



Rise every day

9M 2022 Financial results presentation

SEPTEMBER 2022

Disclaimer



The material in this presentation is general background information about MashreqBank'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 MashreqBank in any jurisdiction or an inducement to enter into investment activity.

Although MashreqBank 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 MashreqBank concerning its use. No part of the content of this presentation may be copied.

▶ Performance Highlights

Financial Results

Appendix

Performance Highlights



- > Operating Income for 9M 2022 increased by 24.3% compared to last year and stands at AED 5.3 billion driven by robust results from both our domestic and international operations
- > Fee and other income proportion remains high at 42.2%
- > Advances increased by 12.1% YTD; Strong Liquidity maintained with Liquid Assets to Total Assets at 29.5% and Advances to Deposits at 83.5%
- > Operating costs have increased w.r.t last year by 13.2% but positive jaws of 11.1%
- > NPL to gross advances declined to 3.6% compared to 5.2% in December 2021. The coverage ratio rose to 149.7% (128.2% in December 2021)
- > Operating Profit increased by 33.2% and is at AED 3.2 billion. Net Profit of AED 2.6 billion mainly as a result of the increased operating income and reduced risk charge (75.7%)

Financial highlights – Consolidated Income statement [AED million]



Consolidated Income statement

| | 9M 2022 | 9M 2021 | Variance |
|----------------------|-----------|-----------|----------|
| Operating income | 5,342.9 | 4,297.9 | 24.3% |
| Operating expense | (2,164.3) | (1,912.1) | 13.2% |
| Operating profit | 3,178.6 | 2,385.8 | 33.2% |
| Impairment allowance | (494.0) | (2,034.7) | (75.7%) |
| Net profit | 2,580.2 | 265.1 | NM |

Comments

- > **Operating income** is up mainly from increased interest income driven by organic growth across all business activities. Fee & commission income has also seen an increase of 13.1% and is at AED 1.3 Billion for 9M 2022
- > **Operating expenses** have increased by 13.2% vis-à-vis last year in line with the increased business volumes and growth
- > **Impairment allowance** decreased by 75.7% as a result of significant asset quality improvement supplemented by recoveries
- > **Net Profit** of AED 2.6 billion on account of increased operating income and reduced risk charge

Financial highlights – Consolidated Balance sheet [AED million]



Consolidated Balance sheet

| | Sep 2022 | Dec 2021 | Variance |
|---|----------|----------|----------|
| Total Assets | 187,587 | 177,054 | 5.9% |
| Loans & Advances | 91,326 | 81,486 | 12.1% |
| Customers' deposits | 109,430 | 101,483 | 7.8% |
| Shareholders Equity¹⁾ | 22,111 | 20,228 | 9.3% |
| Risk weighted assets | 155,897 | 148,169 | 5.2% |

Comments

- > **Customer loans and advances** at AED 91 billion, increased by 12.1% year to date as a result of increased lending in the Services & Manufacturing segment (+AED 5.3 billion) and Personal segment (+AED 3.1 billion)
- > **Customer deposits** increased by 7.8% to AED 109.4 billion mainly as a result of an increase in current account deposits. CASA balances witnessed a 16.8% YTD increase and constitutes 64.2% of total deposits. Advances to Deposit ratio at 83.5% is well within established guidelines
- > **Risk weighted assets** increased by 5.2% to reach AED 156 billion in line with the increase in loans and advances

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

Financial track record



| | 30 Sep 2022 | 30 Sep 2021 | 31 Dec 2021 |
|---|-------------|-------------|-------------|
| Capital adequacy | | | |
| Tier I Capital Ratio | 14.0% | 13.3% | 13.4% |
| Total Capital Ratio | 15.2% | 14.4% | 14.5% |
| Liquidity | | | |
| Liquid Assets to Total Assets ¹⁾ | 29.5% | 28.6% | 29.0% |
| Advances to Deposits | 83.5% | 81.2% | 80.3% |
| Liquidity Coverage Ratio (LCR) | 135.3% | 150.0% | 149.3% |
| Asset quality | | | |
| NPL Coverage Ratio | 149.7% | 125.0% | 128.2% |
| NPL to Gross Advances | 3.6% | 5.6% | 5.2% |
| Performance | | | |
| ROA | 2.0% | 0.2% | 0.7% |
| ROE | 16.7% | 1.8% | 5.2% |
| Net Interest Margin | 2.6% | 2.1% | 2.2% |
| Efficiency Ratio | 40.5% | 44.5% | 45.2% |
| Fee and other income to total income | 42.2% | 48.0% | 47.5% |

