

# Management Discussion and Analysis

For The First Quarter Ended 31 March 2026

## FOR THE FIRST QUARTER ENDED 31 MARCH 2026

# Mashreq Delivers Double-Digit Growth across Revenue, Assets, Loans and Deposits in Q1 2026, Underpinned by Robust Liquidity and Uninterrupted Operations across All Channels, with AED 3.4 Billion in Revenue, 20% ROE and Industry-Leading Asset Quality

**Dubai, April 2026** – Mashreq Bank PSC (MASQ), one of the leading financial institutions in the MENA region, today delivered a strong first-quarter performance, with Operating Income growing to AED 3.4 billion and Net Profit Before Tax increasing to AED 2.3 billion for the quarter ended 31 March 2026, demonstrating the resilience of Mashreq's globally diversified franchise through an extraordinary regional environment, supported by a strong liquidity position and uninterrupted operations across all channels.

## Q1 2026 Key Financials

**₹ 2.3 bn**

Net Profit Before Tax

**₹ 3.4 bn**

Operating Income

**₹ 2.4 bn**

Operating Profit

**20%**

Return on Equity

**2.2%**

Return on Assets

**2.7%**

Net Interest Margin

**33%**

Customer Loan Growth YoY

**23%**

Customer Deposit Growth YoY

**63%**

CASA

**31%**

Cost-to-Income Ratio

**15.8%**

Capital Adequacy Ratio

**0.9%**

NPL Ratio

## H.E. Abdul Aziz Al Ghurair Chairman of Mashreq

***“The first quarter of 2026 has taken place against a backdrop of heightened geopolitical tension in the region, and yet it has reaffirmed the structural resilience of the UAE and the wider GCC economies and the strength of its financial system, both of which continue to provide stability and confidence even in periods of uncertainty.”***

The UAE and the broader region’s disciplined fiscal management, strong external position, and sustained momentum in non-oil sectors have enabled the banking sector to operate from a position of liquidity, capital strength, and operational continuity, reinforcing its role as a reliable enabler of economic activity across cycles.

Within this context, Mashreq delivered a robust performance in the first quarter, with operating income of AED 3.4 billion and a return on equity of 20 percent, reflecting the strength of its diversified business model and the consistency of its execution across a broad range of markets and client segments.

The Board has maintained close oversight of the Bank’s response to evolving regional developments, ensuring that resilience is embedded not only in financial metrics but also in governance, risk discipline, and institutional preparedness, with a clear focus on safeguarding employees, maintaining service continuity, and preserving balance sheet strength.

As we look ahead, our focus remains on safeguarding stability, supporting sustainable and disciplined growth, and ensuring that Mashreq continues to play a meaningful role in reinforcing the UAE and the region’s position as a trusted and globally connected financial centre in an increasingly complex geopolitical environment.



## Ahmed Abdelaal Group Chief Executive Officer

***/// The first quarter of 2026 has been shaped by a highly complex operating environment, and our priority throughout has been to provide clarity, continuity, and consistency for our clients across the region. Against this backdrop, Mashreq delivered a net profit before tax of AED 2.3 billion, with non-interest income contributing 41% of total operating income, demonstrating the strength of a business model that is increasingly diversified and anchored in client activity.***

This performance reflects deliberate choices we have made over time, including disciplined risk management, a strong funding base, and a continued focus on building deeper and more resilient client relationships. Balance sheet growth has remained robust, while asset quality continues to track at levels that are among the strongest in the sector, reinforcing the stability of the franchise.

In the current environment, our approach has been to engage earlier and more actively with our clients, particularly around liquidity, refinancing, and risk planning, ensuring that decisions are taken with full context and with a clear emphasis on resilience. We remain fully open for business, but we are doing so with discipline and a high degree of selectivity.

The strength of our operating platform has ensured uninterrupted service across all products and geographies, supported by close alignment between risk, treasury, operations, and coverage teams, as well as well-established business continuity frameworks that have been actively executed during the quarter.

