Management Discussion and Analysis

For The First Half 2026

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FOR THE HALF YEAR AND SECOND QUARTER ENDED 30 JUNE 2026

Mashreq Delivers Record H1 2026 Profit Before Tax of AED 4.8 Billion, Up 18% Year-on-Year.

Customer Deposits Grow 28%, Lending Advances 26% and Return on Equity Reaches 21%

Dubai, 30 July 2026 – Mashreq Bank PSC (MASQ) today announced record profit before tax of AED 4.8 billion for the first half of 2026, up 18% year-on-year, on operating income of AED 6.8 billion. The performance underscores the resilience of Mashreq's diversified franchise and disciplined execution against a backdrop of heightened regional and global uncertainty.

H1 2026 Key Financials

Đ4.8 bn
Net Profit Before Tax

Đ6.8 bn
Operating Income

Đ4.7 bn
Operating Profit

21%
Return on Equity

2.2%
Return on Assets

2.7%
Net Interest Margin

26%
Customer Loan Growth YoY

28 %
Customer Deposit Growth YoY

63%
CASA

31%
Cost-to-Income Ratio

16.9%
Capital Adequacy Ratio

0.9%
NPL Ratio

Note: Figures may not add up due to rounding differences

H.E. Abdul Aziz Al Ghurair
Chairman of Mashreq

The first half of 2026 tested the region, and the UAE answered with the resilience that has come to define it. Against a backdrop of heightened geopolitical uncertainty, the nation's economic foundations held firm, underpinned by prudent policy, a deepening non-oil economy, and a financial system that continued to operate from a position of strength and stability.

Throughout the period, the banking sector remained well positioned to support businesses, investors and communities, while maintaining strong capital, liquidity and prudent oversight. Within this context, Mashreq delivered operating income of AED 6.8 billion and a return on equity of 21%, underscoring the resilience of the Bank and the effectiveness of its long-term strategic direction.

The Board remains focused on ensuring that Mashreq continues to grow responsibly, with governance, risk management and financial strength at the core of every decision.

As a Domestic Systemically Important Bank, we recognize our responsibility to contribute to the stability of the financial system, support the ambitions of the UAE's economy and create sustainable value for our shareholders and the communities we serve.

As the UAE advances its standing as a global centre for trade, capital and innovation, Mashreq will continue to serve as a key enabler of that ambition, empowering clients, championing responsible finance, and reinforcing the nation's position as one of the world's leading financial hubs.

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Ahmed Abdelaal
Group Chief Executive Officer

The first half of 2026 was shaped by heightened geopolitical and macroeconomic disruption across the region and globally, affecting markets, trade corridors and client decisions. Against this backdrop, Mashreq delivered record profit before tax of AED 4.8 billion, up 18% year-on-year, with Q2 profit before tax increasing 28% year-on-year and return on equity at 21%. The results reflect the resilience of our diversified franchise, disciplined execution and the continued trust of our clients.

The quality of growth remained strong: customer deposits increased 28%, customer lending grew 26% and non-interest income rose 17% to 38% of operating income. Asset quality remained robust, with a non-performing loan ratio of 0.9%, while stronger capital and liquidity preserved our capacity to support clients prudently.

Our priority throughout the period was to stay close to clients across our network and help them manage liquidity, financing, trade, payments and risk as conditions evolved. Our international footprint and direct US dollar clearing capability helped keep critical trade and capital flows moving across key global corridors. Operational resilience and seamless, secure service remained non-negotiable, with continuity maintained across our channels, platforms and markets.

We enter the second half focused on disciplined growth, thoughtful capital allocation and continued investment in our people, technology, data and controls. These priorities will strengthen resilience, improve the client experience and deepen the relationships that underpin Mashreq's long-term performance. I want to thank our colleagues across the network for the commitment and precision behind these results.

Performance Review H1 2026

Mashreq delivered a strong first half in 2026, translating the strength of its diversified business model and the resilience of its franchise into record profitability, robust returns and a materially stronger balance sheet, all achieved through one of the most demanding regional environments in recent years.

Mashreq's operating income rose to AED 6.8 billion in H1 2026, the result of a strong, diversified and globally connected business performing across every core market, with profit before tax advancing 18% year-on-year to AED 4.8 billion and accelerating into the second quarter.

