Mashreq posts AED 628 Mn Net Profit for 1Q 2019

Dubai, UAE; 22nd April 2019: Mashreq, one of the leading financial institutions in the UAE, today has reported its financial results for the first quarter ending 31st March 2019.

Key highlights [1Q 2019 vs 1Q 2018]:

- ***Healthy Net Profit***
  - Net profit for 1Q 2019 stood at AED 628 million - a 5.0% increase YoY
  - Impairment Allowance down by 13.6% YoY
- ***High proportion of non-interest income***
  - Mashreq's best-in-class non-interest income to operating income ratio remained high at 40.4%
- ***Solid Balance Sheet Growth***
  - Total Assets grew by 1.2% to AED 141.7 billion while Loans and Advances increased by 0.9% to reach AED 69.9 billion as compared to December 2018
  - Customer Deposits fell by 3.1% in the quarter to reach AED 80.6 billion
  - Loan-to-Deposit ratio remained robust at 86.6% at the end of March 2019
- ***Strong liquidity & Capital position***
  - Liquid Assets ratio stood at 33.2% with Cash and Due from Banks at AED 44.0 billion as on March 2019
  - Capital adequacy ratio and Tier 1 capital ratio continue to be significantly higher than the regulatory limit and stood at 16.5% and 15.4% respectively
- ***Sustained Asset Quality***
  - Non-Performing Loans to Gross Loans ratio was 3.6% at the end of March 2019
  - Total Provisions for Loans and advances reached AED 3.8 billion, constituting 123.3% coverage for Non-Performing Loans

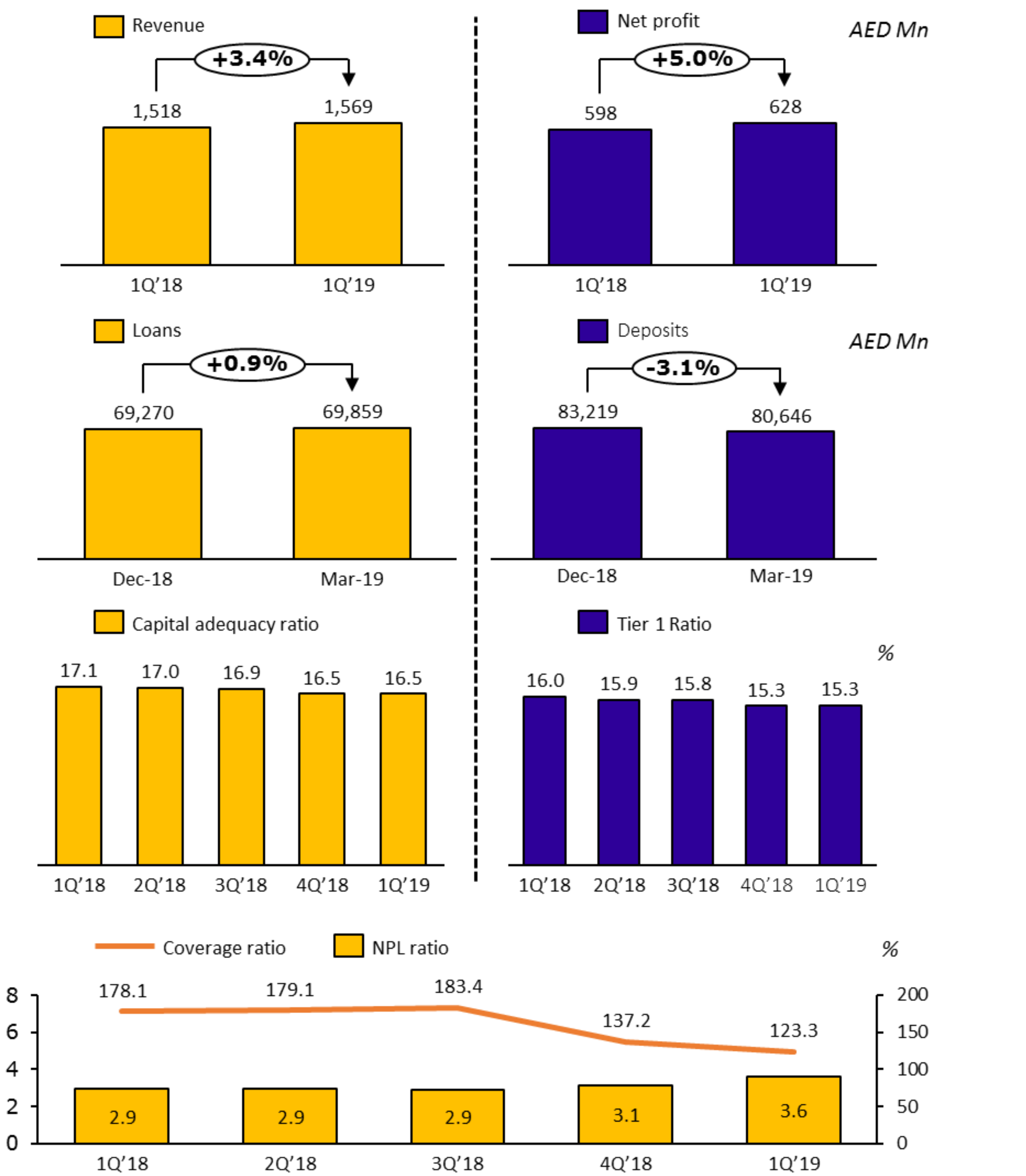
Mashreq's CEO, H.E. AbdulAziz Al Ghurair, said: "Mashreq's constant push for innovation and our commitment to being a customer focused bank has yet again manifested itself in a solid set of financial results for the first quarter of 2019. I am pleased to announce that we have posted growth in both our revenue and net profit over the recorded period.