Mashreq's position at the centre of key global trade and capital corridors continues to support strong cross-border flows, with our transaction banking and US dollar clearing capabilities enabling clients to navigate shifting market dynamics with confidence and continuity.

Our capital and liquidity position remains strong, and the successful issuance of our Additional Tier 1 instrument during the quarter, which was met

with significant investor demand, provides further validation of Mashreq's credit strength and strategic direction.

At the same time, we continue to invest in the capabilities that will define our future, including artificial intelligence, advanced analytics, and scalable digital infrastructure, ensuring that we remain both resilient and forward-looking.

Our message is clear and consistent. Mashreq operates from a position of strength, remains fully accessible, and is committed to supporting our clients with discipline and clarity as conditions continue to evolve.



## Performance Review Q1 2026

**Mashreq opened 2026 with exceptional momentum, delivering AED 3.4 billion in operating income and AED 2.3 billion in net profit before tax in Q1 2026, supported by record balance-sheet expansion, with customer loans growing 33% and total assets expanding 26% year-on-year.**

Non-interest income contributed 41% of total operating income, underscoring the continued diversification of the Bank's revenue mix and the strength of its fee-generating businesses.

Amid the regional conflict that shaped Q1 2026, Mashreq continued to operate with resilience across the UAE and its international markets. All banking services, digital platforms and client channels have functioned without

disruption and the Bank's capital position, liquidity and funding profile remains strong and comfortably above regulatory requirements. Mashreq's commitment to its clients, employees and the communities it serves remains steadfast, underpinned by the same values of stability, continuity and purpose that have defined this institution for over five decades.

**₪ 2.3 bn**

Net Profit Before Tax

**₪ 3.4 bn**

in Operating Income

**26%**

Total Asset Growth

## Revenue and Income

Strong Operating Income growth reflecting broad-based volume expansion, disciplined asset repricing and the continued diversification of the revenue mix.

- **Net Interest Income grew 4% year-on-year** to AED 2.0 billion. While the cumulative impact of 175 basis points of UAE Central Bank rate cuts since H2 2024 continued to compress margins, with NIM declining to 2.7%, this was more than offset by 33% growth in the customer loan book. The CASA ratio of 63% continued to anchor the Bank's low-cost funding base, containing the impact of rate movements on net interest earnings. NIM compression moderated sequentially as the majority of the rate-cut cycle has now been absorbed through asset repricing.
- **Non-interest income rose 20% year-on-year** to AED 1.4 billion, now at 41% of total operating income.
- **Fees and Commissions increased 35% year-on-year** to AED 0.5 billion, driven by higher transaction volumes across trade finance and payments, increased Financial Markets-related fees and commissions from the revamp of the Bank's Treasury and Global markets platform and client engagement across the Bank's transactional banking activities.
- **Insurance, FX and Other Income grew 26% year-on-year** to AED 0.9 billion, reflecting stronger cross-border flows across Mashreq's global corridors, anchored by the Bank's position as the only non-US bank in the region with direct US dollar clearing capability.
- **Net Investment income was AED 48 million for the quarter**, lower year-on-year, as mark-to-market gains moderated in the current rate environment and against a Q1 2025 comparable that included elevated realized gains.
- **Cross-sell ratio increased to 41%**, approximately 350 basis points higher year-on-year, with continued multi-product adoption and deepening relationships across retail, SME and wholesale segments.

## Expenses and Efficiency

Purposeful investment in the capabilities underpinning Mashreq's long-term strategy, delivered with industry-leading cost efficiency.

- **Operating expenses of AED 1.1 billion grew 15% year-on-year**, driven by targeted investment in Gen-AI initiatives, digital onboarding infrastructure and the continued build-out of Mashreq's international network, with the Cost-to-Income Ratio sustained at 31%.
- **Income growth and efficiency gains** from digitalization continued to absorb the incremental investment cost through the quarter, preserving a cost base well below industry benchmarks without constraining strategic spend.