Growth of this scale was achieved without compromise to quality or prudence: a deep, low-cost deposit base funded lending growth, asset quality held firm with the non-performing loan ratio at 0.9%, and capital strengthened even as the balance sheet expanded. Sustained investment in artificial intelligence and digital platforms deepened the Bank's capabilities while preserving a disciplined cost base.

AED 4.8 bn	**AED 6.8 bn**	**25%**
Net Profit Before Tax	Operating Income	Total Asset Growth

Revenue and Income

Robust double-digit operating income growth, delivered across net interest and non-interest income, drawing on the full breadth of Mashreq's lending, fee and investment businesses.

- **Operating income grew 10% year-on-year to AED 6.8 billion,** with net interest income increasing 7% to AED 4.2 billion and non-interest income rising 17% to AED 2.6 billion, taking the non-interest contribution to 38% of the total.
- **Net interest income grew 7% year-on-year to AED 4.2 billion,** supported by 26% growth in loans and advances and a 63% CASA ratio that held the cost of funds low, with net interest margin strengthening 5 basis points to 2.78% in Q2 2026 from 2.73% in Q1 2026 against a stable benchmark rate.
- **Non-interest income advanced 17% year-on-year to AED 2.6 billion,** led by an 11% increase in fee and commission income to AED 716 million on stronger transaction banking, trade finance and syndication activity, reflecting deeper client activity across the Bank's transaction and financing businesses.
- **Net investment income grew 57% year-on-year to AED 335 million,** driven by favorable fair value movements on the Bank's equity investment portfolio and realized gains across investment securities, with the Q2 2026 contribution rising to AED 286 million from AED 48 million in Q1 2026.
- **Insurance, FX and other income increased 13% year-on-year to AED 1.6 billion,** underpinned by robust cross-border client flows and transaction banking activity across Mashreq's international network.

Expenses and Efficiency

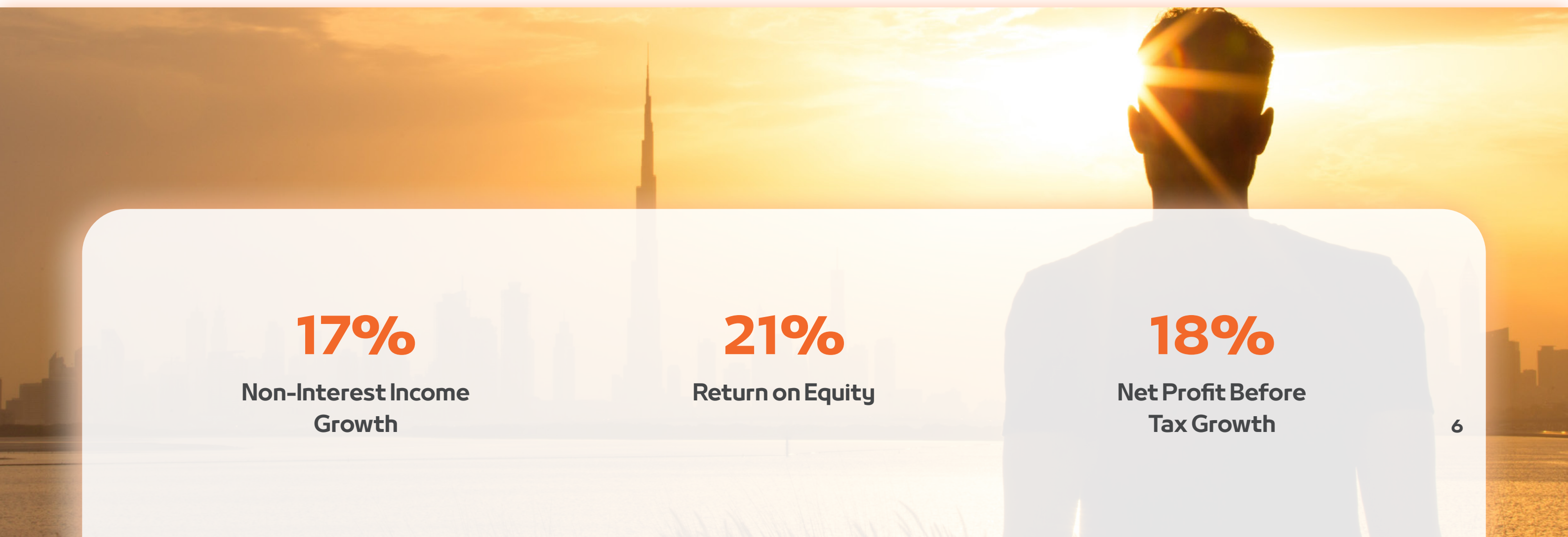
A strong cost-to-income ratio of 31%, maintained through disciplined efficiency even as the Bank invested at scale in its digital and operating capabilities.

