the total operating income in 1H 2024.
- > Y-o-Y operating income increased by 92% to AED 634 million. This is from a one-off gain in investment and enhanced customer flow business thus increasing FX revenues significantly

Performance Highlights

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



Income statement	2024	2023	Variance (% change)
	1H	1H	1H 2024 vs 1H 2023 (Y-o-Y)
Net Interest Income & Income from Islamic Financing	4,226	3,616	17
Fee and commission	884	877	1
Investment Income	137	4	3,570
Insurance,FX & Other Income	881	630	40
Non Interest Income	1,902	1,511	26
Total Operating Income	6,127	5,127	20
Operating Expenses	(1,673)	(1,451)	15
Operating Profit	4,454	3,676	21
Impairment Allowance	45	(54)	NM
Profit before tax	4,499	3,622	24
Tax Expense	(447)	(62)	618
Profit for Period	4,052	3,560	14
Non-Controlling Interest	(50)	(44)	14
Profit attributable to Owners of the Parent	4,003	3,516	14

2Q 2024 financials – Consolidated Income statement [AED million]



Income statement	2024	2024	2023	Variance (% change)	
	2Q	1Q	2Q	2Q 2024 vs 1Q 2024 (Q-o-Q)	2Q 2024 vs 2Q 2023 (Y-o-Y)
Net Interest Income & Income from Islamic Financing	2,082	2,144	1,870	(3)	11
Fee and commission	336	548	293	(39)	14
Investment Income	70	67	(15)	4	NM
Insurance,FX & Other Income	499	382	458	31	9
Non Interest Income	904	997	737	(9)	23
Total Operating Income	2,986	3,141	2,607	(5)	15
Operating Expenses	(834)	(839)	(690)	(0)	21
Operating Profit	2,152	2,303	1,917	(7)	12
Impairment Allowance	83	(38)	43	NM	94
Profit before tax	2,234	2,265	1,959	(1)	14
Tax Expense	(223)	(224)	(34)	(0)	559
Profit for Period	2,011	2,041	1,925	(1)	4
Non-Controlling Interest	(16)	(34)	(19)	(53)	(16)
Profit attributable to Owners of the Parent	1,995	2,007	1,906	(1)	5

June 2024 financials – Consolidated Balance sheet [AED million]



Balance sheet	30 Jun 2024	31 Dec 2023	YOY (%)
Assets			
Cash and balances with central banks	37,572	41,760	(10%)
Loans and advances to banks	49,142	39,127	26%
Financial assets measured at fair value	30,009	26,032	15%
Securities measured at amortised cost	9,152	9,952	(8%)
Loans and advances to customers	94,730	93,603	1%
Islamic financing and investment products	19,097	16,752	14%
Acceptances	3,245	3,537	(8%)
Reinsurance contract assets	3,476	2,757	26%
Investment in associate	36	36	0%
Investment properties	264	502	(47%)
Property and equipment	1,357	1,382	(2%)
Intangible assets	329	361	(9%)
Other assets	5,057	4,180	21%
Total Assets	253,467	239,981	6%
Liabilities			
Deposits and balances due to banks	41,421	37,335	11%
Repurchase agreements with banks	1,109	1,063	4%
Customers' deposits	138,083	132,610	4%
Islamic customers' deposits	15,881	13,622	17%
Acceptances	3,245	3,537	(8%)
Medium-term loans	2,773	5,159	(46%)
Subordinated debt	1,831	1,831	0%
Insurance and Investment contract liabilities	6,241	5,335	17%
Other liabilities	9,629	8,171	18%
Total Liabilities	220,213	208,663	6%
Total Equity	33,255	31,318	6%
Total Liabilities and Equity	253,467	239,981	6%

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



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THANK YOU.