## Earnings Performance

Strong profitability and superior returns delivered through record balance-sheet growth and resilient earnings quality.

- **Net Profit Before Tax reached AED 2.3 billion** in Q1 2026, with Net Profit After Tax of AED 1.9 billion, translating scale, revenue diversification and cost discipline into strong, high-quality earnings despite continued rate compression.
- **Return on Equity of 20% and Return on Assets of 2.2%** reaffirm Mashreq's continued ability to generate high-quality returns through efficient capital deployment and a growing fee income base.
- **Income tax expense of AED 353 million**, an increase of 14% year-on-year, is in line with the continued application of the UAE Domestic Minimum Top-Up Tax (DMTT) and Pillar Two rules, with an effective tax rate of 15.5% broadly consistent with full-year 2025. Notwithstanding this embedded tax step-up, after-tax profitability and returns remained firmly strong.

20%

Non-Interest Income  
Year-on-Year Growth

20%

Return on Equity

35%

Fees and Commission  
Year-on-Year

## Credit Quality

Industry-leading asset quality sustained through a period of accelerated balance-sheet expansion.

- The lowest non-performing loan ratio in the sector at 0.9%, improving year-on-year even as **customer loans grew 33% year-on-year**, reflecting the quality of Mashreq's credit selection, sound collateral management and active portfolio oversight across all geographies.
- **Impairment charges remained low at AED 87 million**, equivalent to a cost of credit of just 20 basis points, among the lowest in the industry, demonstrating that the pace of balance-sheet growth has been matched by consistent underwriting quality across retail, SME, wholesale and financial institution segments.
- **Coverage Ratio strengthened further to 275%**, from 263% at year-end 2025, providing a substantial buffer and reinforcing balance-sheet resilience through a period of elevated lending activity.

## Capital and Liquidity

Strong and actively managed capital position, further strengthened by a USD 500 million AT1, raising total Mashreq securities listed on Nasdaq Dubai to USD 1 billion.

- **Capital Adequacy Ratio strengthened to 15.8%**, up 127 basis points from year-end 2025, with Tier 1 at 14.5% and CET1 at 12.7%, all comfortably above regulatory requirements including the full D-SIB capital buffer introduced following Mashreq's designation as a Domestic Systemically Important Bank.
- Liquidity buffers remained resilient through a period of accelerated lending activity, with the **Liquidity Coverage Ratio (131%)** sustained comfortably above regulatory requirements.

## Balance Sheet Overview

Record balance-sheet expansion driven by robust client demand, active capital deployment and broad-based growth across lending and deposit platforms.

- **Total assets reached AED 344 billion**, an increase of 26% year-on-year, driven by strong client activity and continued scale-up of the lending and deposit platforms.
- **Loans & Advances grew 33% year-on-year** to AED 168 billion, supported by strong origination across corporate, institutional and retail portfolios, with total lending to customers and banks combined reaching AED 226 billion.
- **Customer deposits grew 23% year-on-year** to AED 210 billion, accelerating and building on the AED 200 billion milestone reached in 2025.
- **The investment portfolio increased 65% year-on-year** to AED 62.1 billion, as Mashreq deployed balance sheet capacity into high-quality instruments, positioning the portfolio to capture value through the current rate cycle.