- **Operating expenses of AED 2.1 billion,** reflected targeted investment in Gen-AI initiatives, digital onboarding infrastructure and the platforms and people supporting the Bank's growth, with the cost-to-income ratio sustained at 31%.
- **Income growth and efficiency gains from digitization** continued to absorb this incremental investment, sustaining a disciplined cost base without constraining strategic spend.

Earnings Performance

Record earnings and superior returns, delivered through accelerating profitability and resilient earnings quality.

- **Net profit before tax increased 18% year-on-year to AED 4.8 billion,** as strong revenue growth and a net impairment writeback more than absorbed continued investment in the Bank's technology and platforms.
- **Profit before tax advanced 11% quarter-on-quarter to AED 2.5 billion in Q2 2026,** sustaining the earnings trajectory established through the year.
- **Net profit after tax grew 17% year-on-year to AED 4.0 billion,** with an effective tax rate of 15.8% under the UAE Domestic Minimum Top-Up Tax (DMTT) and Pillar Two rules, broadly consistent with full-year 2025.
- **Return on equity of 21% and return on assets of 2.2%** were sustained even as shareholders' equity expanded 19%, with earnings per share rising 17% to AED 19.2, underscoring the earnings power of a materially larger balance sheet.



17%
Non-Interest Income Growth

21%
Return on Equity

18%
Net Profit Before Tax Growth

Credit Quality

Sector-leading asset quality, held firm as lending grew 26%, with a 0.9% non-performing loan ratio and coverage strengthened to 271%.

- **The absolute stock of non-performing loans declined** even as customer lending grew 26% year-on-year, reflecting the quality of Mashreq's credit selection and active portfolio management.
- **Impairments recorded a net writeback of AED 122 million in H1 2026,** against a charge in H1 2025, as recoveries on previously written-off exposures more than offset new provisioning charges, reflecting the quality and strength of Mashreq's credit portfolio.
- **Coverage of 271%** was built from 210% at June 2025, as the Bank continued to add expected credit loss allowances against a growing portfolio, reinforcing an already substantial buffer against future losses.

Capital and Liquidity

Capital strength that advanced with scale, the Capital Adequacy Ratio rising to 16.9% while the balance sheet expanded 25%.

- **The Capital Adequacy Ratio strengthened to 16.9%, a rise of 114 basis points quarter-on-quarter from 15.8% at March 2026,** with Tier 1 at 15.6% and Common Equity Tier 1 at 13.8%, each standing well above regulatory requirements including the full D-SIB buffer.
- **The capital base grew AED 7.1 billion, or 19%,** to AED 44.0 billion, principally through retained earnings, funding 26% year-on-year growth in lending while lifting the Bank's capital ratios.
- **Liquidity remained robust, with a Liquidity Coverage Ratio of 147% and a Loan-to-Deposit Ratio of 74%,** both comfortably within regulatory requirements and providing substantial capacity to support continued client demand.

Balance Sheet

Scale and strength across the balance sheet, with total assets reaching AED 365.7 billion on growth of 25%, led by deposit inflows that outpaced lending and funded a larger investment book.

- **Total assets advanced 25% year-on-year to a record AED 365.7 billion,** as growth across every client business expanded the balance sheet.
- **Customer deposits grew 28% to AED 227.2 billion,** adding AED 22.3 billion in H1 2026 alone, outpacing 26% growth in customer loans to AED 169.1 billion and reinforcing Mashreq's deposit-led funding base.
- **The strength of the deposit base** funded a larger investment portfolio, which expanded to AED 76.1 billion in high-grade, liquid securities.

