



Rise every day

9M 2024 Earnings Presentation

November 2024

Disclaimer

The material in this presentation is general background information about Mashreq Bank's activities current at the date of the presentation. It does not constitute or form part of and should not be construed as, an offer to sale or issue or the solicitation of an offer to buy or acquire securities of Mashreq Bank in any jurisdiction or an inducement to enter into investment activity.

Although Mashreq Bank UAE has obtained the information provided from sources that should be considered reliable, it cannot guarantee its accuracy or completeness. The information provided is purely of an indicative nature and is subject to change without notice at any time.

The person retrieving information is responsible for its selection and all aspects of its use. The information may only be used by the person retrieving it. The person retrieving the information may not transfer, duplicate, process or distribute it. The person retrieving the information is obliged to follow all instructions from Mashreq Bank concerning its use. No part of the content of this presentation may be copied.

Table of Contents

01 Performance Highlights

02 Financial Results Overview

03 Macroeconomic Overview

04 Appendix

01 Performance Highlights

02 Financial Results Overview

03 Macroeconomic Update

04 Appendix

Strong business growth and enhanced operational efficiency

Growth in Net Profit Before Tax attributable to a **13% Y-o-Y** surge in **net interest income** and **21% Y-o-Y** increased in **non-interest income**

9%
Net Profit Before Tax Growth

Solid organic expansion through 9M in 2024, with a **12%** year-to-date **growth in lending**, meeting clients' financing needs across **various sectors**

12%
Loans & Advances Growth

Increased **Pre-Tax Net Profit** of **AED 6.5Bn** in the first nine months of 2024, a result of increased operational activities

AED 6.5 Billion
Net Profit Before Tax

Year to Date increase of **7%** in customer deposits and accounts with **66% CASA**

7%
Customer Deposits Growth

Principal drivers of this **increase** are **strong business growth** with healthy margins, the benign **interest rate environment** and relatively **low risk costs**

17%
Operating Profit Growth

Enhanced **efficiency** results in an Annualized Return-on- Assets of **3.1%**

3.1%
Return on Assets

Cost-Income ratio of 27.9% highlights the bank's **strong overall performance** and **operational efficiency**

27.9%
Cost to Income Ratio

Non-Performing Loans to Gross Loans ratio of **1.5%** and remains one of the **lowest in the market**

1.5%
NPL Gross Loans Ratio

Mashreq's **Return on Equity** reached **25.8%** for 9M 2024, as managements commitment to deliver **optimal** value to shareholders

25.8%
Return on Equity

Strong capital position with Capital Adequacy Ratio of 19.8%, surpassing **regional benchmarks** and highlighting ability to **absorb** market shocks

19.8%
Capital Adequacy Ratio

01 Performance Highlights

02 Financial Results Overview

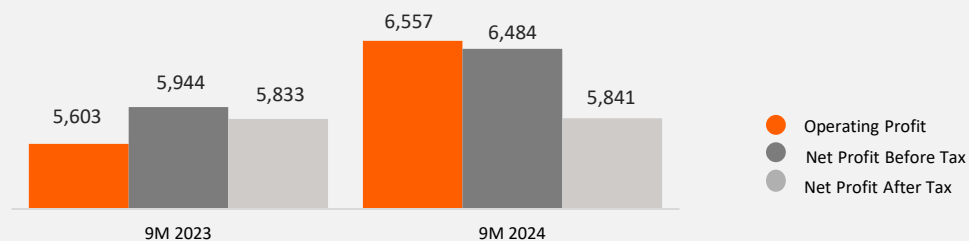
03 Macroeconomic Overview

04 Appendix

Strong underlying performance drives 9% increase in 9M 2024 Net Profit Before Tax

Key Highlights

- Net Profit before Tax of AED 6.5 bln** in the first 9 months of 2024, attributable to a 13% year-on-year surge in net interest income, as well as a 21% year-on-year increase in non-interest income.
- Principles drivers of this increase are **strong business growth** with **healthy margins**, the benign **interest rate environment** and relative **low risk** costs



Growth in customer base

17% YTD



ROA*

3.1%

9M 2024

ROE*

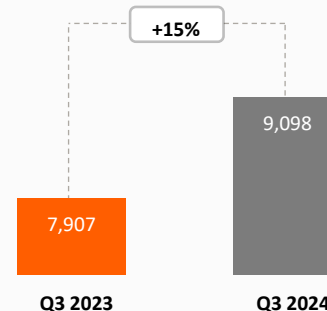
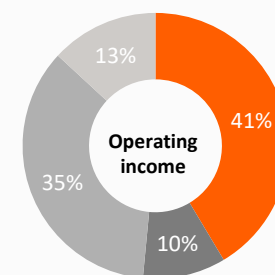
25.8%