Note: Figures may not add up due to rounding differences

**0.9%**

NPL Ratio

**23%**

Customer Deposit  
Growth

**26%**

Total Assets Growth  
Year-on-Year

# Q1 2026 Financial Review

## Strong Earnings Driven by Diversified Revenues

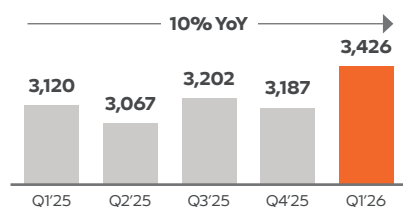
### Income Statement Highlights

Income Statement (AED mn)	Q1'26	Q4'25	Q1'25	ΔQoQ%	ΔYoY%
<b>Net Interest Income &amp; Islamic Financing</b>	<b>2,038</b>	<b>2,061</b>	<b>1,967</b>	<b>(1%)</b>	<b>4%</b>
Fees & Commission	468	301	348	55%	35%
Investment Income	48	39	112	23%	(57%)
Insurance, FX & Other Income	872	785	694	11%	26%
<b>Non-Interest Income</b>	<b>1,388</b>	<b>1,126</b>	<b>1,154</b>	<b>23%</b>	<b>20%</b>
<b>Total Operating Income</b>	<b>3,426</b>	<b>3,187</b>	<b>3,120</b>	<b>8%</b>	<b>10%</b>
Operating Expenses	(1,060)	(990)	(918)	7%	15%
<b>Operating Profit</b>	<b>2,367</b>	<b>2,197</b>	<b>2,202</b>	<b>8%</b>	<b>7%</b>
Impairment Allowance	(87)	(78)	(101)	10%	(14%)
<b>Net Profit Before Tax</b>	<b>2,280</b>	<b>2,119</b>	<b>2,101</b>	<b>8%</b>	<b>9%</b>
Tax	(353)	(329)	(309)	7%	14%
<b>Net Profit after Tax</b>	<b>1,927</b>	<b>1,790</b>	<b>1,792</b>	<b>8%</b>	<b>8%</b>
Non-Controlling Interest	(43)	(39)	(36)	12%	20%
<b>Profit attributable to Owners of the Parent</b>	<b>1,883</b>	<b>1,751</b>	<b>1,756</b>	<b>8%</b>	<b>7%</b>
EPS (AED)	9.2	8.4	8.5	8%	7%

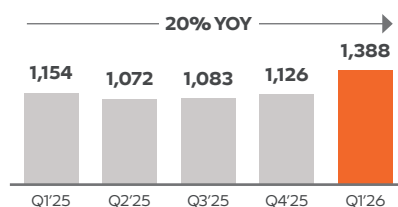
  

Key Metrics (%)	Q1'26	Q4'25	Q1'25	Δbps QoQ	Δbps YoY
Cost to Income Ratio	31%	31%	29%	(12)	151
Return on Assets	2.2%	2.3%	2.5%	(15)	(35)
Return on Equity	20.1%	20.0%	20.9%	7	(80)
Net Interest Margin	2.7%	3.1%	3.3%	(38)	(54)

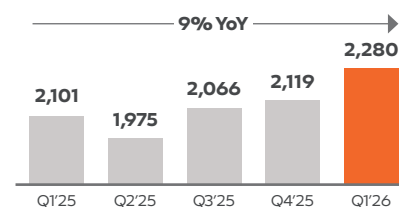
Operating Income - Quarterly (AED mn)



Non-Interest Income - Quarterly (AED mn)



Profit Before Tax - Quarterly (AED mn)



- Sequential momentum continued into Q1 2026, with **Operating Income 8% higher than Q4 2025** and Net Profit After Tax also up by 8% quarter-on-quarter.
- Non-interest income grew 20% year-on-year**, contributing the majority of Operating Income growth and reinforcing the diversification of the revenue mix.
- Income growth absorbed the 15% year-on-year increase** in operating expenses, sustaining the Cost-to-Income Ratio at 31%.
- Net Interest Margin compression moderated sequentially, **narrowing by 38 basis points quarter-on-quarter compared with 54 basis points year-on-year**, as asset repricing continues to adjust to the cumulative rate cuts.

