



Digitally advanced
Globally connected

Mashreq

Rising Globally

Through The Power of People,
Technology and Leadership

Mashreq is a leading UAE-based bank known for its award-winning suite of digital platforms, corporate and investment banking, treasury and capital markets, asset management, Shariah banking and industry-leading sustainability-linked finance.



To learn more, visit us online
www.mashreq.com



Mashreqbank PSC's 2025 Annual Report demonstrates its commitment to transparency and robust governance safeguards, ensuring accountability and ethical leadership. The report adheres to UAE regulations, including UAE Federal Law No. 32 of 2021. This report also aligns with global frameworks such as IFRS Accounting Standards and AAOIFI for ESG reporting. It provides a fully transparent review of financial results, operational achievements, and sustainability initiatives. This approach reflects Mashreq's dedication to responsible banking and creating long-term value for all its stakeholders.

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At a Glance

One of the UAE's Best Performing Banks

Our vision is to be the region's most progressive bank, enabling innovative possibilities for our colleagues, clients, and communities.

D-SIB

Designated as a Domestic Systemically Important Bank

Credit Ratings

A FitchGroup

A STANDARD & POOR'S

A3 MOODY'S

Sustainability Ratings

27.1 (Medium Risk) SUSTAINALYTICS

32 S&P Global

Our Geographies

Driven by organic growth, Mashreq has cultivated a unified, collaborative culture across diverse geographies while delivering market-leading financial solutions to an international clientele spanning Asia, the Middle East, Europe, and the US.



A Year of International Expansion

Türkiye

Establishment of a representative office in Türkiye.



India

Expanded presence in India (GIFT City) to support regional growth.



Pakistan

Commercial launch and market entry in Pakistan.



Oman

Opening of branch to offer tailored financial solutions for corporates.



At a Glance continued

Standout Results Delivered

Mashreq delivered a franchise-defining period, achieving record operating momentum and market-leading efficiency, while driving strong growth across core businesses and expanding in Türkiye, Pakistan, Oman and India.

Financial Highlights

Operating income

₹12.6 Bn

Operating profit

₹8.7 Bn

Net profit before tax

₹8.3 Bn

Net profit after tax

₹7.0 Bn

Return on equity

20%

Return on assets

2.3%

Net interest margin

3.1%

Cost to income ratio

31%

Customer loan growth

32%

Customer deposit growth

27%

Our Businesses

Powered by a strong domestic foundation and focused global expansion, Mashreq delivers innovative, resilient financial solutions.

Corporate and Investment Banking Group

Corporate and Investment Banking (CIBG) delivers a comprehensive suite of financing, structuring, and transaction banking services to the Bank's institutional, sovereign, and corporate client base.

Page 34 for more

Contribution to Total Income

41%

Retail Banking Group

The Retail Banking Group (RBG) offers flagship digital solutions like Neo and personal banking, NeoBiz (Digital SME banking offering).

Page 38 for more

Contribution to Total Income

37%

Treasury and Global Markets Group

Treasury and Global Markets Group (TGM) specialises in liquidity management, interest rate hedging, and trading activities.