9M 2024

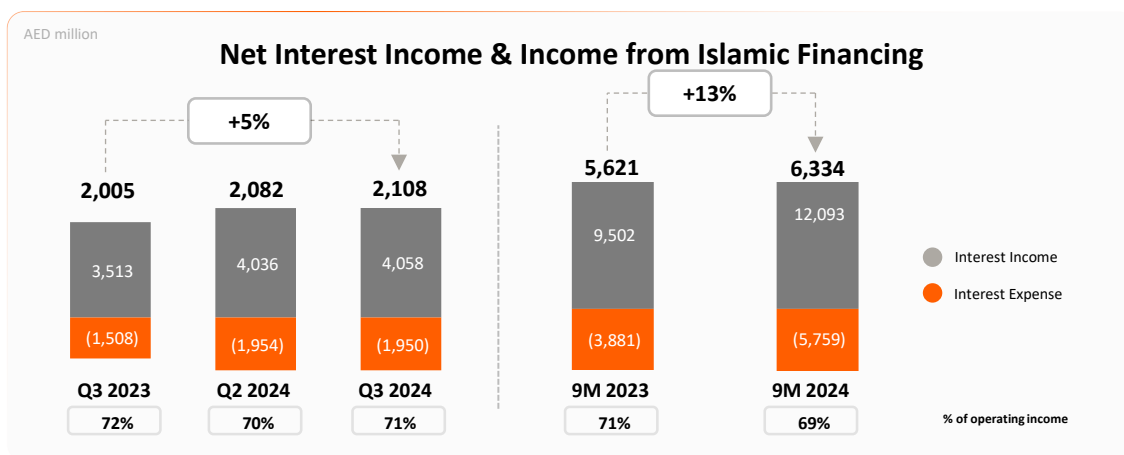
* Annualized

Income Statement (AED million)	9M 2024	9M 2023	Y-o-Y (%)
Net Interest Income & Income from Islamic Financing	6,334	5,621	13
Non- Interest Income	2,765	2,286	21
Total Operating Income	9,099	7,907	15
Operating Expenses	(2,541)	(2,304)	10
Operating Profit	6,557	5,603	17
Impairment Allowance	(73)	341	NM
Net Profit Before Tax	6,484	5,944	9
Tax Expense	(644)	(111)	482
Net Profit After Tax	5,841	5,833	0
Non-Controlling Interest	(67)	(65)	2
Profit attributable to Owners of the Parent	5,774	5,768	0

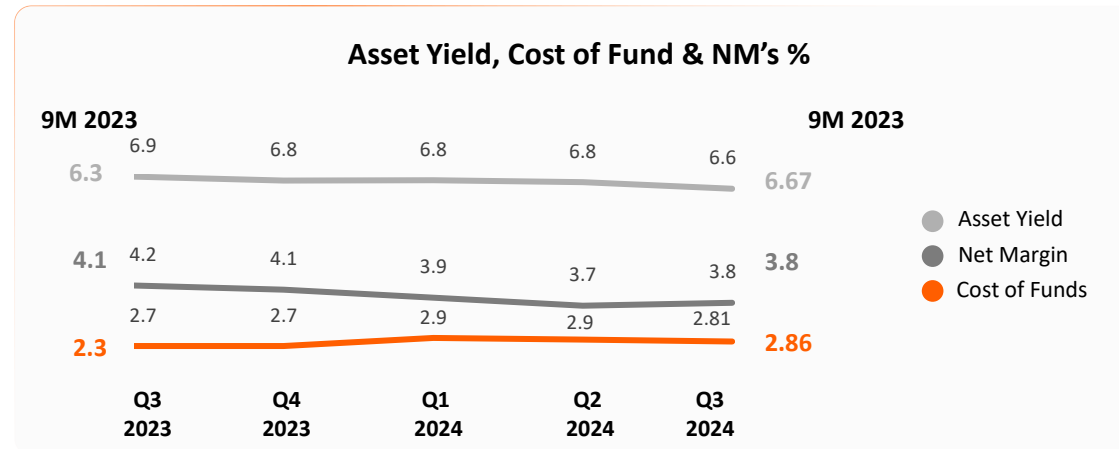
- Wholesale
- Treasurer & Capital Markets
- Retail
- Insurance & others



Net Interest Income Increased by 13% YoY



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



Key Highlights

- Increased operational activities drives revenue growth with net Interest Income increasing by 13% year-on-year
- Sizable balance sheet expansion and sustained healthy client margins in a favorable interest environment

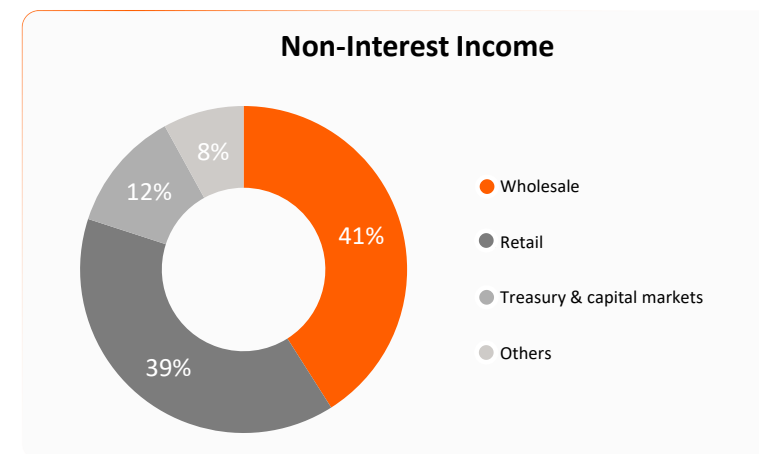
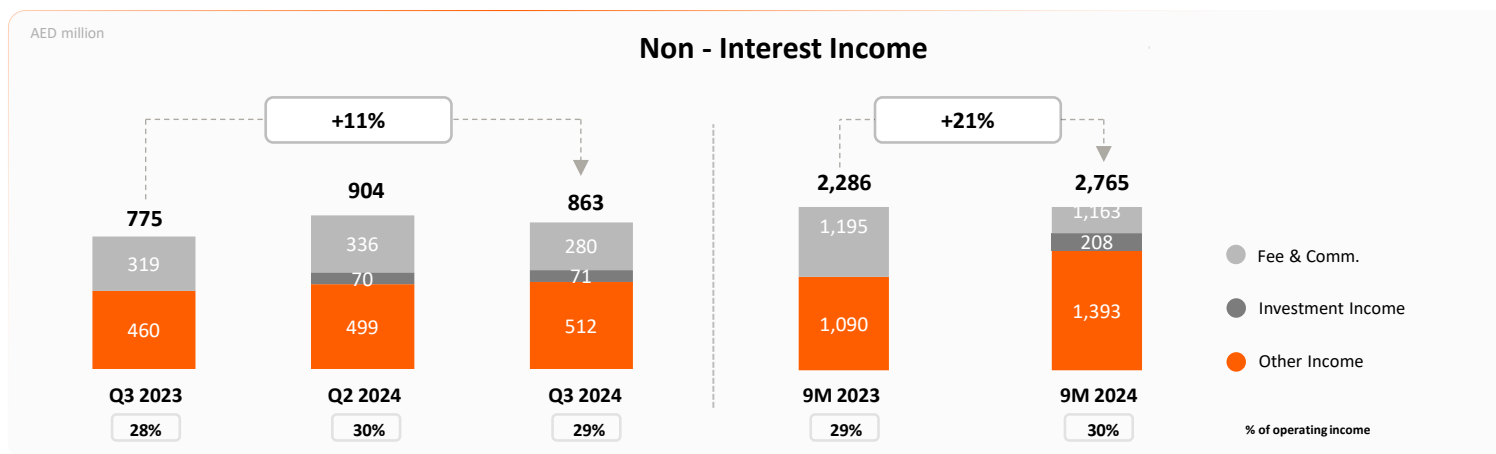
+5% Net Interest Income