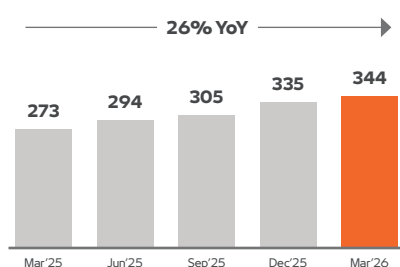
## Balance Sheet Strength

### Balance Sheet momentum across all core businesses

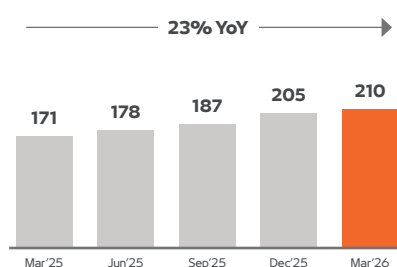
#### Balance Sheet Highlights

Balance Sheet (AED mn)	Mar 2026	Dec 2025	Mar 2025	ΔQoQ%	ΔYoY%
Loans to Customers	167,697	164,349	125,817	2%	33%
Loans to Banks	58,325	65,721	55,266	(11%)	6%
Investments	62,117	50,624	37,578	23%	65%
Cash & Due from Central Bank	35,596	33,532	41,423	6%	(14%)
Other Assets	20,385	20,224	12,467	1%	64%
Investments in Properties	184	184	152	0%	21%
<b>Total Assets</b>	<b>344,305</b>	<b>334,634</b>	<b>272,703</b>	<b>3%</b>	<b>26%</b>
Customer Deposits	210,171	204,895	171,442	3%	23%
Balances Due to Banks	33,538	38,922	42,905	(14%)	(22%)
Loans and Sukuk	16,753	15,310	3,613	9%	364%
Other Liabilities	27,787	27,793	19,397	(0%)	43%
Repo	14,335	7,136	-	101%	NM
Minority Interest	1,195	1,202	1,078	(1%)	11%
Shareholder's Equity	40,527	39,374	34,269	3%	18%
<b>Total Liabilities &amp; Equity</b>	<b>344,305</b>	<b>334,634</b>	<b>272,703</b>	<b>3%</b>	<b>26%</b>

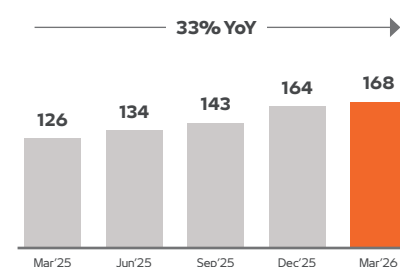
Total Assets - Quarterly (AED bn)



Customer Deposits - Quarterly (AED bn)



Loans to Customers - Quarterly (AED bn)



- **Total assets grew 3% quarter-on-quarter and 26% year-on-year** to AED 344 billion, reinforcing the scale and momentum of Mashreq's balance sheet.
- **Loans & Advances grew 2% quarter-on-quarter** following a 33% year-on-year expansion, reflecting disciplined origination after a record 2025.
- Non-deposit term funding diversified further, with Loans and Sukuk at **AED 16.8 billion** and repo-based funding at **AED 14.3 billion**, reducing reliance on any single funding channel.
- **Total equity grew 3% quarter-on-quarter** to AED 41.7 billion, reflecting robust earnings generation alongside the USD 500 million AT1 issuance.

# Capital Adequacy

**A strong, actively managed capital position, further strengthened by the AT1 issuance**

## Capital Adequacy Ratios

Capital Adequacy (%)	Mar 2026	Dec 2025	Mar 2025	Δbps QoQ	Δbps YoY
Capital Adequacy Ratio (Basel III)	15.8%	14.5%	18.5%	127 bps	(267) bps
Common Equity Tier 1 (CET1)	12.7%	12.3%	15.4%	41 bps	(274) bps
Tier 1 Capital Ratio	14.5%	13.4%	16.9%	106 bps	(248) bps

- **Capital Adequacy Ratio strengthened 127 basis points year-to-date** to 15.8%, with Tier 1 increasing 106 basis points to 14.5% following the February AT1 issuance and continued internal capital generation.
- **Capital was actively deployed to support 33% year-on-year growth** in the loans and advances, with the AT1 issuance and internal capital generation partially offsetting the corresponding risk-weighted asset expansion, leading to the normalization of CAR from 18.5% to 15.8%.
- Liquidity metrics remained comfortably above regulatory requirements, with a **Liquidity Coverage Ratio of 131%**, **Liquid Assets Ratio of 27%** and **Loan-to-Deposit Ratio of 80%**, providing ample capacity to sustain elevated lending and transaction volumes through 2026.