Page 42 for more

Contribution to Total Income

14%

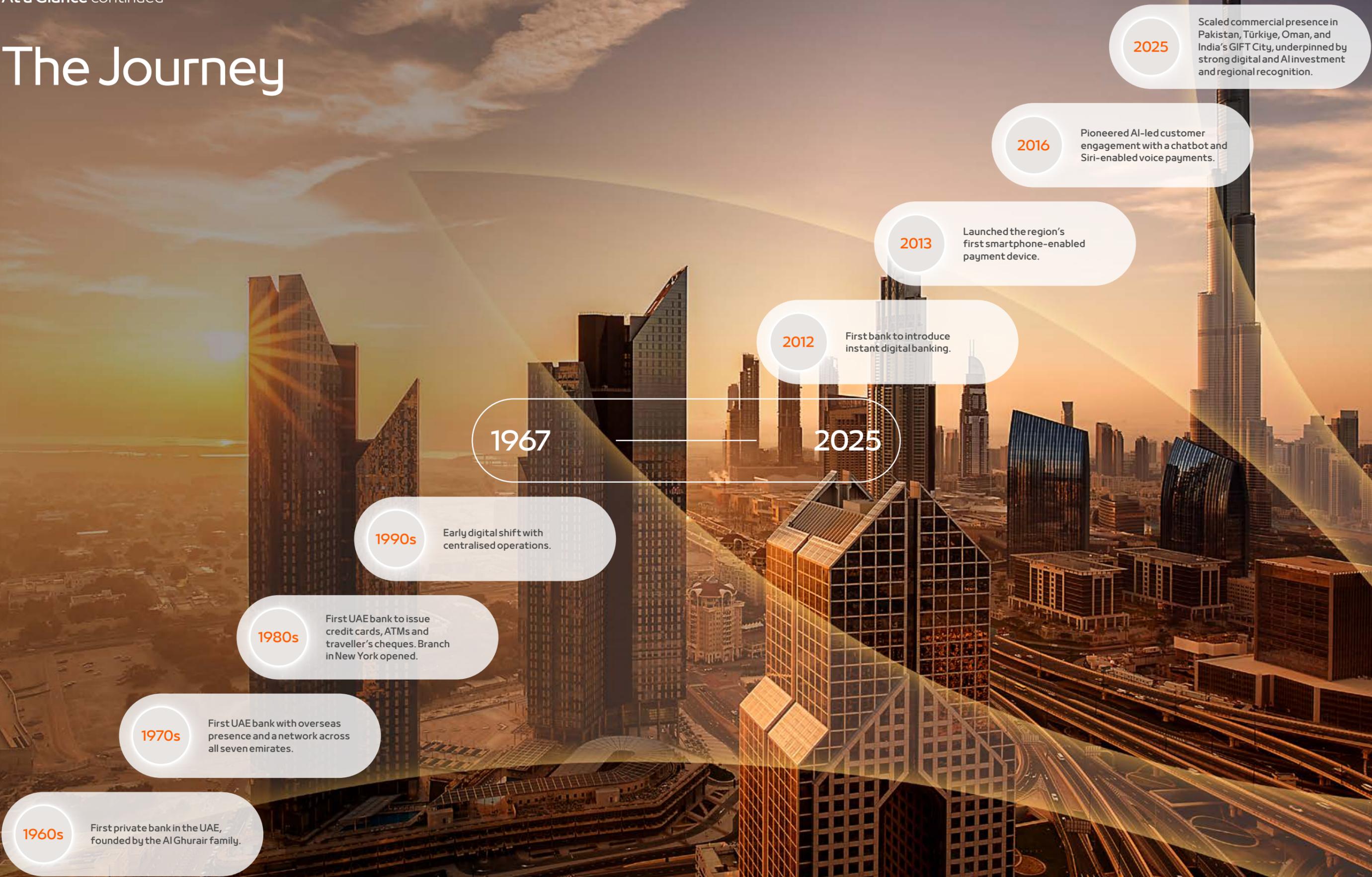
International Banking Group

International Banking Group (IBG) leads Mashreq's international franchise, overseeing branches, subsidiaries, and representative offices outside the UAE.

Page 46 for more

At a Glance continued

The Journey



1960s First private bank in the UAE, founded by the Al Ghurair family.

1970s First UAE bank with overseas presence and a network across all seven emirates.

1980s First UAE bank to issue credit cards, ATMs and traveller's cheques. Branch in New York opened.

1990s Early digital shift with centralised operations.

1967 ————— **2025**

2012 First bank to introduce instant digital banking.

2013 Launched the region's first smartphone-enabled payment device.

2016 Pioneered AI-led customer engagement with a chatbot and Siri-enabled voice payments.

2025 Scaled commercial presence in Pakistan, Türkiye, Oman, and India's GIFT City, underpinned by strong digital and AI investment and regional recognition.

Notable Subsidiaries

NEO VENTURES

NeoVentures is Mashreq Bank's corporate venture capital arm, wholly owned by the Bank.

It focuses on investing in disruptive fintech, incubating startups, and co-creating AI-driven digital solutions with partners across MENA and beyond.

By leveraging Mashreq's banking expertise and digital innovation, NeoVentures aims to transform financial services and accelerate industry-wide modernisation through strategic collaborations and venture building.

Focus

Corporate Venture Capital arm investing in fintech and AI-driven solutions.

Portfolio

Includes companies like NymCard and Touché, operating across multiple geographies in the EMEA region.

100%

owned by Mashreq



Sukoon Insurance (formerly Oman Insurance) is a majority-owned subsidiary of Mashreq and one of the UAE's leading insurers.

Established in 1975, it offers comprehensive life, health, motor, property, marine, and aviation insurance for individuals and businesses. Sukoon combines traditional coverage with innovative solutions, maintaining a strong regional presence and partnerships to deliver peace of mind and robust risk protection.

Market Position

Second largest multiline insurers in the UAE with operations in Oman and Qatar.

Products

Motor, health, life, property, marine, aviation, and Takaful solutions.

64.76%

owned by Mashreq



Mashreq Capital (DIFC) Limited is a wholly owned subsidiary of Mashreq, established in 2006 and regulated by the DFSA.

It provides asset management services, managing conventional and Sharia-compliant funds and discretionary portfolios for institutional and high-net-worth clients. With expertise in MENA equities and fixed income, Mashreq Capital delivers tailored investment solutions and maintains one of the region's longest fund track records.