Q3 2023 vs Q3 2024

+13% Net Interest Income

9M 2023 vs 9M 2024

Strong Growth of Non Interest Income by 21%



Key Highlights

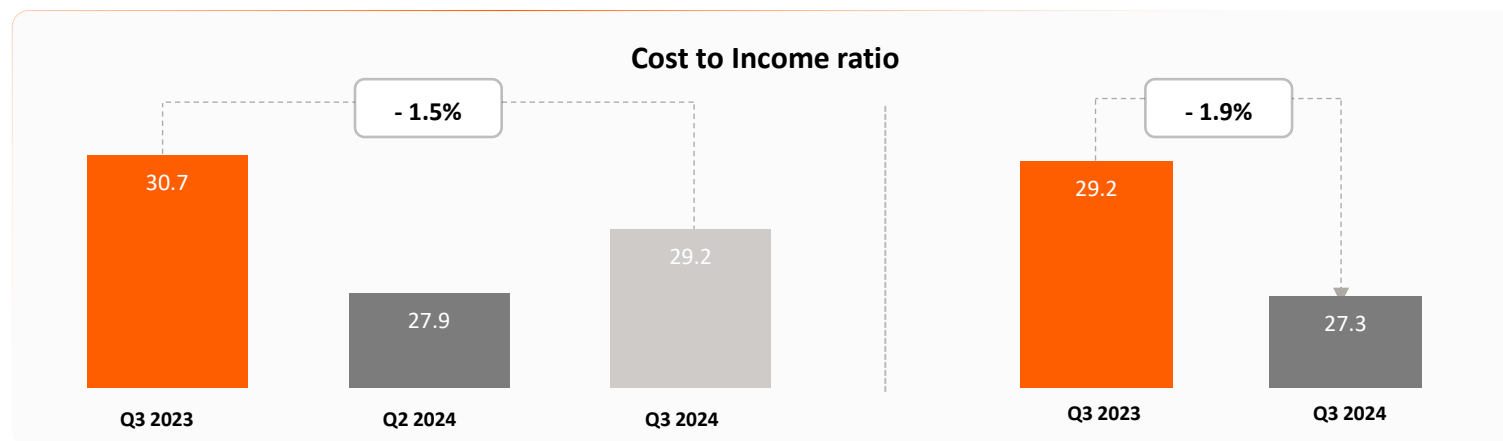
- Non-interest Income **surged by 21%** compared to 9M 2023, now comprising **30%** of the total operating income
- This significant contribution reflects the success in **diversifying revenue streams** through enhanced **fee-based services** and other non-interest generating activities

Non-interest income +21%
9M 2024 vs 9M 2024

Non-interest income +11%
Q3 2024 vs Q3 2024

	% to Total Income (Q3 2024)	% to Total Income (9M 2024)
Other Income	59%	50%
Fees & Commissions	32%	42%
Investment Income	8%	7.5%
Total	29%	29%

Operational Efficiency Yields a 190bps Improvement in 9M 2024 Cost to Income ratio



Key Highlights

- **Lower Cost-Income ratio at 27.9%** compared to Q3 2023, highlights the bank's strong overall performance and **operational efficiency**
- The banks' continued focus on **cost efficiency** through **digitalization and innovation**, couple with ongoing investments in business growth, enhancing clients experience and strengthening of the overall operational resilience

Cost to Income ratio -1.9%
9M 2024 vs 9M 2024

Cost to Income Ratio -1.5%
9M 2024 vs 9M 2024



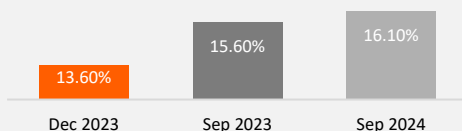
Balance Sheet Expansion with Total Assets Growing 17% YoY

Key Highlights

- **Organic expansion** carried through the third quarter highlighted by a 12% year-to-date growth in lending and a 7% uplift in customer deposits
- **Total Assets grew by 6%** in the last 9 months an **overall 17%** growth year-to-year
- **Strong capital position** with a **Capital Adequacy Ratio of 19.8%**, surpassing regional benchmarks and reflecting prudent risk management practices and substantial capital buffers