Note: 1) Total Assets excludes contra items

9M 2022 Results

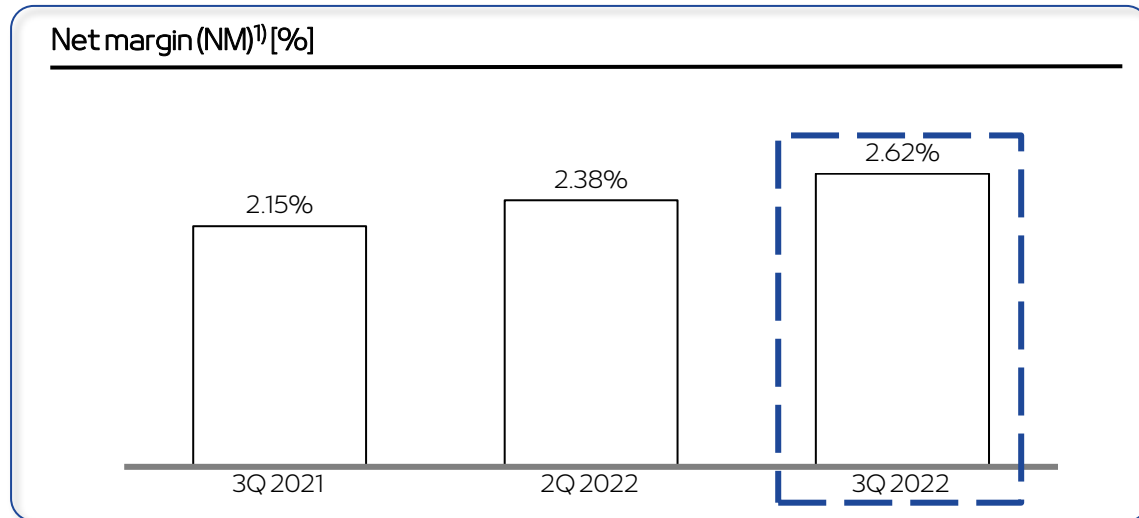
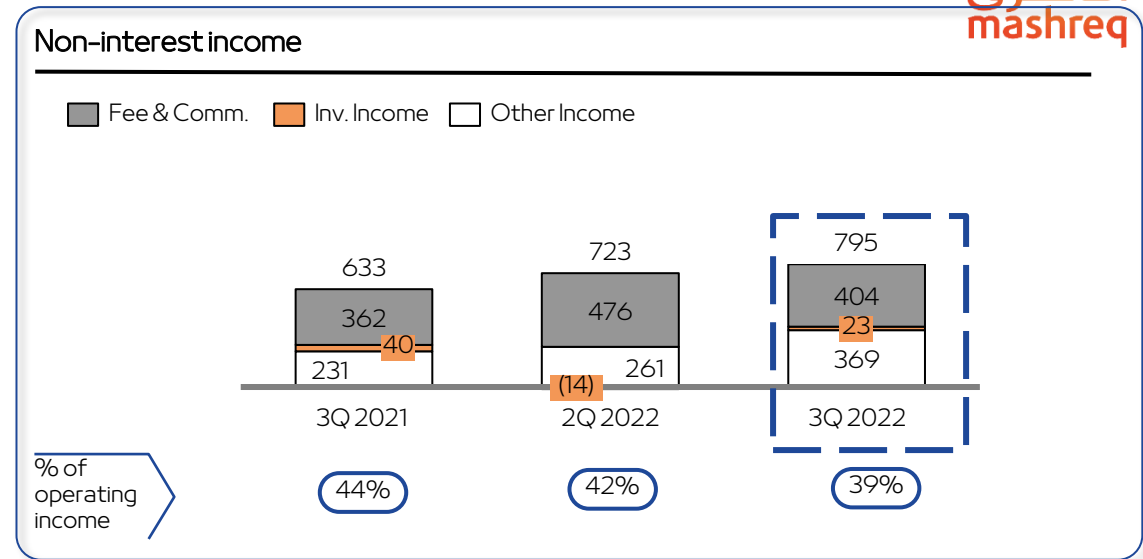
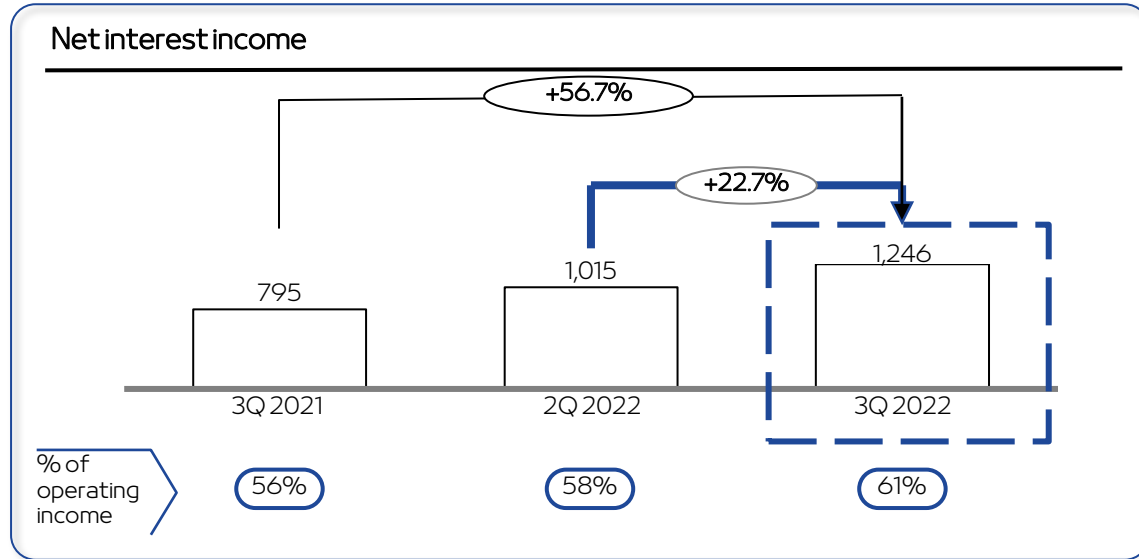


Performance Highlights

▶ **Financial Results**

Appendix

Operating income mix [AED million]

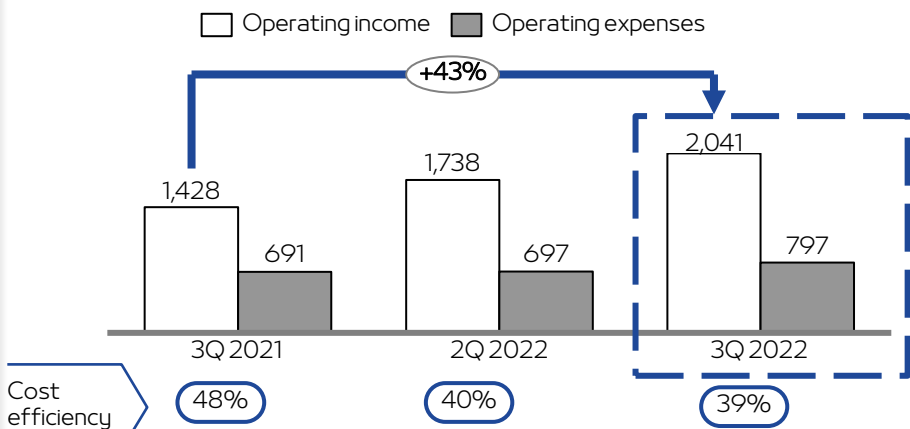


- ### Key Points
- > Q3 2022 Net Interest Income increased by 22.7% Q-o-Q and 56.7% Y-o-Y. The increase is supported by increased volumes from loan growth and improvement in Net Margin. The NM's have improved by 47 bps Y-o-Y mainly due to the impact of increase in 3 month EIBOR
 - > Q3 2022 Non-interest income increased by 25.6% Y-o-Y and Net fee & commission income increased by 11.7%.
 - > Other income increased by 59.7% Y-o-Y primarily from an increase in FX income
 - > Non-interest income as % of total income remained high at 39% for Q3 2022