Regulatory Status

Licensed by DFSA, operating from DIFC since 2006.

Specialisation

Conventional and Sharia-compliant asset management with one of the region's longest fund track records.

7 public funds

offered (including MENA fixed income and global growth funds)

Our Drivers

Powered by Innovation

We create enduring value by empowering clients, championing responsible finance, and building a digitally advanced, globally connected institution.

Integrating Banking into Partner Ecosystems

For both parties, our strategic partnerships are unlocking new revenue streams and making it possible for us to deliver best-in-class client experiences across all segments.

NeoVentures engagements

35

An Award-Winning Digital-First Strategy

Our digital-first strategy has always been at the forefront of our product and platform development – Mashreq was the first bank to open an ATM in the UAE and is a pioneer in digital-only solutions.

Net promoter score – retail

70+

Leadership in Plug-and-Play API Architecture

A next-generation API marketplace empowers corporate clients, developers and fintechs with seamless access to Mashreq’s suite of APIs.

Corporate clients using NEO CORP

6,000+

Our Drivers continued

Creating Value

We fuel growth for retail customers, corporations and SMEs through targeted digital offerings, streamlining access to capital and developing practical tools that enhance productivity and growth.

Launch of NeoBiz – a Gamechanger in Digital SME Banking

In 2025, we launched NeoBiz, an advanced online and mobile business banking platform for businesses. Its user-friendly interface allows SMEs and business owners to manage finances, payments, and transactions efficiently from anywhere.

Digital onboarding

100%

NEO CORP Expands Across Bahrain, Kuwait, and Qatar

Extending our corporate digital ecosystem regionally, we provide enterprises with robust embedded tools for treasury management and cross-border dealings, strengthening their agility in GCC economies, with other countries to follow soon. Real-time data and analytics bring critical information to support transactions anytime, anywhere.

Euromoney Transaction Banking Awards

#1

The Neo Ecosystem: UAE’s Fastest Digital Platform

Our suite of NEO products and services has led the UAE’s digital banking evolution. Customers can manage their finances via the Mashreq Mobile App, online banking, or WhatsApp – 24/7, across channels. The NEO ecosystem is recognised as a category pioneer in the UAE and internationally.

App ranking

#1

Our Drivers continued

Expanding

in Global Markets

With a global network of branches and representative offices, our global footprint is spread across various continents and key financial centres around the world.

International Deployment of Mashreq Digital Banking

In 2025, Mashreq marked the full-scale international deployment of its award-winning digital banking platform outside of the UAE in Pakistan.

Number of countries

#14

New Representative Office in Türkiye

In 2025, we established a representative office in Türkiye, which reinforces our commitment to supporting a wide spectrum of clients in one of the region's most dynamic and strategically important markets.

Trade finance provider in the Middle East

#1

Record Performance in Global Markets

Our unprecedented results across our global hubs in 2025 – including Hong Kong and the United Kingdom – were reinforced by new branches in Oman and India (GIFT City), extending specialised solutions to high-growth corridors.

Cross border USD Clearing

8th

Our Drivers continued

Leading

Sustainable Finance

We champion ethical practices that integrate environmental and social considerations, positioning ourselves as a frontrunner in responsible banking across multiple jurisdictions.

Sustainability-Linked Financing

Our pledge to facilitate sustainable finance of AED 110 billion by 2030 represents our commitment to empowering clients to integrate ESG principles into their businesses through innovative financial products like sustainability-linked loans and specialised advisory services.

Sustainability-linked financing

₹60 Bn 1st

Shariah-Compliant Digital Banking in Global Markets

In 2025, Mashreq announced the commercial launch of its full-service digital retail bank in Pakistan, Mashreq Bank Pakistan, in the presence of Prime Minister Muhammad Shehbaz Sharif, in Islamabad.

ESG award in Pakistan

Financing of Recycling and Low-Emission Industrial Sectors

Mashreq provided the UAE's largest private sector steel maker, recycler, and recognised leader in low-emission steel production with an AED 126 million sustainable financing facility in 2025.

Sustainable financing facility

₹126 Mn

Chairman's Statement

Human-Centric Banking for a Digitally Connected World

In 2025, Mashreq marked another year of disciplined growth as a homegrown bank that is human-centric, digitally advanced, and increasingly global in its reach.

The execution of its strategy for digital innovation, customer centricity, and financial responsibility has delivered an outstanding set of financial and operational outcomes in 2025.

In a historic year for Mashreq, new opportunities were realised across diverse economies in multiple regions, and the Central Bank of the UAE selected Mashreq as a Domestic Systemically Important Bank (D-SIB).

Mashreq continues to demonstrate strong fundamentals, with healthy growth in customer deposits and advances. Our digital-first approach has shown that wherever we operate, by embedding technology into our operations, we can deliver seamless, secure, and personalised experiences that strengthen our relationship with customers and reinforce our position as a trusted financial partner.