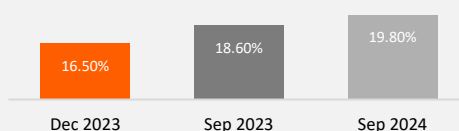
CET1 ratio

16.1%



CAR

19.8%



Growth in lending

12% YTD

Growth in Deposits

7% YTD



LCR

129%

Dec 23: 158.1%

Liquidity ratio

31.0%

Dec 23: 32.6%

RWA/Total Asset

75%

Dec 23: 73%

Balance sheet (AED million)	Sep 2024	Sep 2023	Δ YOY %	Dec 2023	ΔYTD %
Total assets	245,411	218,342	17	239,981	6
Loans & Advances*	168,130	143,133	17	149,483	12
Customer Deposits	156,063	132,684	17	146,232	7
Shareholder's Funds **	34,272	26,983	27	30,333	13

* Loans and Advances includes loans to customers and banks

** Equity Attributable to owners of parent including noteholders of the Group

A Well-Diversified Loan Portfolio with a Net Loans Growth of 16% YoY

Key Highlights

- Net Loans and Advances to customers realized a 6% increase compared to Dec 2023
- Wholesale Banking accounts for 54% of totals assets and Retail Banking accounts for 12% of total assets

AED billion

Category	9M 2024	% increase (Dec 2023 vs. Sep 2024)
Wholesale Banking	137.4	8.6%
Retail Banking	32	11%
Treasury and Capital Markets	54	-9.2%
Insurance & Others	31	23.5%

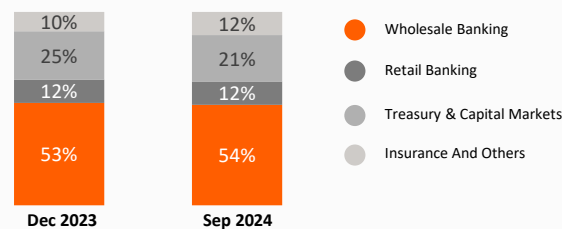
AED 254 Billion

Total Assets 9M 2024

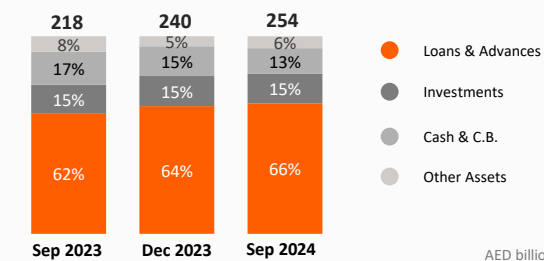
+ 6% YTD

Total Assets 9M 2024

Asset Split**

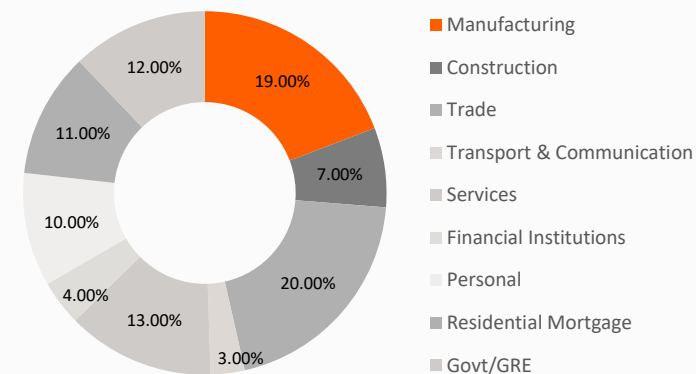


Net loans & Advances* to Total Assets



AED billion

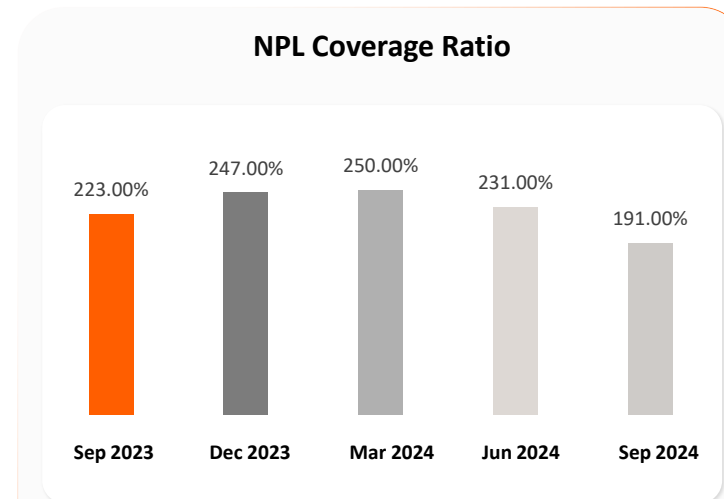
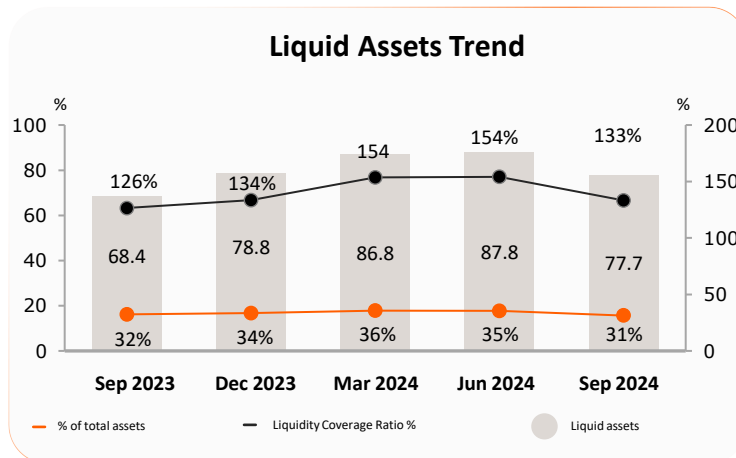
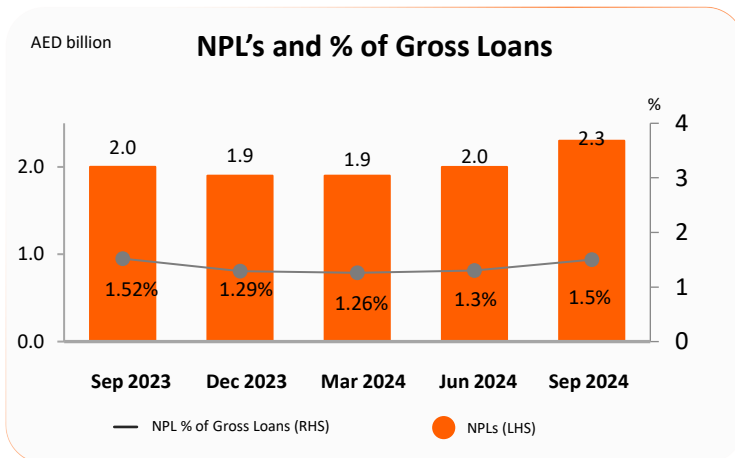
Gross loans & Advances portfolio