Note: Figures may not add up due to rounding differences

0.9%
NPL Ratio

28%
Customer Deposit Growth

25%
Total Assets Growth

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H1 2026 Financial Review

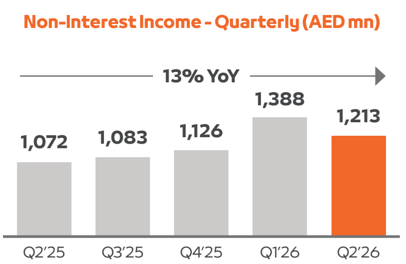
A Strong First Half, with Diversified Income Growth and an Accelerating Second Quarter

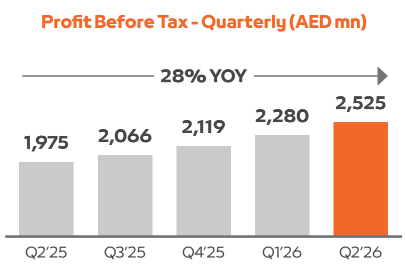
Income Statement Highlights

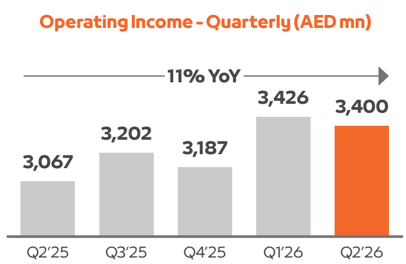
Income Statement (AED mn)	H1'26	H1'25	ΔYoY%	Q2'26	Q1'26	Q2'25	ΔQoQ%	ΔYoY%
Net Interest Income & Income from Islamic Financing	**4,225**	**3,961**	**7%**	**2,187**	**2,038**	**1,995**	**7%**	**10%**
Fees & Commission	716	644	11%	248	468	296	(47%)	(16%)
Investment Income	335	213	57%	286	48	100	495%	185%
Insurance, FX & Other Income	1,551	1,370	13%	679	872	676	(22%)	0%
Non-Interest Income	**2,601**	**2,226**	**17%**	**1,213**	**1,388**	**1,072**	**(13%)**	**13%**
Total Operating Income	**6,826**	**6,187**	**10%**	**3,400**	**3,426**	**3,067**	**(1%)**	**11%**
Operating Expenses	(2,144)	(1,866)	15%	(1,084)	(1,060)	(948)	2%	14%
Operating Profit	**4,682**	**4,321**	**8%**	**2,316**	**2,367**	**2,119**	**(2%)**	**9%**
Impairment Allowance	122	(245)	(150%)	209	(87)	(144)	(341%)	(245%)
Net Profit Before Tax	**4,805**	**4,076**	**18%**	**2,525**	**2,280**	**1,975**	**11%**	**28%**
Tax	(757)	(604)	25%	(404)	(353)	(295)	14%	37%
Net Profit after Tax	**4,048**	**3,472**	**17%**	**2,121**	**1,927**	**1,680**	**10%**	**26%**
Non-Controlling Interest	(92)	(68)	35%	(49)	(43)	(32)	12%	52%
Profit attributable to Owners of the Parent	**3,955**	**3,404**	**16%**	**2,072**	**1,883**	**1,648**	**10%**	**26%**
EPS (AED)	19.2	16.4	17%	10.0	9.2	7.9	9%	27%

Key Metrics

Key Metrics (%)	H1'26	H1'25	Δbps YoY	Q2'26	Q1'26	Q2'25	Δbps QoQ	Δbps YoY
Cost to Income Ratio	31%	30%	125	32%	31%	31%	96	97
Return on Assets	2.2%	2.4%	(17)	2.3%	2.2%	2.3%	8	0
Return on Equity	20.7%	20.1%	54	21.6%	20.1%	19.4%	147	215
Net Interest Margin	2.7%	3.2%	(46)	2.8%	2.7%	3.2%	5	(42)







- **Fee and commission income grew 11% year-on-year to AED 716 million in H1 2026,** on stronger transaction banking and trade finance activity.
- **Net interest margin rose 5 basis points quarter-on-quarter to 2.78%,** as asset repricing completed against a stable benchmark rate.
- **The cost-to-income ratio was held at 31% in H1 2026,** as continued investment in technology and platforms was absorbed by income growth.
- **Treasury & Global Markets grew operating income 22% year-on-year,** on a larger investment and asset-liability management book funded by surplus deposit inflows, and Retail advanced 11% on higher fee income, while Wholesale Banking sustained its contribution as fee and transaction income offset the effect of lending repricing.