Over the past year, Mashreq's global footprint has expanded further. With operations spanning key international markets, we are able to serve multinational clients, connect regional businesses to international capital flows, and contribute meaningfully to the UAE's role as a hub for trade and finance.

"We are proud to act as a champion for financial inclusion, economic resilience, and global banking connectivity."

Our strategy has and will continue to be anchored in sustainable profitability, digital transformation, and conservatively targeted service development and geographic expansion. We are confident that our investments in technology and people will continue to drive long-term value creation for shareholders and customers at home and abroad.

D-SIB

Designation from the Central Bank of the UAE

₹33.0

Earnings per share

"Our strategy has and will continue to be anchored in sustainable profitability, digital transformation, and conservatively targeted service development and geographic expansion."

Looking ahead to 2026, Mashreq will continue to champion innovation by harnessing advanced technologies such as artificial intelligence and data-driven solutions to enhance customer experience and operational efficiency. We will also strengthen our role as a responsible financial institution by embedding sustainability into our growth agenda, ensuring that our progress contributes positively to the communities we serve. We will also pursue new strategic partnerships, connect markets across emerging and established trade corridors, and support the UAE's role as a global centre for innovation, enterprise and investment.

I extend my deepest gratitude to our shareholders, government partners, customers and our invaluable employees for their ingenuity and hard work. Together, we will continue to strengthen Mashreq's legacy as a pillar of resilience, excellence, and progress.

H.E. Abdul Aziz Abdulla Al Ghurair
Chairman of the Board



Group Chief Executive Officer's Review

Connecting Capital and Commerce Across the World's Most Important Markets

In 2025, Mashreq delivered another step-change in scale and profitability, while continuing to invest in the capabilities that will define next-generation banking: technology, talent and trusted cross-border connectivity.

Against a backdrop of moderating interest rates, shifting supply chains and a structurally higher tax environment, we executed with discipline and delivered strong financial and operational results.

Operating income reached AED 12.6 billion and net profit before tax totalled AED 8.3 billion, translating into a return on equity of 20%. Total assets grew by 25% to AED 335 billion, supported by 32% growth in customer loans and 27% growth in customer deposits. Importantly, we achieved this while maintaining a cost-to-income ratio of 31% and industry-leading asset quality, with a non-performing loan ratio of 1.0% and a coverage ratio of 263%.

During the year, the Central Bank of the UAE designated Mashreq as a Domestic Systemically Important Bank (D-SIB). This recognition reflects the Bank's scale and systemic relevance and reinforces our commitment to best-in-class governance, risk management and resilience – for our shareholders, regulators, clients and communities.

Our strategy is clear: to be the connector bank across high-velocity trade and investment corridors linking the UAE and GCC with Asia, Europe and North America; to compound returns through a diversified, increasingly fee-accretive franchise; and to scale through a cloud-native, data-led operating model with disciplined capital allocation.

A resilient franchise, delivering through the cycle

In a year defined by rapid balance-sheet expansion and heightened complexity – including the introduction of the UAE Domestic Minimum Top-up Tax (DMTT) and the application of Pillar Two rules – we remained focused on quality of earnings. We protected margins through disciplined pricing and a structurally strong funding profile, with net interest margin at 3.1% and a low-cost deposit base supported by a CASA ratio of 62%. At the same time, higher client activity across trade, payments, markets and advisory continued to broaden our income mix and deepen primary relationships.

Efficiency remained a differentiator. We invested deliberately in digital platforms, AI capabilities and international build-out while sustaining a healthy cost base. This operating leverage is a strategic asset: it enables us to grow, modernise and meet rising regulatory expectations without compromising returns.

Balance sheet strength, capital discipline and risk governance

Mashreq's growth is underpinned by disciplined risk appetite and robust balance sheet management. Liquidity metrics remained comfortably above regulatory requirements, including a liquidity coverage ratio of 158% and a loan-to-deposit ratio of 80%. Capitalisation remained strong, with a capital adequacy ratio of 14.5%, a Tier 1 ratio of 13.4% and a CET1 ratio of 12.3%, supported by solid internal capital generation and best-in-class credit metrics. We also further diversified and strengthened our funding profile. In 2025, we completed two highly successful and oversubscribed transactions – a USD 2 billion syndicated loan facility and our debut USD 500 million Sukuk – underscoring investor confidence in Mashreq's credit profile and our capacity to fund growth prudently across cycles.

Operating income

₹12.6 Bn

Operating profit

₹8.7 Bn

"We continued to expand our international footprint in 2025, focusing on markets that are central to long-term trade and investment flows."