*Includes Islamic Financing

**Wholesale banking includes International banking segment

Lowest Non-performing Loans to Gross Loans Ratio in the Market at 1.5%



Key Highlights

- NPLs stand at AED 2.3 Billion with a NPL ratio is of 1.5%, unchanged from Dec 2023 and remains one of the lowest in the market
- NPL Coverage ratio in September 2024 stands healthy at 191% (223% in December 2023)
- Liquid assets to total assets as of September 2024 was at 31%

NPL of 1.5%

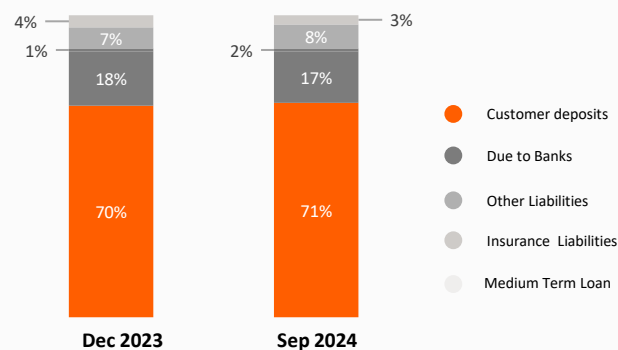
Q3 2024

NPL Coverage 191%

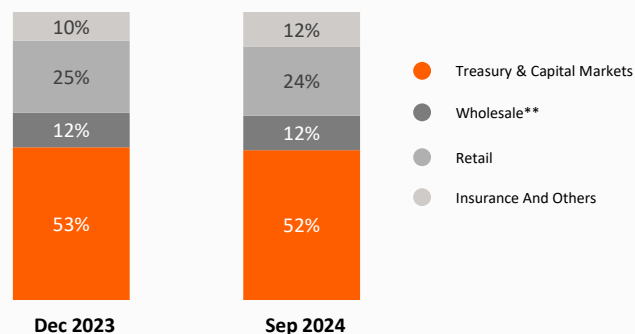
Q3 2024

Strong & Diversified Liquidity Profile

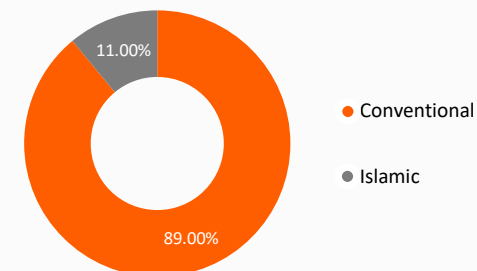
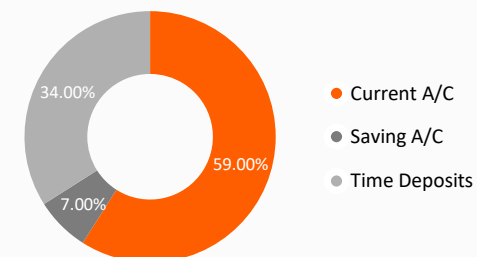
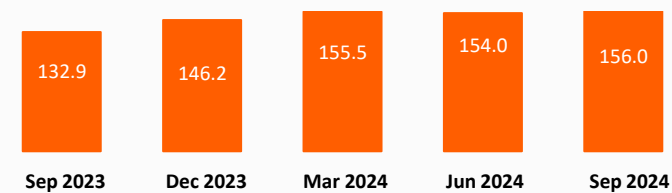
Liability Mix



Liabilities Split by segment



Customer Deposits*



*Includes Islamic Financing

** Wholesale banking includes International banking segment

Key Highlights

- Customer deposits grew to **AED 156 Billion** in Q3 2024, with a good blend between current and savings
- Conventional deposits continues to account for the majority of deposits vs Islamic