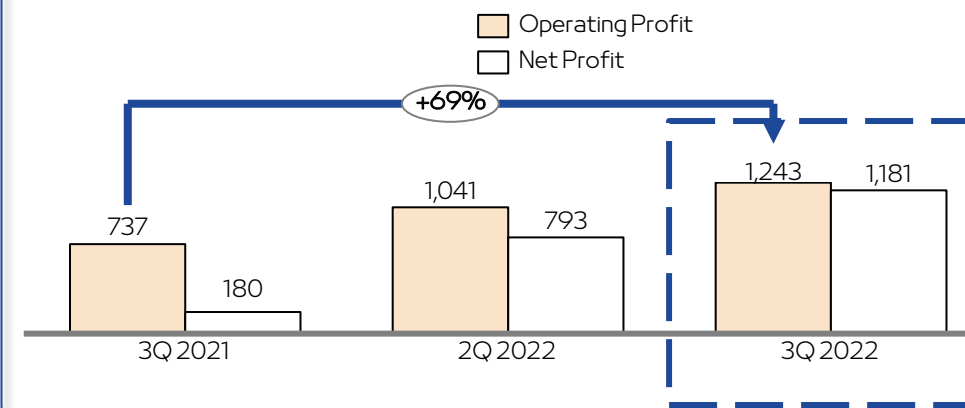
1) Annualized; Net Margin represents Net Interest Margin & Margin for Islamic products

Operating income, expense and net profit [AED million]

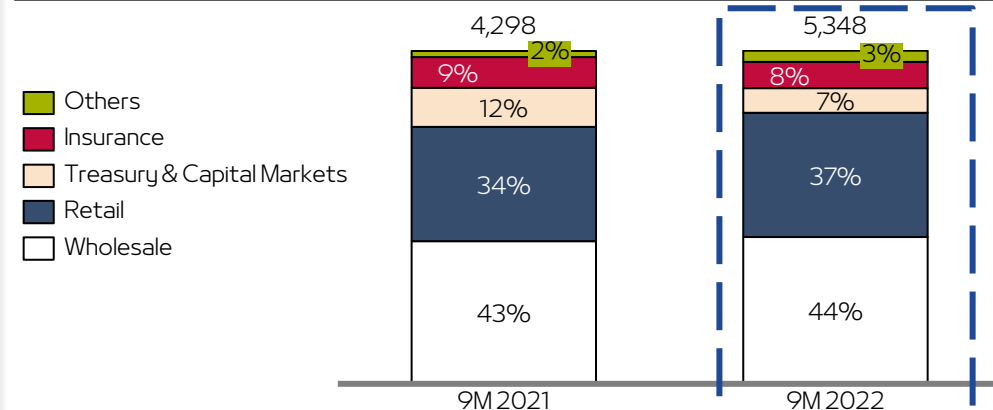
Operating income and expenses



Net profit/(loss)



Operating income split by segments 1)



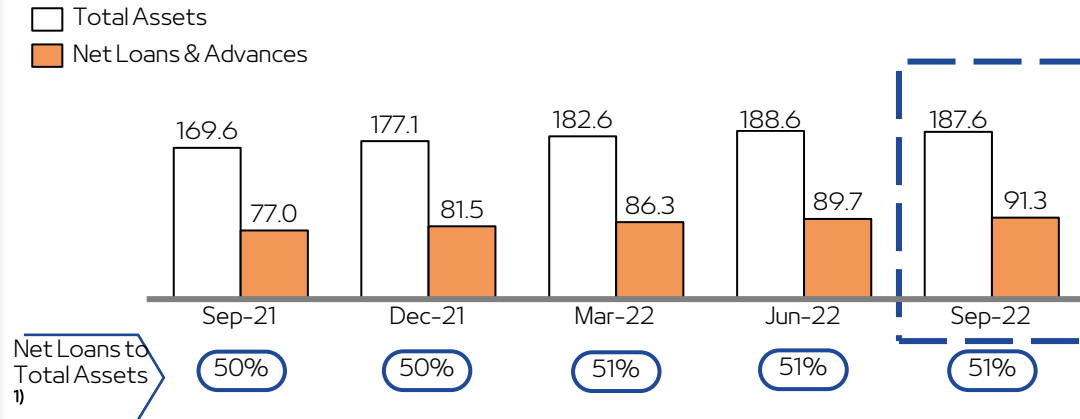
Key Points

- > Q3 2022 Operating Income has increased by 43% Y-o-Y and stands at AED 2.0 billion. This is mainly as a result of increased interest income.
- > Efficiency ratio for Q3 2022 stood at 39% vs Q2 2022 at 40%. The improvement is owed to a higher revenue growth vis a vis expense growth.
- > Operating profit for Q3 2022 increased to AED 1.24 billion compared to AED 1.04 billion in Q2 2022. This is spearheaded by increased operating income from FI and Business Banking
- > The bank registered a Net profit of AED 1.2 billion in Q3 2022 vs AED 793 million in Q2 2022. The decrease in risk charge and enhanced recoveries across segments were the main drivers of the increase.
- > Wholesale banking accounted for 44% and Retail Banking accounted for 37% of the operating income for 9M 2022

