

Mashreq posts AED 1.8 Bn Net Profit for 9M 2019

Dubai, UAE; 14th October 2019: Mashreq, one of the leading financial institutions in the UAE, today has reported its financial results for the nine months ending 30th September 2019.

Key highlights [9M 2019 vs 9M 2018]:

- ***Stable Net Profit***
 - Net profit for 9M 2019 stood at AED 1.76 billion - a 0.5% increase YoY
 - Impairment Allowance down by 15.9% YoY
- ***High proportion of non-interest income***
 - Mashreq's best-in-class non-interest income to operating income ratio remained high at 39.3%
 - Significant growth in Investment Income
- ***Strong liquidity & Capital position***
 - Liquid Assets ratio stood at 32.6% with Cash and Due from Banks at AED 43.6 billion as on 30th September 2019
 - Capital adequacy ratio and Tier 1 capital ratio continue to be significantly higher than the regulatory limit and stood at 16.8% and 15.6% respectively
- ***Solid Balance Sheet Growth***
 - Total Assets grew by 5.0% to AED 146.9 billion while Loans and Advances increased by 4.2% to reach AED 72.2 billion as compared to December 2018
 - Customer Deposits grew by 1.1% during the year to reach AED 84.1 billion
 - Loan-to-Deposit ratio remained strong at 85.8% at the end of 30th September 2019
- ***Sustained Asset Quality***
 - Non-Performing Loans to Gross Loans ratio decreased slightly from 3.5% in June to 3.4% at the end of September 2019
 - Total Provisions for Loans and advances reached AED 4.1 billion, constituting 130.9% coverage for Non-Performing Loans

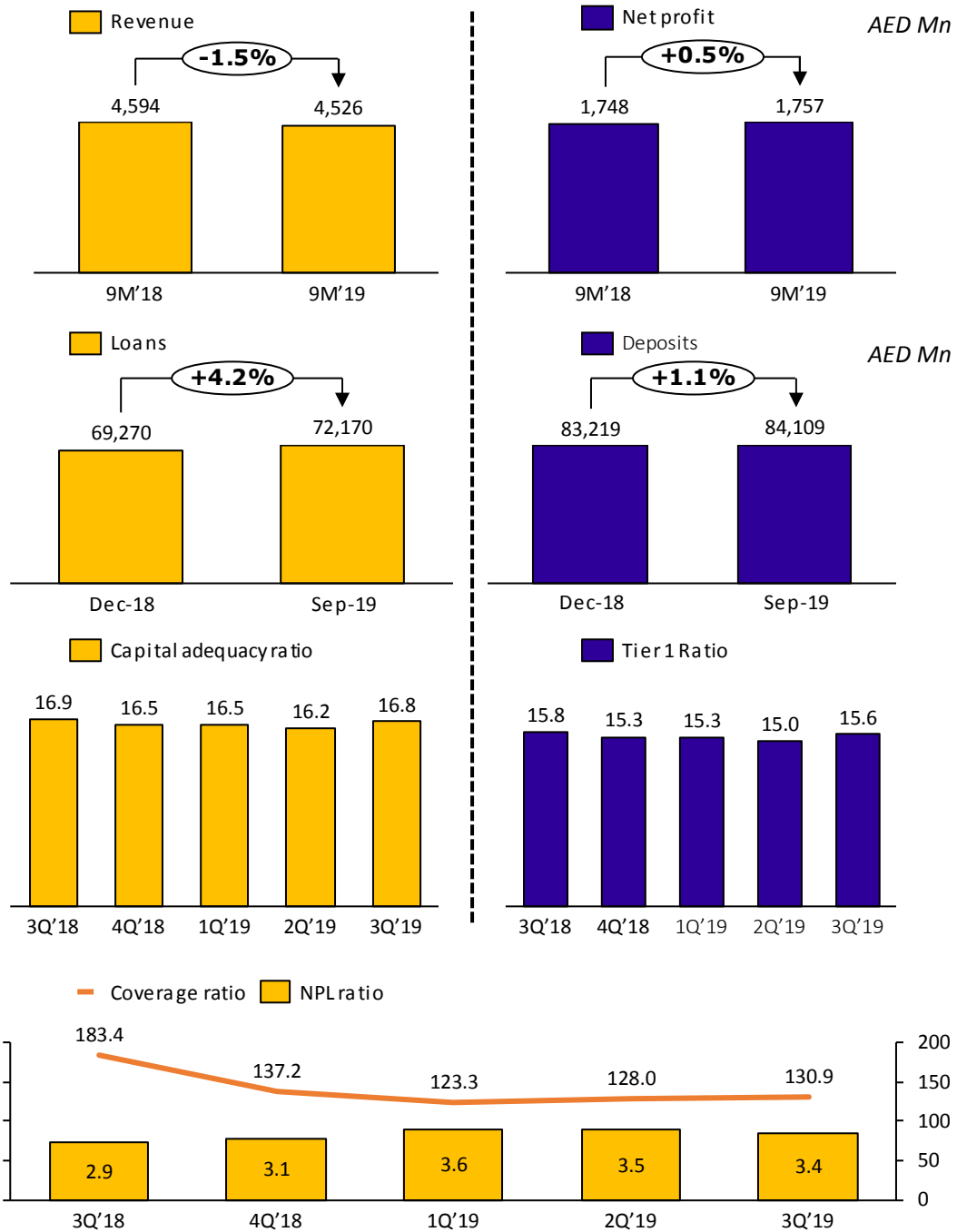
Mashreq's CEO, H.E. Abdul Aziz Al Ghurair, said: "I am pleased to announce that Mashreq Bank has once again achieved a strong set of results at the close of our third quarter driven by robust financial performance across our core businesses. The bank's solid market performance has enabled us to record a healthy net profit of AED 1.8 billion. Notably, we continue to maintain a healthy balance sheet as well as strong liquidity, with our Capital adequacy ratio and tier 1 capital ratios continuing to be significantly higher than the regulatory limit - standing at 16.8% and 15.6% respectively. Overall, our strong performance must also acknowledge our people's continuous efforts to introduce innovation within our services.