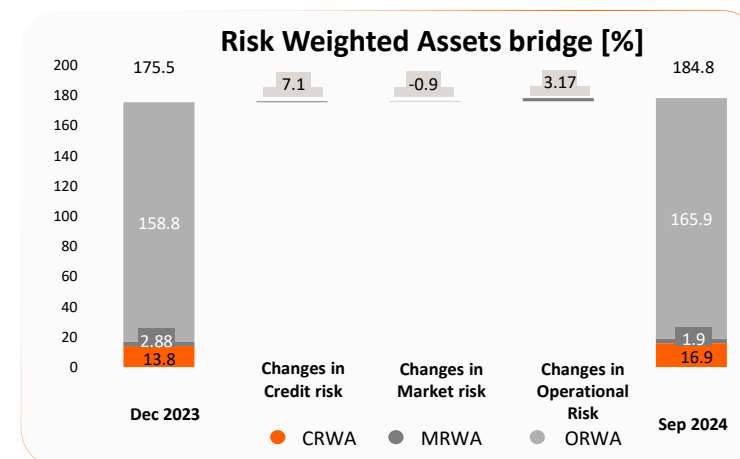
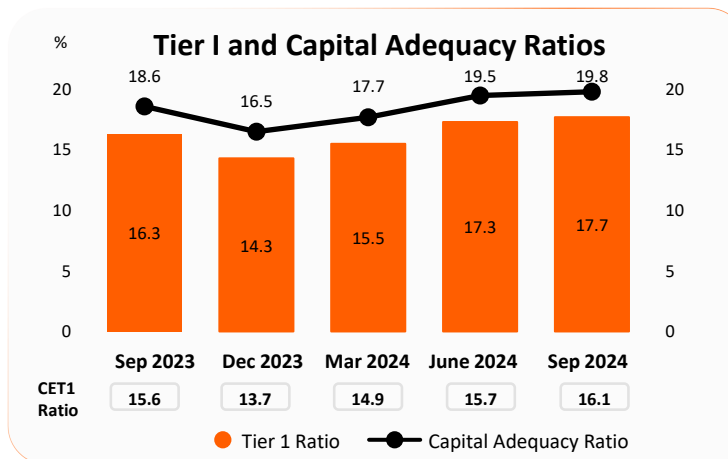
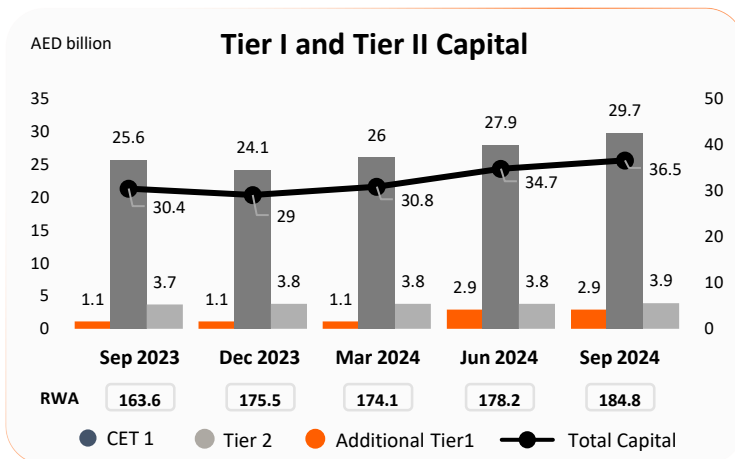
+17% Customer Deposits

Q3 2023 vs Q3 2024

+7% Customer Deposits

9M 2024

Robust Capital Position above Regulatory Requirements



Key Highlights

- Capitalization levels have further strengthened compared to Dec 2023, with a Capital Adequacy Ratio of 19.8%
- Tier 1 Capital Ratio increased to 17.7% and the CET1 Ratio rose to 16.1%, comfortably above the regulatory requirement of 13.0%
- These robust ratios ensure our readiness to meet regulatory requirements and absorb potential market shocks