Ahmed Abdelaal
Group Chief Executive Officer

Anchored in a future-ready UAE, expanding selectively across strategic corridors

Mashreq's progress is anchored in the UAE – a globally competitive economy with deepening capital markets, world-class infrastructure and a clear national agenda focused on innovation, trade and sustainable development. The UAE's position as a logistics, trade and financial hub continues to create demand for a bank that can connect capital and commerce across borders with speed, certainty and trusted execution.

"The UAE's rise as a global hub for trade and capital is accelerating demand for a bank that can connect clients across borders – reliably, securely and at scale."

Within this context, we continued to expand our international footprint in 2025, focusing on markets that are central to long-term trade and investment flows. These include Türkiye, Oman, Egypt, Qatar, Bahrain, Kuwait, India (including via GIFT City), the UK and the US. Our expansion model remains highly disciplined: we prioritise higher-return, lower-volatility segments, efficient risk-weighted assets and fee-led businesses, while maintaining strong buffers consistent with our D-SIB responsibilities.

In Pakistan, Mashreq commenced operations as a full-service digital retail bank following the award of a restricted digital banking license. This milestone reinforces our commitment to scalable, digitally driven growth that broadens access to financial services while meeting evolving regulatory and consumer expectations.



Group Chief Executive Officer's Review continued

"Digital transformation is central to Mashreq's operating model."

In parallel, our Banking-as-a-Service (BaaS) capabilities are enabling new partnership models in markets including Egypt, extending our platform-led reach beyond traditional distribution.

A US dollar clearing hub supporting trade and capital markets

Through our branch in New York, Mashreq is the only US dollar clearing bank domiciled in the Middle East. This position allows us to support international payment flows at scale, provide correspondent banking services to regional and international institutions, and underpin the trade finance ecosystem with secure and efficient settlement infrastructure. As supply chains continue to reconfigure and trade routes increasingly favour the GCC, our clearing franchise remains a strategic enabler for governments, financial institutions and corporates.

The clearing franchise is closely integrated with Mashreq's wholesale banking, trade finance and capital markets businesses. Wholesale banking accounted for around 41% of operating income and 57% of total assets in 2025, supported by demand from large corporates, financial institutions and sovereign-related entities. We maintained a leading role in arranging international bond and Sukuk issuances for GCC clients, helping to connect regional issuers to a broad investor base and to global liquidity.

Institutional clients also benefited from Mashreq's digital platforms, which support retail, SME and treasury activities as well. This creates a coherent, digitally enabled model where clients can access a consistent level of service irrespective of segment or geography.

Building a platform-led, AI-enabled bank

Digital transformation is central to Mashreq's operating model. Across retail, SME and wholesale franchises, our cloud-native technology stack and data foundation enable rapid deployment of new capabilities, higher straight-through processing and materially improved customer experience. Within Corporate and Investment Banking, our dedicated wholesale digital studio brings specialised teams together to design, test and deploy new digital journeys, automation tools and AI-driven solutions at pace.

In 2025, we accelerated AI deployment across onboarding, credit decisioning, fraud prevention, marketing and operations. These capabilities are not only about efficiency and convenience; they strengthen operational resilience and compliance, and they enable us to design and scale products that support sustainable finance and financial inclusion through more targeted insights and distribution.

"Our cloud-native, API-led architecture is scaling Mashreq NEO, our digital bank in Pakistan and Banking-as-a-Service partnerships – turning innovation into production-grade capabilities across markets."

Advancing sustainable finance and responsible banking

Mashreq's sustainability agenda remains aligned with the UAE's Net Zero 2050 strategy and the growing expectations of investors, clients and regulators. By year-end, we had facilitated approximately USD 16 billion in sustainable finance against our target of USD 30 billion by 2030, through instruments such as green bonds, sustainability-linked loans and dedicated retail products, including green home finance and accounts that encourage climate-conscious behaviour. ESG considerations continue to be embedded into strategy, risk and product design across the franchise.

We also advanced our own operational sustainability. LEED-certified buildings – including a global headquarters that has achieved LEED Zero Energy status – alongside branches with advanced sustainability ratings in markets such as Oman and India, underline our focus on managing environmental impact within the Bank's footprint and setting clear benchmarks for future developments.

Investing in people and culture

Transformation at Mashreq is powered by our people. In 2025, our workforce spanned more than 73 nationalities, with women representing 36% of employees and 16% of senior management. Colleagues contributed over 243,391 training hours, reflecting our continued investment in capability-building, leadership development, inclusion and nationalisation. These efforts support a high-performing, values-driven culture and strengthen our ability to serve clients in an increasingly complex environment.

"Performance and transformation go hand in hand – and both are driven by a diverse, empowered team with a shared commitment to clients and to doing the right thing."