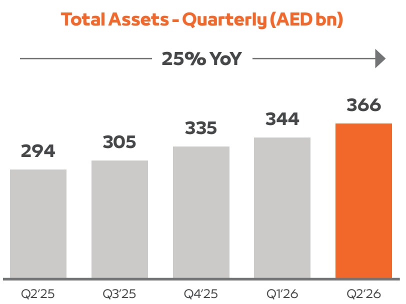
Note: Figures may not add up due to rounding differences

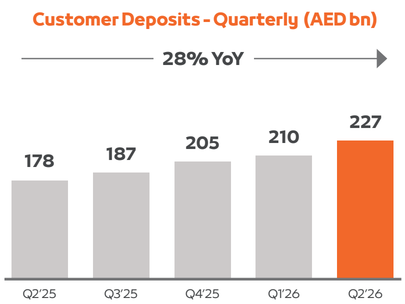
Balance Sheet Strength

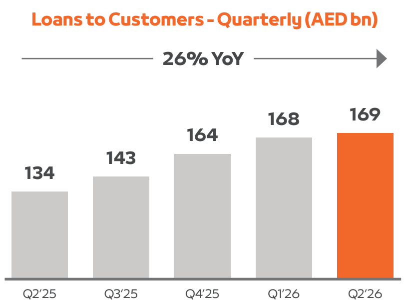
Balance Sheet Strength

Strong Growth across Lending, Deposits and Investments, Funded by Strong Deposit Inflows

Balance Sheet (AED mn)	Jun 2026	Jun 2025	ΔYoY%	Mar 2026	ΔQoQ%	Dec 2025	ΔYTD%
Loans to Customers	169,088	134,120	26%	167,697	1%	164,349	3%
Loans to Banks	62,043	63,047	(2%)	58,325	6%	65,721	(6%)
Investments	76,145	36,704	107%	62,117	23%	50,624	50%
Cash & Due from Central Bank	41,782	46,096	(9%)	35,596	17%	33,532	25%
Other Assets	16,506	13,518	22%	20,385	(19%)	20,224	(18%)
Investments in Properties	184	150	23%	184	(0%)	184	(0%)
Total Assets	**365,748**	**293,635**	**25%**	**344,305**	**6%**	**334,634**	**9%**
Customer Deposits	227,190	177,645	28%	210,171	8%	204,895	11%
Balances Due to Banks	32,793	48,534	(32%)	33,538	(2%)	38,922	(16%)
Loans and Sukuk	20,833	5,202	301%	16,753	24%	15,310	36%
Other Liabilities	24,814	21,600	15%	27,787	(11%)	27,793	(11%)
Repo	16,073	3,659	339%	14,335	12%	7,136	125%
Minority Interest	1,260	1,120	12%	1,195	5%	1,202	5%
Shareholder's Equity	42,785	35,876	19%	40,527	6%	39,374	9%
Total Equity	**44,045**	**36,996**	**19%**	**41,722**	**6%**	**40,577**	**9%**
Total Equity & Liabilities	**365,748**	**293,635**	**25%**	**344,305**	**6%**	**334,634**	**9%**







- **Customer loans grew 26% year-on-year and 1% quarter-on-quarter to AED 169.1 billion,** the measured sequential pace following strong lending growth through 2025, while loans to banks rose 6% quarter-on-quarter to AED 62.0 billion.
- **Customer deposits grew 28% year-on-year and 8% quarter-on-quarter to AED 227.2 billion,** with the AED 22.3 billion inflow in H1 2026 outpacing loan growth of AED 4.7 billion and lowering the loan-to-deposit ratio to 74% from 80% at year-end.
- **Investments rose 23% quarter-on-quarter to AED 76.1 billion,** as the deposit surplus was deployed into high-grade liquid securities, supporting net interest income and much of Treasury & Global Markets' 22% growth.
- **Balances due to banks fell 32% year-on-year to AED 32.8 billion,** as deposit growth displaced wholesale funding, while loans and sukuk rose 24% quarter-on-quarter, extending the maturity profile of the Bank's liabilities.