Capital Adequacy 19.8%

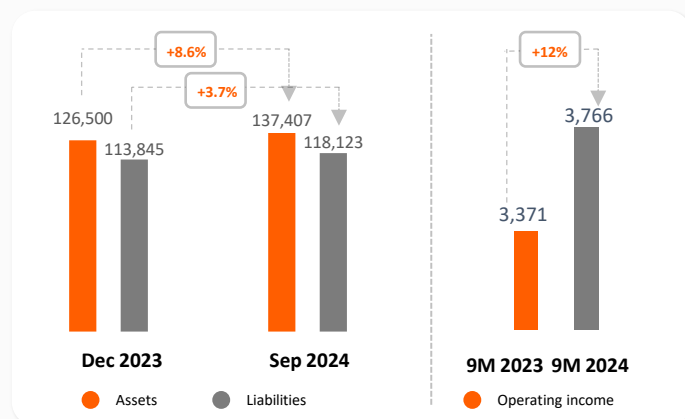
9M 2024

RWA of AED 184.8 Billion

9M 2024

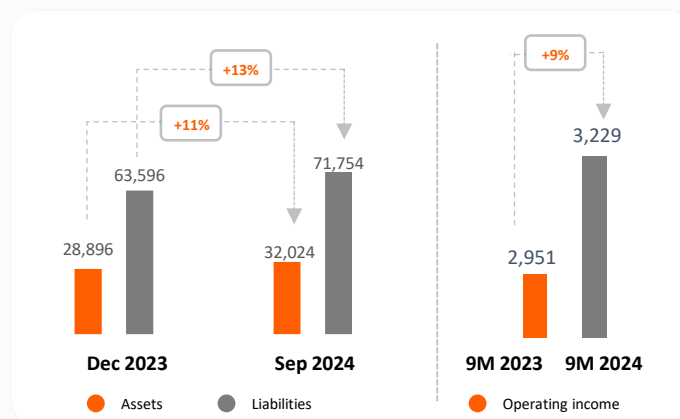
Business Segment Overview

Wholesale Banking



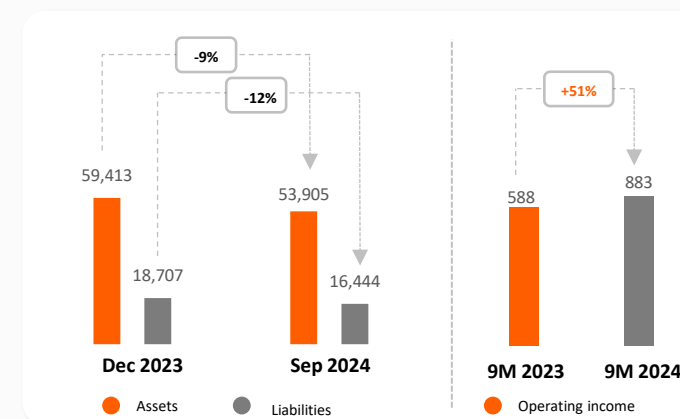
- Wholesale banking is the biggest segment in Mashreq in terms of assets (54% of assets), liabilities (54% of total liabilities) and Operating Income (41% of total income) as of September 2024
- Assets increased by 8.6% and are at AED 137 billion. CIBG assets grew across segments with key performances 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 35% in Q3 2024
- Retail operating income increased by 9% mainly from business banking and the digital banking segment NEO
- Retail banking assets increased by 11% and stands at AED 32 billion
- Liabilities have increased by 13% and are AED 72 billion as of September 2024 (33% of total liabilities)

Treasury & Capital Markets



- Treasury & Capital Markets accounts for 21% of assets and 6% of liabilities as of September 2024
- Assets decreased by 9% year to date and stood at AED 54 billion.
- TCM Operating income contributed 10% of the total operating income in 9M 2024
- Y-o-Y operating income increased by 51% to AED 883 million. This is from a one-off gain in investment and enhanced customer flow business thus increasing FX revenues significantly

01 Performance Highlights

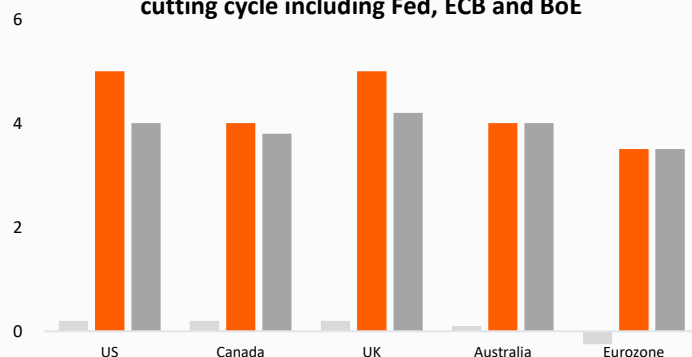
02 Financial Results Overview

03 Macroeconomic Overview

04 Appendix

Robust UAE Macroeconomic Background

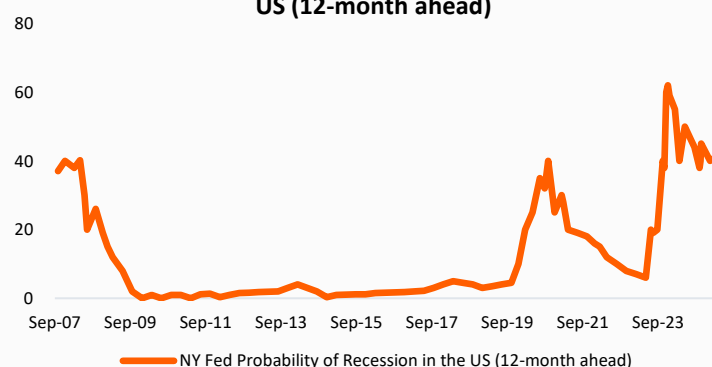
Global: Central banks have begun the interest rate cutting cycle including Fed, ECB and BoE



Source: Bloomberg, Federal Reserve, BOE, ECB, RBA, BOC, ADCB Economic Research

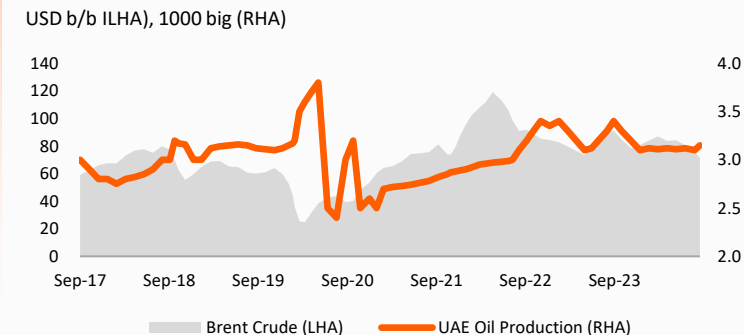
(2)

NY Fed Probability of Recession in the US (12-month ahead)



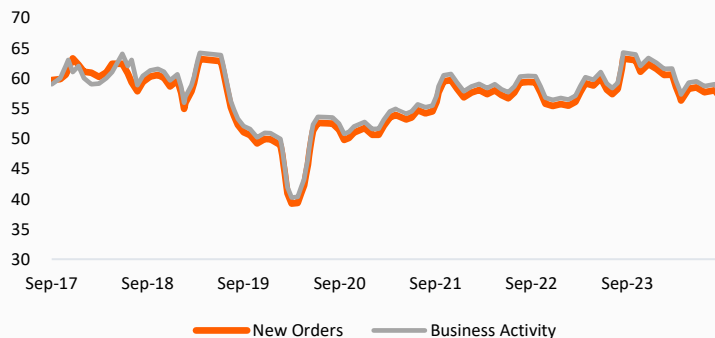
Source: NY Federal Reserve, Bloomberg, ADCB Economic Research

Global: Oil prices under pressure as higher non-OPEC supplies and weak oil demand weighs on prices