As we continue to implement our digital transformation strategy, we remain focused on improving the banking experience for all our customers through on-going investments in digitization and technology. In particular, the launch of Mashreq's Neo-Biz is the latest example of how the bank is leveraging innovation to offer a seamless experience to our business customers. The initiative is also geared towards supporting the vital SME ecosystem, which has historically been the backbone of the UAE economy.

Today, technology is evolving at a rapid pace, and it has become of paramount importance to continuously launch new initiatives that are aligned with customer needs and new technologies. Supplementing this goal, we signed a strategic tripartite agreement with Dubai International Financial Centre (DIFC) and norbloc, to launch the region's first production-ready blockchain KYC data sharing consortium next year. This alliance will further support businesses and corporates in Dubai, in line with the UAE Blockchain Strategy 2021 - to make processes faster and the overall customer experience better.

Al Ghurair concluded, "As we approach the last quarter of the year, the bank remains well poised to deliver on the successes exhibited during the first nine months of the year. We will continue to implement on our successful strategy built around providing an excellent customer experience, as well as leveraging the latest technological innovations to offer best in class products and services in line with evolving customer needs."

Exhibits:



3Q 2019 Awards:

- World Finance Digital Banking Awards 2019
 - Best Consumer Digital Bank - 2019 - UAE
 - Best Mobile Banking App - 2019 - UAE
- World's Best Bank Awards from Global Finance
 - Best Bank in the UAE for 2019
- The Banker
 - Deal of the Year - Africa - Loans (Telecom Egypt USD 500 Million Syndicated Loan Facility) Also entered by First Abu Dhabi Bank
 - Deal of the Year - Asia Pacific - Loans (Bank of Ceylon \$100m syndicated facility with accordion tranche)
 - Deal of the Year- Middle East- Islamic Finance (VIP Investments \$109m Islamic acquisition facility)
- 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

Financial Highlights:

9M 2019 Financial Highlights	Nine Monthly Trend							
	9M		Δ %	3Q	2Q	3Q	Δ %	
Income statement (AED mn)	2019	2018	YoY	2019	2019	2018	QoQ	YoY
Net Interest Income & Income from Islamic Financing	2,748	2,792	(1.6)	898	913	938	(1.7)	(4.2)
Fee and commission	1,038	1,063	(2.3)	328	349	323	(6.0)	1.5
Investment Income	111	25	336.7	56	7	7	741.4	705.2
Insurance, FX & Other Income	630	715	(11.8)	170	235	222	(27.6)	(23.4)
Total Operating Income	4,526	4,594	(1.5)	1,452	1,505	1,490	(3.5)	(2.5)
Operating Expenses	(1,994)	(1,947)	2.4	(677)	(665)	(637)	1.9	6.3
Operating Profit	2,533	2,647	(4.3)	775	840	853	(7.7)	(9.1)
Impairment Allowance	(705)	(838)	(15.9)	(223)	(221)	(249)	1.1	(10.3)
Tax Expense	(16)	(28)	(42.6)	(2)	(6)	(6)	(64.7)	(65.6)
Non-Controlling Interest	(55)	(34)	61.6	(14)	(20)	(11)	(27.6)	23.1
Net Profit for the Period	1,757	1,748	0.5	536	593	587	(9.7)	(8.7)
EPS [AED]	9.90	9.85	0.5	3.02	3.34	3.31	(9.7)	(8.8)
	Sep	Sep	Δ %	Sep	Jun	Dec	Δ %	
Balance Sheet (AED mn)	2019	2018	YoY	2019	2019	2018	QoQ	YTD
Total Assets	146,874	137,446	6.9	146,874	136,428	139,932	7.7	5.0
Loans and Advances	72,170	69,354	4.1	72,170	70,724	69,270	2.0	4.2
Customer Deposits	84,109	82,233	2.3	84,109	77,610	83,219	8.4	1.1
Shareholder's Funds	21,224	19,908	6.6	21,224	20,718	20,144	2.4	5.4
	Sep	Sep	Δ bps	Sep	Jun	Dec	Δ bps	
Key Ratios (%)	2019	2018	YoY	2019	2019	2018	QoQ	YTD
CAR (Capital Adequacy ratio)	16.75	16.93	(18)	16.75	16.16	16.45	59	30
Tier 1 Ratio	15.63	15.81	(18)	15.63	15.03	15.33	60	30
Loan-to-Deposits	85.81	84.34	147	85.81	91.13	83.24	(532)	257
Return-on Assets*	1.78	1.90	(12)	1.78	1.91	1.66	(13)	12
Return-on-Equity*	11.33	11.57	(24)	11.33	11.96	10.17	(63)	116

*Annualized

-ENDS-

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