Note: Figures may not add up due to rounding differences

**15.8%**

Capital Adequacy  
Ratio

**131%**

Liquidity Coverage  
Ratio

**80%**

Loan-to-Deposit  
Ratio

## Looking Ahead

### **Mashreq enters the second quarter of 2026 with strong momentum, a resilient business model and a strengthened capital base following the landmark AT1 issuance in February.**

The Bank's operations and financial position remain unaffected by regional developments, with enterprise risk management and business continuity frameworks fully activated across all geographies.

The strategic agenda for the remainder of 2026 remains focused on sustaining the momentum of the first quarter. Further diversification of revenue through fee-generating and transaction banking activities, alongside accelerated deployment of AI and digital platforms, will drive both topline growth and operating leverage. Deeper engagement across Mashreq's trade and investment corridors will continue to underpin the volume momentum of recent quarters.

Capital discipline, rigorous risk governance and industry-leading cost efficiency remain the foundations of Mashreq's ability to deliver superior returns through cycles. The capital base has strengthened through Q1, liquidity remains robust, and credit quality continues to perform at exceptional levels through a period of accelerated growth.

With the UAE's sovereign credit ratings affirmed at the highest levels by global rating agencies despite ongoing regional challenges, and with the country's economic fundamentals remaining sound, Mashreq enters the remainder of 2026 with confidence, well positioned to deliver sustainable value for shareholders while remaining committed to the clients, communities and markets it serves.



## Awards Q1 2026

**Mashreq received multiple prestigious awards in Q1 2026, attesting to its leadership and excellence across the Middle East and globally.**

### Global Finance:

- Most Innovative Financial Institution – Middle East

### Global Finance - Top Financial Innovations:

- Digital Mortgage Platform
- Automated Customer Engagement Engine
- Mashreq NEO Credit Card Launch
- Mashreq Mobile Wealth Platform

### CX Strategy Summit and Awards

- Best Contact Center Experience

### Middle East Banking AI & Analytics Summit

- Best Innovation in Employee Engagement & Experience
- Best Digital Trade Asset Platform of the Year – Trade Asset Sell Down
- Best Corporate Digital Onboarding Platform of the Year – Digital Corporate Onboarding via Mobile

### Euromoney Private Banking Awards

- Best For High-Net worth – UAE and Middle East
- Best For Digital Solutions – UAE and Middle East
- Best for Family Office Services – UAE

### Global Finance Awards

- Best Private Bank UAE
- Best Private Bank Digital Solutions Middle East

### Euromoney Trade Finance Award

- #1-ranked bank in Trade Finance for the UAE and Bahrain.
- Leading trade finance provider in the Middle East.
- Best Trade Finance Bank for Products in the Middle East.

### Capital Markets

- First UAE bank AT1 transaction of 2026 – USD 500 million, 4.2x oversubscribed, listed on Nasdaq Dubai

### ME Martech Summit & Awards

- Best Performance Marketing Campaign
- Best Integrated Marketing Campaign
- Sustainable Marketing Award
- Excellence in Omnichannel Marketing
- CX Innovation Award
- Content Marketing Excellence Award
- Influencer Marketing Excellence Award
- Best Customer Loyalty Program in Financial Services
- Best Customer Experience Strategy
- E-Commerce Growth Excellence

### IDC Voices of AI Innovation Award

- Voices of AI Innovation Honouree 2026

## Disclaimer

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