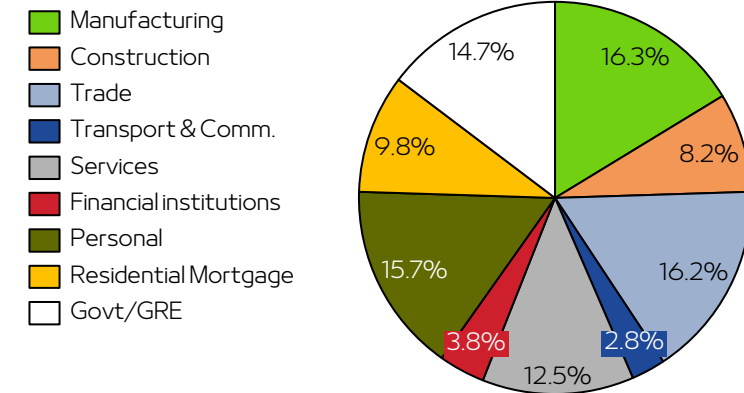
1) Wholesale banking includes International banking segment

Asset mix [AED billion]

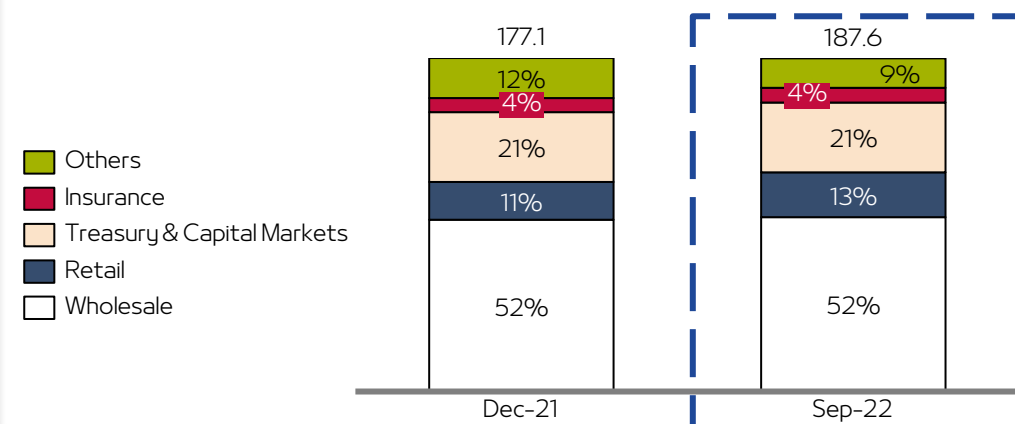
Total Assets and Net Loans & Advances ²⁾



Gross Loans & Advances ²⁾ portfolio split as of September 2022 (AED 99.7 billion)



Asset split by segments ³⁾



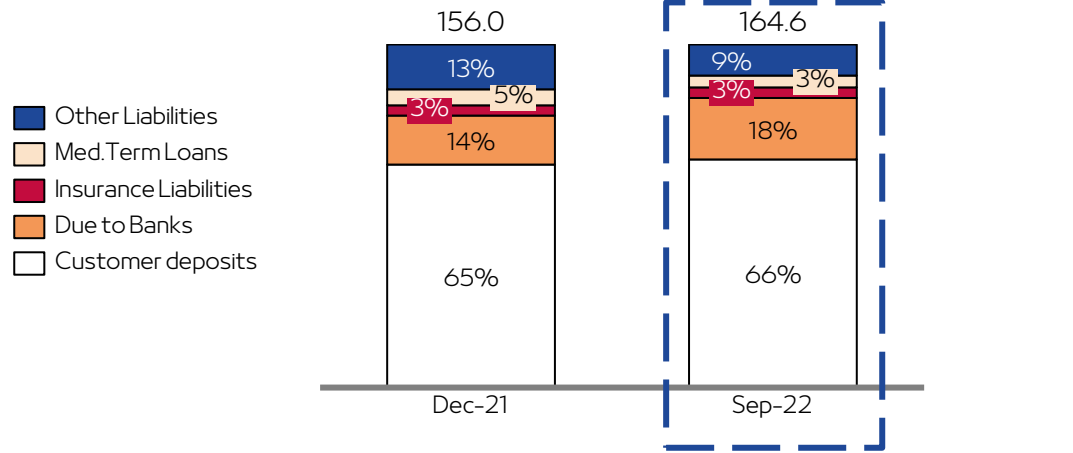
Key Points

- > Net Loans & advances are at AED 91.3 billion, an increase of 12.1% compared to December 2021 primarily due to increased lending across the Personal segment
- > Personal segment contributes 15.7% of the Gross Loans while residential mortgage represents 9.8%
- > Manufacturing is the biggest proportion of Gross Loans at 16.3% followed by Trade at 16.2%. Diversified loans portfolio with no individual sector accounting for more than ~17% of the total loan portfolio
- > Wholesale Banking accounts for 52% of total assets as of Sep 2022. Retail Assets stand at 13%.

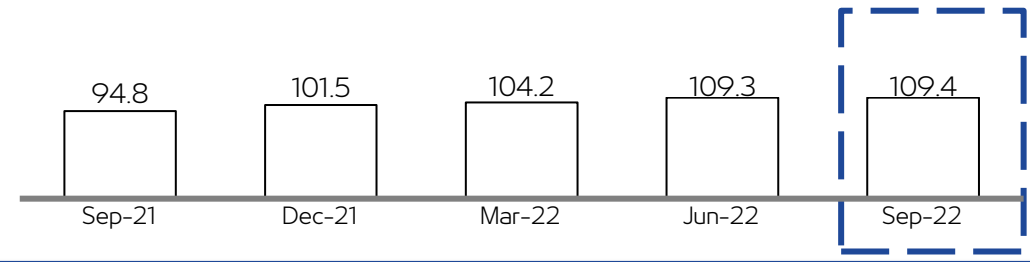
1) Total Assets excludes contra items
 2) Includes Islamic Financing
 3) Wholesale banking includes International banking segment

Liability mix [AED billion]