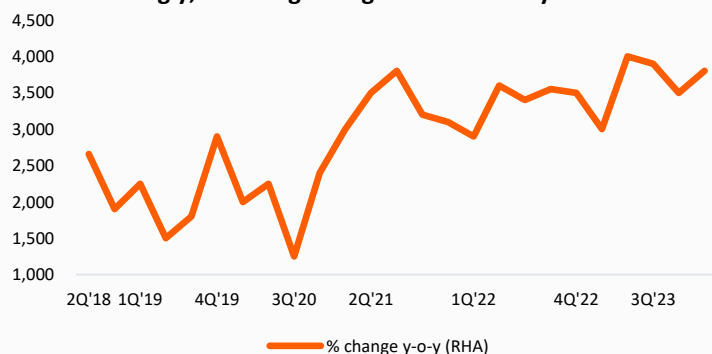
Source: Bloomberg

UAE: PMI data remains in strongly expansionary territory in 2024 with supportive domestic demand backdrop



Source: S&P Global, ADCB Economic Research

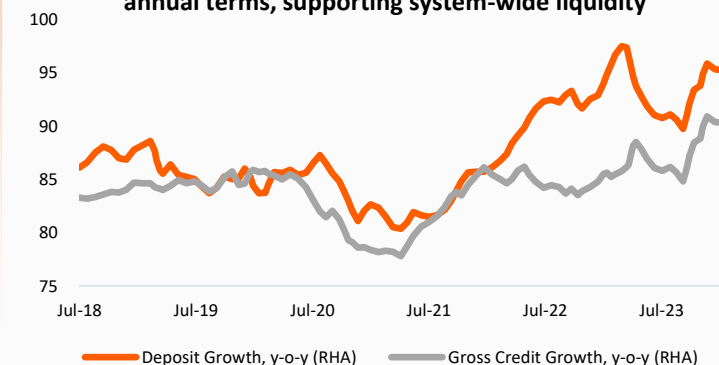
UAE: Externally facing service sector performing strongly; Overall global growth relatively resilient



(1) Twenty-foot equivalent units

Source: DP World, ADCB Economic Research

UAE: Gross deposits continued to outpace credit growth in annual terms, supporting system-wide liquidity



Source: Central Bank of the UAE

01 Performance Highlights

02 Financial Results Overview

03 Macroeconomic Update

04 Appendix

9M 2024 Financials – Consolidated Income statement

AED Million	Income statement	2024	2024	Variance (% change)
		9M	9M	9M 2024 vs 9M 2023
				(Y-o-Y)
	Net Interest Income & Income from Islamic Financing	6,334	5,621	13
	Fee and commission	1,164	1,195	(3)
	Investment Income	208	0.5	
	Insurance, FX & Other Income	1,393	1,090	28
	Non-Interest Income	2,765	2,286	21
	Total Operating Income	9,099	7,907	15
	Operating Expenses	(2,541)	(2,304)	10
	Operating Profit	6,557	5,603	17
	Impairment Allowance	(73)	341	NM
	Profit before tax	6,484	5,944	9
	Tax Expense	(644)	(111)	482
	Profit for Period	5,841	5,833	0
	Non-Controlling Interest	(67)	(65)	2
	Profit attributable to Owners of the Parent	5,774	5,768	0

9M 2024 Financials – Consolidated Income statement

AED Million	Income statement	2024	2024	2023	Variance (% change)	
		3Q	2Q	3Q	3Q 2024 vs 2Q 2024 (Q-o-Q)	3Q 2024 vs 3Q 2023 (Y-o-Y)
	Net Interest Income & Income from Islamic Financing	2,108	2,082	2,005	1	5
	Fee and commission	280	336	319	(17)	(12)
	Investment Income	71	70	(3)	2	NM
	Insurance,FX & Other Income	512	499	460	3	11
	Non Interest Income	863	904	775	(5)	11
	Total Operating Income	2,971	2,986	2,780	(1)	7
	Operating Expenses	(868)	(834)	(853)	4	2
	Operating Profit	2,103	2,152	1,927	(2)	9
	Impairment Allowance	(118)	83	395	NM	NM
	Profit before tax	1,985	2,234	2,322	(11)	(15)
	Tax Expense	(197)	(223)	(48)	(12)	307
	Profit for Period	1,788	2,011	2,274	(11)	(21)
	Non-Controlling Interest	(17)	(16)	(22)	5	(23)
	Profit attributable to Owners of the Parent	1,771	1,995	2,252	(11)	(21)

9M 2024 Financials – Consolidated Balance sheet

AED Million	Assets	30 Sep 2024	31 Dec 2023	YTD (%)	AED Million	Liabilities	30 Sep 2024	31 Dec 2023	YTD (%)
	Cash and balances with central banks	33,484	41,760	(20%)		Deposits and balances due to banks	37,132	37,335	(1%)
	Loans and advances to banks	49,596	39,127	27%		Repurchase agreements with banks	1,609	1,063	51%
	Financial assets measured at fair value	28,575	26,032	10%		Customers' deposits	137,727	132,610	4%
	Securities measured at amortised cost	9,305	9,952	(6%)		Islamic customers' deposits	18,336	13,622	35%
	Loans and advances to customers	98,561	93,603	5%		Acceptances	3,955	3,537	12%
	Islamic financing and investment products	19,974	16,752	19%		Medium-term loans	2,723	5,159	(47%)
	Acceptances	3,955	3,537	12%		Subordinated debt	1,831	1,831	0%
	Reinsurance contract assets	3,532	2,757	28%		Insurance and Investment contract liabilities	6,258	5,335	17%
	Investment in associate	36	36	0%		Other liabilities	9,537	8,171	17%
	Investment properties	246	502	(51%)		Total Liabilities	219,109	208,663	5%
	Property and equipment	1,348	1,382	(2%)		Total Equity	35,302	31,318	13%
	Intangible assets	379	361	5%		Total Liabilities and Equity	254,411	239,981	6%
	Other assets	5,420	4,180	30%					
	Total Assets	254,411	239,981	6%					



Thank You!



www.mashreq.com