Outlook

With strong momentum and a clear strategic focus, Mashreq is well-positioned for the next phase of growth as a home-grown, digitally advanced global financial institution. We will continue to expand selectively along priority corridors, deepen our strengths in transaction banking, trade finance, capital markets and targeted retail and SME propositions, and accelerate investment in data and AI to enhance scalability and decisioning.

At the same time, we will maintain a clear focus on prudent risk management, cyber and operational resilience, and continuously strengthening our compliance framework. We remain committed to delivering sustainable finance, supporting inclusive growth and creating long-term value for shareholders and all stakeholders.

Ahmed Abdelaal
Group Chief Executive Officer

Business Model

Seizing Market Opportunities

Through a Diversified, Risk-Appropriate and Digital-First Business Model

Mashreq’s strong, sustained year-on-year growth rests on the strength of its business model, which focuses on building global financial connections.

Our model also maintains resilient fundamentals like superior asset quality and low-cost funding. Additionally, through an organic approach to global growth, the Bank’s business model positions Mashreq as a challenger innovator, focusing on customer-centric outcomes while leveraging unique strengths, which include its role as the only Middle East-domiciled USD clearing bank to facilitate cross-border transactions and sustainable growth.

Our Business Segments

Corporate and Investment Banking Group

Lending, advisory, structured finance, trade and capital markets for multinationals across the UAE, GCC, and global corridors.

[Page 34 for more](#)

Retail Banking Group

Award-winning digital solutions for personal banking, SME, and wealth across the UAE and international markets.

[Page 38 for more](#)

Treasury and Global Markets Group

Liquidity management, capital markets expertise, and trading across the UAE, Europe, and Asia.

[Page 42 for more](#)

International Banking Group

Cross-border trade finance, transaction banking, and cash management across the US, UK, Europe, and Asia-Pacific.

[Page 46 for more](#)



Generate Income and Capital Growth

Capital

- Optimise capital allocation to higher-return, lower volatility segments and products.
- Prioritise fee engines and efficient risk-weighted assets.
- Return on Equity.

Capital adequacy ratio

14.5%

Risk Management

- Strengthen underwriting, models, and early warning to stabilise the cost of risk.
- Embed portfolio limits, concentration controls, and recovery strategies.
- Robust mitigation strategy for non-performing loans (NPLs).

NPL to gross loans ratio

1.0%

Net Profit Before Tax

- Scale payments, trade, and cash management while sustaining risk discipline.

Net profit before tax

₹8.3 Bn

Income

- Grow recurring, diversified revenues from transaction banking, cards, and wealth.
- Expand international corridors and platform partnerships.

Operating income

₹12.6 Bn

Return on Equity

- Improve operating leverage through digital containment, STP, and automation.
- Allocate capital to fee-led businesses and efficient balance sheet usage.

Return on equity ratio

20%

Costs and Efficiency

- Tighten cost-to-income via platform consolidation and process simplification.

Cost to income ratio

31%

Principal Risks and Controls – Snapshot

Principal Risks and Controls

Mashreq operates within a disciplined risk management framework designed to protect its balance sheet, stakeholders, and reputation across economic cycles.

The principal risks the Bank faces are actively identified, monitored, and managed through robust policies, underwriting standards, limits, and controls embedded in the business model. The snapshot below summarises the key risk categories and the core mitigants that underpin Mashreq’s resilience as a Domestic Systemically Important Bank (D-SIB).

Risk Category	Key Risk	Key Control/Mitigation
Credit & Asset Quality	Concentration risk, deterioration in asset quality amid economic cycles	Robust underwriting, portfolio limits, concentration controls, early warning systems, recovery frameworks
Liquidity & Funding	Funding stress, deposit volatility	Diversified funding mix, strong liquidity buffers, prudent wholesale/retail balance
Regulatory & Compliance	Evolving regulatory requirements across jurisdictions	Robust governance, compliance frameworks, regulatory partnerships, and D-SIB capital buffers
Technology & Cyber	Digital infrastructure disruption, cyber threats	DDoS solutions, disaster recovery, multi-factor authentication, resilient technology stack
Geographic/ International Expansion	Market entry risks, regulatory/geopolitical shifts in new markets	On-the-ground presence, local regulatory alignment, selective market focus, strong host-country relationships

The Bank’s risk philosophy ensures that it grows with discipline, protects capital, and anticipates change. Strong controls, diversified portfolios, and proactive governance provide resilience across cycles and markets.

Awards

Celebrating Excellence

We received multiple prestigious awards in 2025, including recognition for sustainability, trade finance, cash management, financial innovation, Islamic banking, digital banking, and emerging technology across the Middle East and globally.