Our innovation, is driven by a singular consideration: to improve the banking experience for our customers. To achieve this, we have invested a significant amount of effort and resources to ensure that all our key products are designed with the sole intention of improving the customer journey. Our customers are the focal point of our strategy and that will continue to remain the case as we look to take banking to the next level in the region. This ambition is the cornerstone of our recent branch transformation strategy. We are determined to make banking simpler and give our customers the products and services that best serve their needs. As part of this initiative we are currently in the process of transforming a number of our branches to improve efficiency, optimize performance, but more importantly, provide a bespoke experience to our customers.

As we look to the exciting future that lies ahead, Mashreq has further strengthened its footprint in the FinTech space by partnering with the startupbootcamp at the DIFC FinTech Hive. This partnership will allow us to have access to, and collaborate with, some of the most innovative FinTech companies around. "

Al Ghurair concluded, "That said, our customers and our people, continue to be our strength and a source of inspiration. We are convinced that this is what will enable us to forge a path to greater success and make Mashreq the preferred financial institution of the UAE."

Exhibits:



Revenue
+3.4%
1,518
1,569
1Q'18
1Q'19
Net profit
AED Mn
+5.0%
598
628
1Q'18
1Q'19
Loans
+0.9%
69,270
69,859
Dec-18
Mar-19
Deposits
AED Mn
-3.1%
83,219
80,646
Dec-18
Mar-19
Capital adequacy ratio
17.1
17.0
16.9
16.5
16.5
1Q'18
2Q'18
3Q'18
4Q'18
1Q'19
Tier 1 Ratio
%
16.0
15.9
15.8
15.3
15.3
1Q'18
2Q'18
3Q'18
4Q'18
1Q'19
Coverage ratio
NPL ratio
%
178.1
179.1
183.4
137.2
123.3
2.9
2.9
2.9
3.1
3.6
1Q'18
2Q'18
3Q'18
4Q'18
1Q'19
0
2
4
6
8
0
50
100
150
200

1Q 2019 Awards:

World's Best Bank Awards from Global Finance

- Best Bank in the UAE for 2019

The Asian Banker Award

- Best Process Automation Initiative in the Middle East

Business Leader of the Year Award

- Most Admired Financial Services Provider
- Organization with Best Employee Relations Practices

CXO 50 2019

- IT pioneer in the Middle East

CIO 100 Award 2019

- CIO 100 Award in recognition of the excellence and achievement in shaping the regional IT landscape