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Capital Adequacy

Strengthened Capital Position, Built through Retained Earnings and Disciplined Balance-Sheet Management

Capital Adequacy Ratios

Capital Adequacy (%)	Jun 2026	Jun 2025	Δbps YoY	Mar 2026	Δbps QoQ	Dec 2025	Δbps YTD
Capital Adequacy Ratio (CAR - Basel III)	16.9%	17.5%	(62)	15.8%	114	14.5%	241
Common Equity Tier 1 (CET1)	13.8%	14.8%	(96)	12.7%	114	12.3%	154
Tier 1 Capital Ratio	15.6%	16.2%	(52)	14.5%	118	13.4%	225

- **The Capital Adequacy Ratio strengthened to 16.9%, advancing 114 basis points quarter-on-quarter,** with Tier 1 at 15.6% and CET1 at 13.8%, each above regulatory requirements including the full D-SIB buffer.
- **The strengthening was funded by the capital base, which grew AED 7.1 billion, or 19%, to AED 44.0 billion,** principally through retained earnings, outpacing a broadly stable risk-weighted asset base even as loans and advances grew 26% year-on-year.
- **Liquidity remained equally robust,** with a Liquidity Coverage Ratio of 147%, a Liquid Assets Ratio of 27.6% and a Loan-to-Deposit Ratio of 74%, providing ample capacity to sustain lending and transaction growth.

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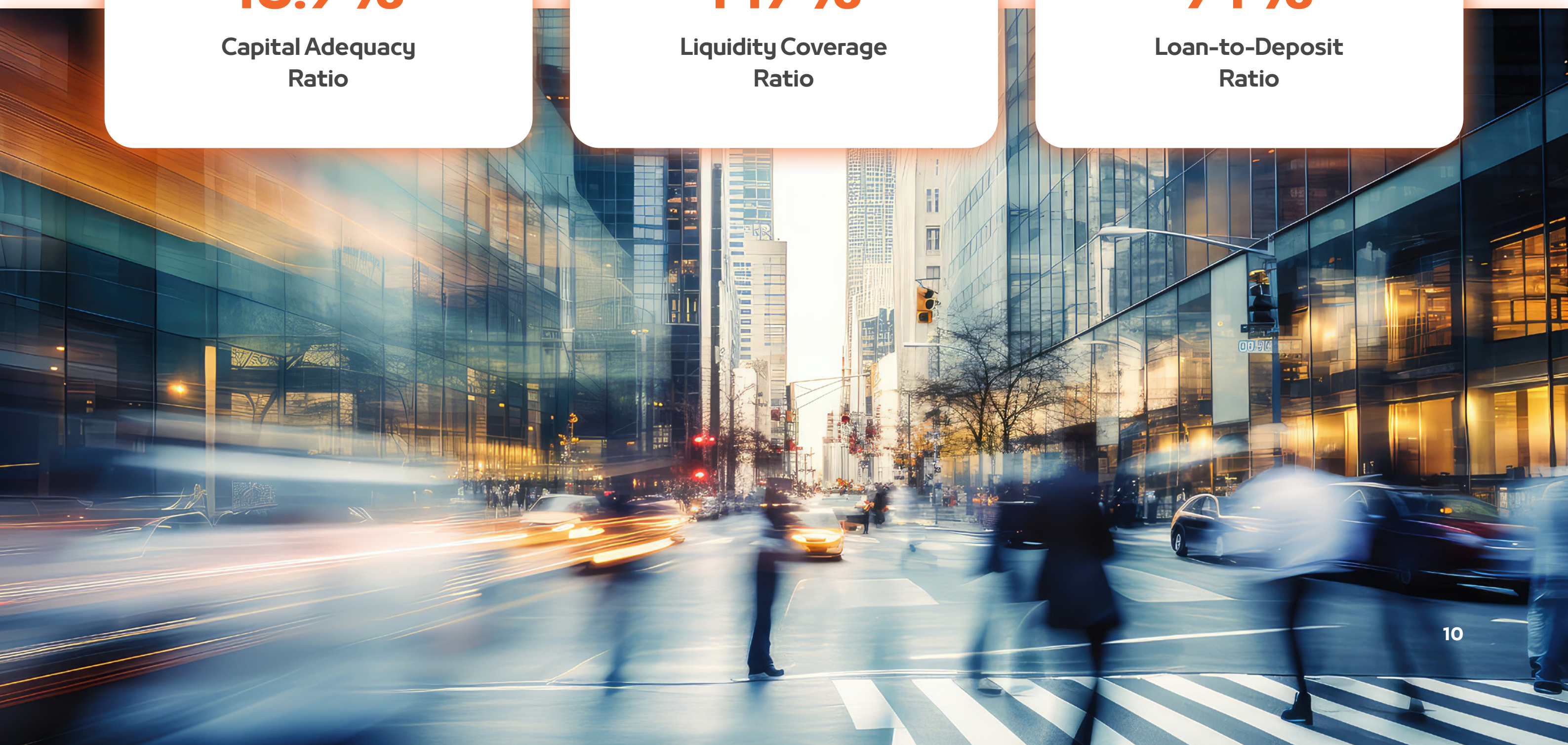
16.9%
Capital Adequacy Ratio