EUROMONEY

Euromoney Transaction Banking Awards

The Middle East’s Best Cash Management Bank

Euromoney Trade Finance Survey

Best Trade Finance Bank in ME

Euromoney Private Banking Award for 2025

Best for Family Office Services

Euromoney FI Awards 2025

#1 Trade Finance provider in Africa and leader in the Middle East

Euromoney Cash Management Survey

Ranked #1 by clients across the Middle East

Euromoney Awards for Excellence

The Middle East’s Best Bank for Large Corporates

The Middle East’s Best Digital Bank for Large Corporates

The Middle East’s Best Bank for Homeowners

THE BANKER

The Banker – Top 1 000 World Banks

Best Performing Bank in the UAE (third consecutive year)

#1 in the Middle East for Return to Capital (third consecutive year)

#1 in the Middle East for Return on Assets (second consecutive year)

The Banker

Bank of the Year – UAE

S&P Global Market Intelligence

S&P Market Intelligence

Number 1 listed bank in the Middle East

Gartner

Gartner Eye on Innovation – Cypher

Forbes

Forbes Middle East

Most Sustainable Projects in the Middle East



The Digital Banker – GIFA

Best Islamic Digital Bank – Middle East

Stakeholder Proposition

Mashreq’s success depends on the strength of its relationships with customers, employees, shareholders, communities, regulators and partners. By maintaining transparent dialogue, embedding stakeholder insights into strategy, and delivering consistent value across these groups, the Bank reinforces trust and creates the conditions for sustainable growth.

The Bank’s approach to stakeholder engagement is grounded in listening, responding, and delivering measurable outcomes. Each stakeholder group plays a distinct role in Mashreq’s ecosystem, and the Bank’s engagement model is designed to address their specific needs whilst advancing shared objectives across financial performance, social impact, and long-term resilience.

Our Stakeholders

Mashreq creates value for customers, employees, shareholders, communities, regulators and partners through transparent engagement, disciplined execution and shared commitment to sustainable growth.



Customers

Mashreq has deepened customer engagement through campaign-driven launches such as the NEO PLUS Saver Account, which generated 56 million impressions.

How We Engage

Mashreq engages with customers through personalised interactions, innovative financial products, and exceptional customer service. The Bank leverages its Mashreq Neo app, NeoBiz platform, online channels, and social media to deliver seamless, digital and paperless banking experiences, while its branch network complements these offerings through in-person support where needed. Regular surveys, one-on-one meetings, and roundtables are conducted to gather feedback on products, services, and overall performance.

Value Created

Mashreq’s client experience model blends AI with transparent conduct to make banking simpler, safer, and more personal, with dedicated CX teams focused on improving net promoter scores, digital containment and straight-through processing on core journeys. AI-enabled assistants route routine requests to self-service and virtual channels, freeing human advisors to focus on advice at moments that matter and support faster conversion for products such as personal loans, credit cards, and fully digital accounts. In 2025, this model was reinforced by expanding AI-enabled self-service journeys and embedding experience metrics into key products and service dashboards, ensuring that digital growth translated into consistently high service quality.

Impressions generated by the NEO PLUS campaign

56 Mn



Employees

Employee engagement was enhanced through the WELearn digital learning ecosystem and structured project portfolios that gave employees greater ownership of strategic initiatives across business lines.

How We Engage

Mashreq fosters a culture of open communication, collaboration, and inclusivity through regular engagement initiatives such as town hall meetings, focus groups, and employee surveys.

Written communications, blogs, and newsletters keep employees informed, while online feedback tools encourage real-time input. The Bank invests in its employees through training programmes, mentorship opportunities, career development initiatives like the ACE and Reignite programmes, and competitive compensation packages.

Value Created

Mashreq’s first approach ensures employees feel valued and supported, leading to high engagement and retention rates. Initiatives like WERise promote physical health, mental fitness, and inclusion, creating a thriving work environment. By prioritising employee well-being and professional growth, Mashreq builds a motivated and skilled workforce, driving innovation, operational excellence, and a positive work environment.

Employee satisfaction score

93%



Stakeholder Proposition continued

Shareholders

Engagement with shareholders is anchored in formal channels such as annual reports, regulatory filings, and mandated shareholder meetings, supplemented by targeted outreach where relevant for strategic matters and capital structure considerations.

How We Engage

Mashreq maintains transparency with its core shareholder base through detailed annual reports, regulatory disclosures, and direct engagement with key stakeholders. Emphasis is also placed on proactive communication with debt investors and the broader capital markets. Mashreq focuses its engagement on providing high-quality, timely information to regulators, rating agencies, and debt investors through regular disclosures, meetings, and market updates, ensuring clarity around governance, financial performance, and strategy.

Value Created

By aligning its communication and capital markets engagement with long-term strategic objectives, Mashreq strengthens confidence among both shareholders and debt investors, supporting access to funding and sustainable financial returns. A robust governance and disclosure framework, underpinned by strong capital, liquidity and risk management metrics, also reinforces trust in Mashreq's ability to deliver consistent performance and long-term value for its providers of capital.