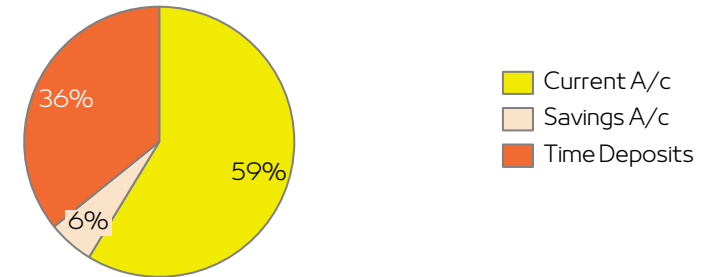
Liability mix



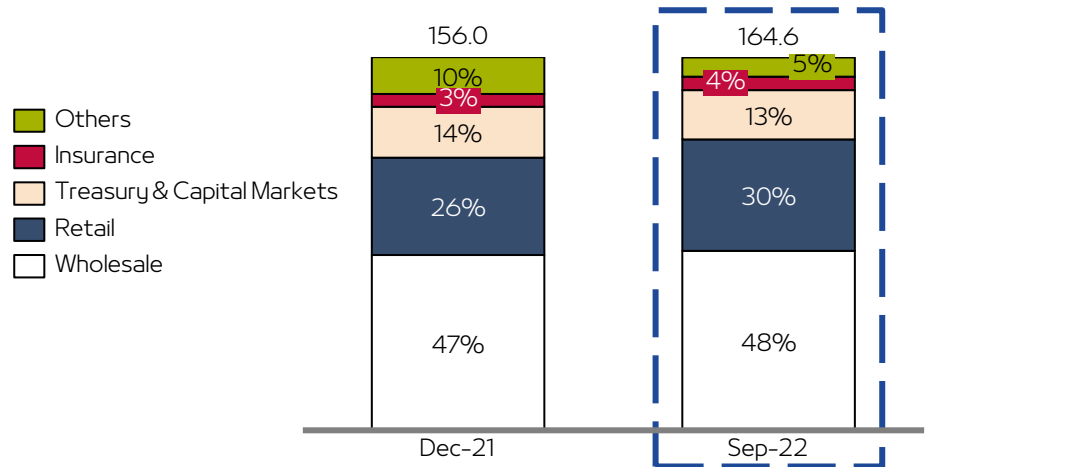
Customer deposits



Customer deposits split Sep2022 (AED109.4 billion)



Liabilities split by segments

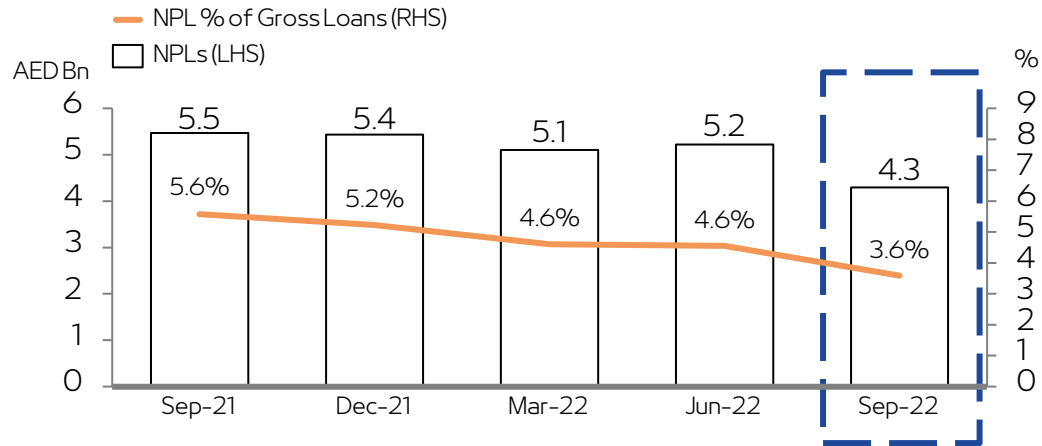


Key Points

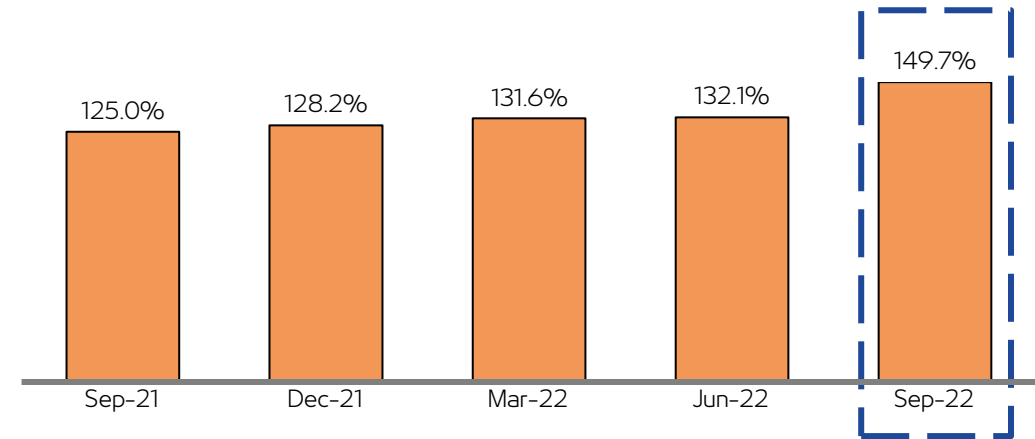
- > Customer deposits accounted for 66% of total liabilities
- > CASA accounts for 64% of customer deposit as compared to 59% in Dec 2021; Time deposits contributed 36% of total deposits (41% in Dec 2021)
- > Wholesale Banking accounts for the largest portion of liabilities at 48% as on Sep 2022

Asset quality and liquidity [AED billion]