UAE Innovation Award

EMEA Finance

- Best structured finance house in the Middle East: Mashreq Bank
- Most innovative structured finance deal in EMEA: Shorouq
- Best syndicated Murabaha facility: United Eastern Medical Services
- Best Islamic facility (financial institution): Al Baraka Bank
- Best structured finance deal in North Africa: Telecom Egypt
- Best Local Currency Loan in the Middle East: Abdul Latif Galadari

IFN Awards

- Best Cross Border Deal of the Year

mashreq المشرق
WE MAKE POSSIBLE

1Q 2019

Financial Highlights:

1Q 2019 Financial Highlights	1Q		Δ %	Quarterly Trend			Δ %	
				1Q	4Q	1Q		
Income statement (AED mn)	**2019**	**2018**	**YoY**	**2019**	**2018**	**2018**	**QoQ**	**YoY**
Net Interest Income & Income from Islamic Financing	**936**	909	3.0	**936**	851	909	9.9	3.0
Fee and commision	**361**	357	1.2	**361**	351	357	2.9	1.2
Investment Income	**48**	13	259.2	**48**	1	13	-	259.2
Insurance,FX & Other Income	**225**	239	(6.0)	**225**	141	239	59.8	(6.0)
Total Operating Income	**1,569**	1,518	3.4	**1,569**	1,344	1,518	16.8	3.4
Operating Expenses	**(651)**	(592)	10.0	**(651)**	(671)	(592)	(2.9)	10.0
Operating Profit	**918**	925	(0.8)	**918**	673	925	36.4	(0.8)
Impairment Allowance	**(261)**	(302)	(13.6)	**(261)**	(393)	(302)	(33.5)	(13.6)
Tax Expense	**(8)**	(14)	(45.3)	**(8)**	3	(14)	-	(45.3)
Non-Controlling Interest	**(21)**	(11)	91.1	**(21)**	29	(11)	-	91.1
Net Profit for the Period	628	598	5.0	628	312	598	101.2	5.0
EPS [AED]	***3.54***	*3.37*	*5.0*	***3.54***	*1.76*	*3.37*	*101.2*	*5.0*
	Mar	**Mar**	**Δ %**	**Mar**	**Dec**		**Δ %**	
Balance Sheet (AED mn)	**2019**	**2018**	**YoY**	**2019**	**2018**		**YTD**	
Total Assets	**141,667**	123,419	14.8	**141,667**	139,932		1.2	
Loans and Advances	**69,859**	65,193	7.2	**69,859**	69,270		0.9	
Customer Deposits	**80,646**	76,526	5.4	**80,646**	83,219		(3.1)	
Shareholder's Funds	**20,080**	18,872	6.4	**20,080**	20,144		(0.3)	
	Mar	**Mar**	**Δ bps**	**Mar**	**Dec**		**Δ bps**	
Key Ratios (%)	**2019**	**2018**	**YoY**	**2019**	**2018**		**YTD**	
CAR (Capital Adequacy ratio)	***16.47***	*17.10*	*(63)*	***16.47***	*16.45*		*2*	
Tier 1 Ratio	***15.35***	*16.13*	*(78)*	***15.35***	*15.33*		*2*	
Loan-to-Deposits	***86.62***	*85.19*	*143*	***86.62***	*83.24*		*339*	
*Return-on Assets**	***1.78***	*1.92*	*(14)*	***1.78***	*1.55*		*23*	
*Return-on-Equity**	***12.49***	*12.20*	*30*	***12.49***	*10.17*		*232*	

**Annualized*

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For media enquiries, please contact:

Rana AlBorno
Public Relations, Mashreq
Tel: 04 –6083629
Email: ranaALB@mashreq.com

Nssrin Khalil
Public Relations, Mashreq
Tel: 04 – 6083836
Email: NssrinK@mashreq.com

For investor relations enquiries, please contact:

Ali Zaigham Agha
Investor Relations, Mashreq
Tel: 04 –2077543
Email: AliAgha@mashreq.com