147%
Liquidity Coverage Ratio

74%
Loan-to-Deposit Ratio



Looking Ahead

Mashreq enters H2 2026 with a resilient business model, a reinforced capital position and a funding base broadened by strong deposit growth, providing a solid platform for continued progress.

The Bank's operations and financial standing remain sound across all its markets, with risk and business continuity frameworks maintained at full readiness and exposures managed prudently against a demanding regional backdrop.

Management's priorities for the remainder of the year are consistent with those that shaped H1 2026: growing fee and transaction income, advancing the Bank's artificial intelligence and digital capabilities, and deepening activity across its international trade and payment corridors.

Underpinning this is a disciplined balance sheet, with a reinforced capital base, robust liquidity and a cost of risk consistent with a high-quality loan book providing the foundation for Mashreq to continue generating strong, sustainable returns as it grows.

The UAE and the wider region have again demonstrated their stability and resilience through an extraordinary period, and their long-term economic foundations remain firm. Mashreq will continue to stand alongside its clients and the communities it serves across its markets, committed to supporting them and to contributing to the strength and stability of the region through the period ahead.

Awards H1 2026

Mashreq received multiple prestigious awards in H1 2026, attesting to its leadership and excellence across the Middle East and globally.

Euromoney Awards for Excellence 2026:

- Middle East's Best Bank
- Middle East's Best Digital Bank
- Middle East's Best Bank for Large Corporates
- World's Best Digital Bank for Large Corporates
- UAE's Best Digital Bank
- UAE's Best Digital Bank for Large Corporates
- UAE's Best Bank for Mortgages/Home Loans

Euromoney Islamic Finance Awards 2026:

- World's Best Islamic Digital Bank
- Middle East's Best Islamic Digital Bank
- UAE's Best Islamic Digital Bank

Global Private Banking Innovation Awards 2026:

- Best Private Bank - Middle East
- Best Private Bank - United Arab Emirates
- Best Private Bank - Digitally Empowering RMs
- Best Private Bank for Funds - Middle East
- Best Private Bank for Discretionary Portfolio - United Arab Emirates

The Banker Islamic Bank of the Year Awards:

- Islamic Retail Bank of the Year - Middle East
- Most Innovative Card Product - Global
- Excellence in Islamic Digital Banking – Global

MENA Banking Excellence Retail, Digital & SME Awards:

- MENA Best Islamic Retail Bank

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

MEA Finance Banking Technology Awards 2026 :

- Best Overall AI Strategy
- Best AI Use in Regulatory Compliance
- Best Innovation in Trade Finance
- Best Regulation Technology Solution
- Best AML/KYC Solution Implementation
- Best Use of AI for Fraud Prevention and Detection
- Best Analytics System
- Best AI-Driven User Experience Innovation

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