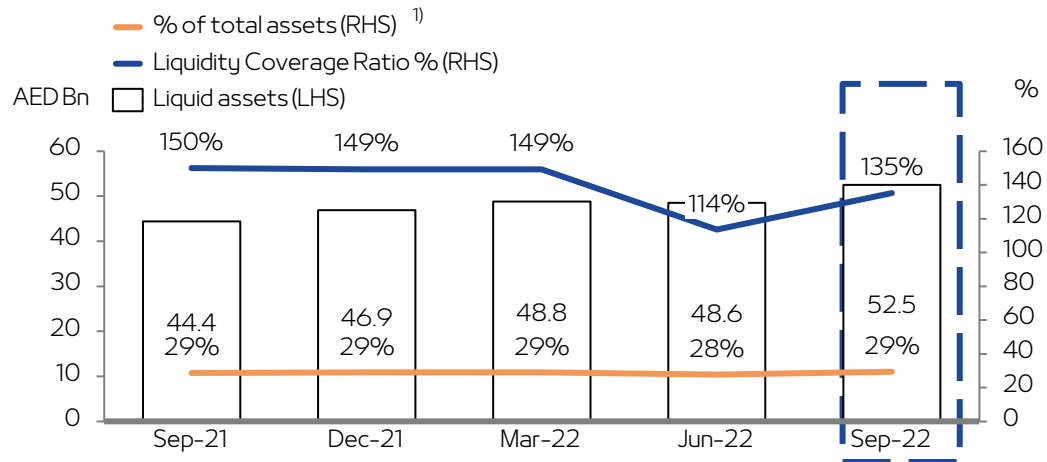
NPL's and % of Gross Loans



NPL Coverage Ratio [%]



Liquid assets trend



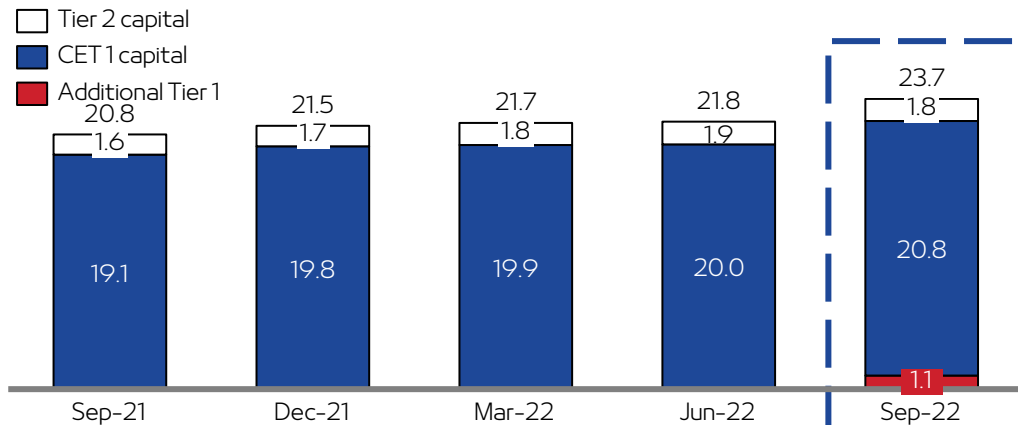
Key Points

- > Mashreq has set aside AED 494 million net for Impaired assets in Q3 2022. General provisions stand at 1.7% of Credit Risk Weighted Assets
- > NPLs have decreased by 21% in the year to reach AED 4.3 billion. NPL's as % of Gross loans has decreased and is at 3.6% (5.2% in December 2021)
- > NPL Coverage ratio in September 2022 stands at 149.7% (128.2% in December 2021)
- > Liquid assets to total assets as of September 2022 was at 29.5%

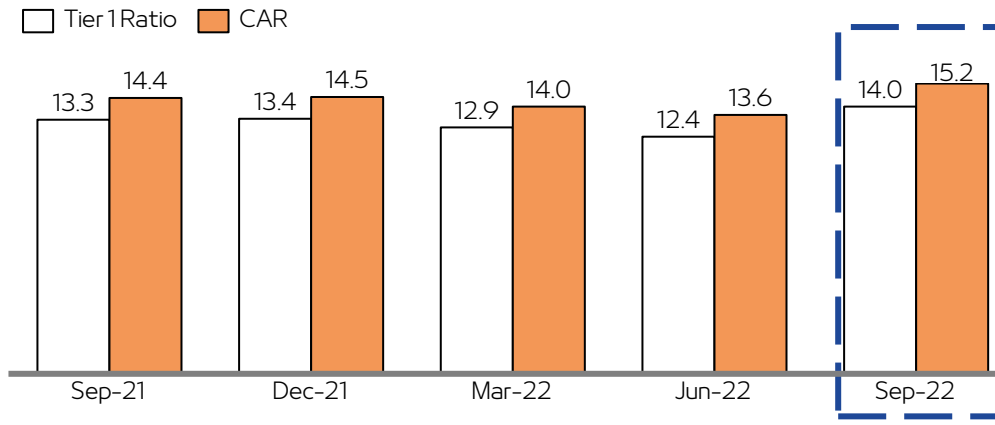
¹⁾ Total Assets excludes contra items

Capital adequacy [AED billion; %]

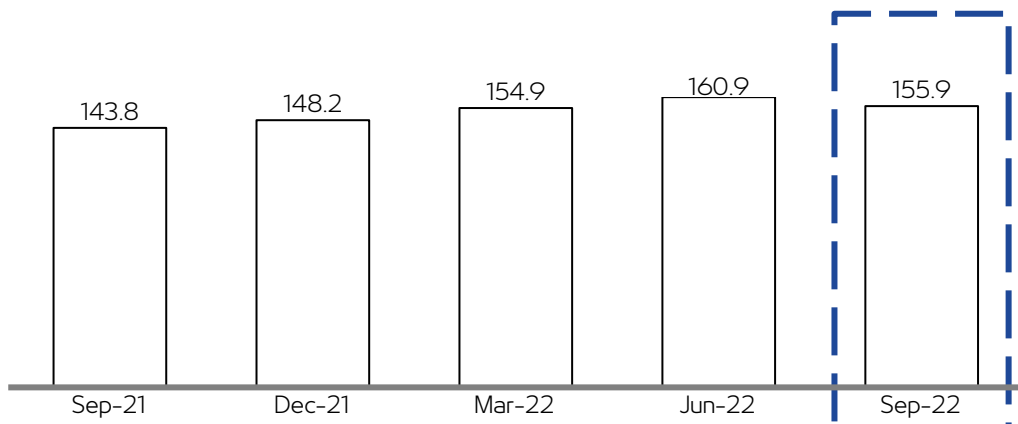
Tier I and Tier II Capital [AED billion]



Tier I and Capital Adequacy Ratios [%]



Risk-weighted assets [AED billion]

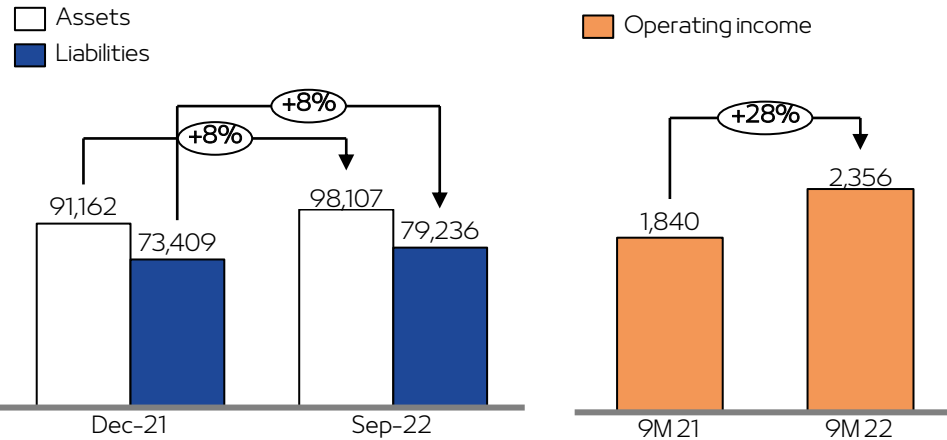


Key Points

- > Mashreq CAR stands at 15.2% and is comfortably above the regulatory requirement of 13.0%
- > Mashreq Tier 1 capital ratio was at 14.0%
- > RWA/Total assets is at 83% in September 2022 compared to 84% in December 2021.

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

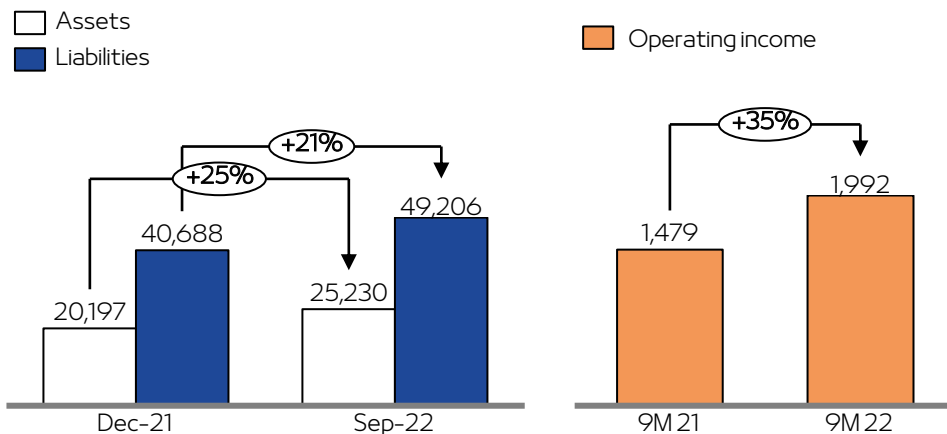
Wholesale Banking



Key Points

- > Wholesale banking is the biggest segment in Mashreq in terms of assets (52% of assets) and liabilities (48% of total liabilities) as of Sep 2022
- > Assets increased by 7.6% and stand at AED 98.1 billion
- > Operating income increased by 28% Y-o-Y and accounts for 44% of total operating income in 9M 2022.

Retail Banking



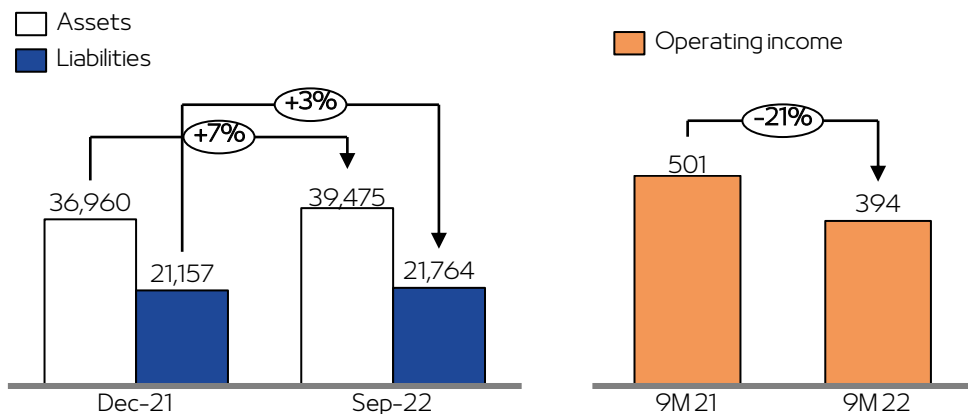
Key Points

- > Retail banking is a key contributor to the operating income at 37% in 9M 2022.
- > Y-o-Y operating income increased by 35%.
- > Retail banking assets increased by 25% and stand at AED 25.2 billion. The Mortgages segment and loans to Emirati's were the top contributors of growth in 9M 2022.
- > Liabilities have increased by 21% and are AED 49.2 billion as of Sep 2022 (30% of total liabilities)

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



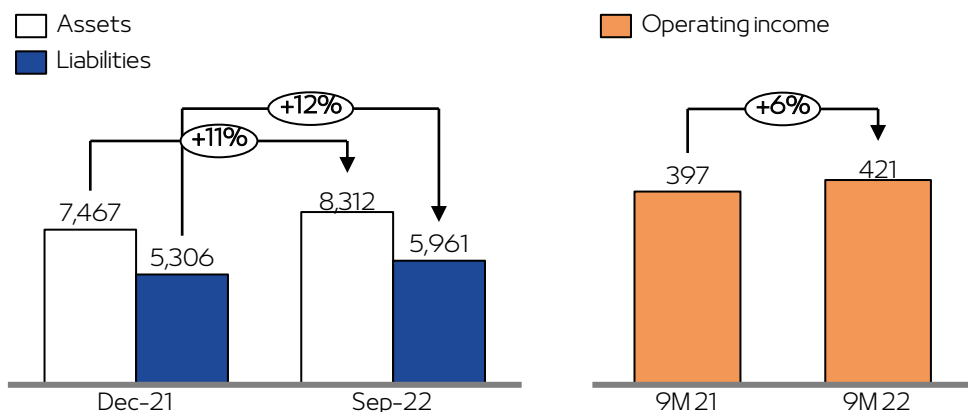
Treasury & Capital Markets



Key Points

- > Treasury & Capital Markets accounts for 21% of assets and 13% of liabilities as of Sep 2022
- > Assets increased by 7% year to date and stood at AED 39.4 billion.
- > TCM Operating income contributed 7% to the total operating income in 9M 2022.
- > Revenue has declined 21% YoY (Operating income in 9M 2021 had one off trading gains)

Insurance / Sukoon



Key Points

- > Sukoon (formerly Oman Insurance) is a subsidiary of Mashreq
- > Insurance business contributed 8% of operating income and 4% of liabilities in 9M 2022.
- > Insurance assets increased by 11% as compared to December 2021 and make up 4% of total assets. Liabilities increased by 12% and stand at AED 5.9 billion
- > Y-o-Y operating income increased by 6% to AED 421 million.

9M 2022 Results



Performance Highlights

Financial Results

▶ Appendix

9M 2022 financials – Consolidated Income statement [AED million]



| Income statement | 2022 | 2021 | Variance (% change) |
|-------------------------------|----------------|----------------|-------------------------------|
| | 9M | 9M | 9M 2022 vs 9M 2021 (Y-o-Y) |
| Net interest income | 3,089.6 | 2,235.2 | 38.2 |
| Net Fees and commission | 1,334.4 | 1,180.2 | 13.1 |
| Net Investment income | 26.7 | 174.0 | (84.7) |
| Other income | 892.2 | 708.4 | 25.9 |
| Total operating income | 5,342.9 | 4,297.9 | 24.3 |
| Operating expenses | (2,164.3) | (1,912.1) | 13.2 |
| Operating profit | 3,178.6 | 2,385.8 | 33.2 |
| Impairment allowance | (494.0) | (2,034.7) | (75.7) |
| Tax expense | (40.8) | (31.6) | 29.0 |
| Non-Controlling Interest | (63.6) | (54.4) | 16.8 |
| Net Profit | 2,580.2 | 265.1 | NM |

3Q 2022 financials – Consolidated Income statement [AED million]



| Income statement | 2022 | 2022 | 2021 | Variance (% change) | |
|-------------------------------|----------------|----------------|----------------|-------------------------------|-------------------------------|
| | 3Q | 2Q | 3Q | 3Q 2022 vs 2Q 2022 (Q-o-Q) | 3Q 2022 vs 3Q 2021 (Y-o-Y) |
| Net interest income | 1,245.5 | 1,015.0 | 794.8 | 22.7 | 56.7 |
| Net Fees and commission | 404.2 | 476.1 | 361.7 | (15.1) | 11.7 |
| Net Investment income | 22.5 | (13.6) | 40.0 | (264.9) | (43.8) |
| Other income | 368.6 | 260.8 | 231.4 | 41.3 | 59.3 |
| Total operating income | 2,040.8 | 1,738.2 | 1,428.0 | 17.4 | 42.9 |
| Operating expenses | (797.3) | (697.2) | (691.1) | 14.4 | 15.4 |
| Operating profit | 1,243.4 | 1,041.1 | 736.9 | 19.4 | 68.7 |
| Impairment allowance | (28.4) | (213.5) | (538.4) | (86.7) | (94.7) |
| Tax expense | (14.4) | (14.6) | (5.5) | (1.2) | 159.3 |
| Non-Controlling Interest | (19.6) | (20.0) | (13.3) | (1.6) | 47.9 |
| Net Profit/(Loss) | 1,181.0 | 793.1 | 179.7 | 48.9 | NM |

Sep 2022 financials – Consolidated Balance sheet [AED million]



| Balance sheet | 30 Sep 2022 | 31 Dec 2021 | YTD (%) |
|--|----------------|----------------|-----------|
| Assets | | | |
| Cash and balances with central banks | 17,846 | 17,508 | 2% |
| Deposits and balances due from banks | 33,340 | 28,805 | 16% |
| Other financial assets measured at fair value | 15,169 | 16,441 | (8%) |
| Other financial assets measured at amortised cost | 11,234 | 10,278 | 9% |
| Loans and advances measured at amortised cost | 75,929 | 66,433 | 14% |
| Islamic financing and investment products measured at amortised cost | 15,397 | 15,053 | 2% |
| Acceptances | 6,850 | 14,341 | (52%) |
| Other Assets | 6,458 | 3,290 | 96% |
| Reinsurance contract assets | 3,179 | 2,700 | 18% |
| Investment in Associate | 72 | 35 | 106% |
| Investment properties | 463 | 463 | 0% |
| Property and equipment | 1,388 | 1,426 | (3%) |
| Intangible Assets | 263 | 281 | (7%) |
| Total assets | 187,587 | 177,054 | 6% |
| Liabilities | | | |
| Deposits and balances due to banks | 26,885 | 19,566 | 37% |
| Repurchase agreements with banks | 2,611 | 2,729 | (4%) |
| Customers' deposits | 96,356 | 87,151 | 11% |
| Islamic customers' deposits | 13,074 | 14,332 | (9%) |
| Acceptances | 6,850 | 14,341 | (52%) |
| Other Liabilities | 8,076 | 6,028 | 34% |
| Medium-term loans | 5,703 | 7,315 | (22%) |
| Insurance and life assurance funds | 5,056 | 4,567 | 11% |
| Total liabilities | 164,610 | 156,029 | 5% |
| Total Equity¹⁾ | 22,976 | 21,024 | 9% |
| Total Liabilities and Equity | 187,587 | 177,054 | 6% |

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



المشرق
mashreq

Rise every day

THANK YOU.