23rd

on the Forbes Middle East Top 100 Listed Companies 2025



Communities

Partnerships with digital platforms and local institutions in markets like Egypt and Pakistan further embed banking into everyday life, making it easier for underserved and previously unbanked segments to participate in the formal financial system.

How We Engage

Mashreq engages with communities by expanding financial inclusion and access to essential banking services across its footprint, particularly in high-potential and emerging markets. Through initiatives such as financial literacy outreach, SME enablement, and youth-focused digital solutions, the Bank supports individuals, families and entrepreneurs in building more secure financial futures.

Mashreq also supports the wider fintech community and innovation ecosystem through NeoVentures, which connects the Bank with innovators across the region and accelerates the delivery of new digital solutions to communities. NeoVentures amplifies Mashreq's impact, ensuring that innovation translates into practical tools that broaden financial access and resilience for households and businesses.

Value Created

Tailored propositions for SMEs, small businesses and mass-market customers – delivered through platforms such as MashreqBiz, NEO and Banking-as-a-Service (BaaS) models – give communities more convenient, fairly priced access to payments, savings and credit.

By focusing on community empowerment, Mashreq helps drive social mobility, entrepreneurship and job creation, linking its growth to wider economic and social progress in the markets it serves.



Regulators

Mashreq's heightened regulatory engagement supported its designation as a Domestic Systemically Important Bank in the UAE and underpinned strong supervisory assessments across multiple international markets.

How We Engage

Mashreq maintains open and continuous dialogue with regulators and policymakers, collaborating on issues such as financial services, cybersecurity, and inclusive economic growth. Regular interactions, feedback processes, and active participation in regulatory discussions ensure compliance with evolving regulations and alignment with national priorities. The Bank implements robust risk management frameworks and adheres to guidelines such as Basel III and UAE Central Bank regulations.

Mashreq's commitment to regulatory compliance supports the integrity and resilience of the banking sector.

Value Created

By fostering strong relationships with regulators, Mashreq ensures operational continuity, compliance with legal standards, and trust. This proactive approach enhances the Bank's ability to navigate regulatory changes, maintain stability, and contribute to the UAE's financial sector development.

In 2025, recognition as Best Performing Bank in the UAE and strong ratings on capital and asset quality reaffirmed the effectiveness of Mashreq's risk and compliance frameworks.



Partners

In 2025, Mashreq deepened ecosystem partnerships with leading platforms and corporates, integrating banking services into partners' journeys and expanding the reach of its transaction banking and treasury solutions.

How We Engage

Mashreq collaborates with suppliers and vendors through regular business reviews, ad hoc meetings, and transparent communication channels. The Bank emphasises adherence to high standards of business conduct, diversity, and environmental sustainability during vendor onboarding and operations.

Strategic collaborations and transparent procurement processes ensure fair practices, timely payments, and shared goals for innovation and growth.

Value Created

Mashreq's collaboration with Noon, which is a leading digital marketplace in the region, highlights how focused, strategic partnerships can transform wholesale banking and treasury operations. Through this collaboration, Mashreq has successfully delivered modern, scalable solutions for real-time payments, cash management, and embedded finance, tailored to Noon's high-growth, digital business model.

#1

listed bank in the Middle East by S&P Market Intelligence

Business Review

Corporate and Investment Banking Group

Delivering Scalable Growth and Integrated Solutions for Corporate and Institutional Clients

Products and services provided by the Corporate and Investment Banking Group (CIBG) include financing, advisory and transaction banking for Mashreq's institutional, corporate and sovereign clients.

Key Highlights

01

Delivering scalable growth

02

Integrated solutions for corporate and institutional clients

03

Recognised as the Middle East's Best Bank for Large Corporations by Euromoney

04

NEO CORP mobile app launched with real-time approvals and biometric access

Operating income

₹5.2 Bn

Total assets

₹190 Bn

A key highlight for CIBG in 2025 was its role in advancing the UAE's industrial agenda.

In 2025, the Corporate and Investment Banking Group reinforced Mashreq's position as a leading partner for large corporates, financial institutions and public-sector entities, combining balance-sheet strength with advisory, capital markets, transaction banking and digital capabilities. CIBG sustained strong growth momentum throughout the year, with total assets reaching AED 190 billion and operating income of AED 5.2 billion – underpinned by disciplined risk management and a focus on high-quality client franchises.

Growth was broad-based across divisions and products, reflecting a successful strategy of deepening relationships with core clients and capturing a greater share of their financing and transaction flows.

#3

GCC Bank on number of loan deals

Diversified Franchise and Revenue Mix

CIBG's performance in 2025 was driven by a balanced, multi-product business model that combines lending, debt capital markets, structured trade and comprehensive trade and cash management solutions. Cross-sell into the existing customer base continued to be a key lever, with an emphasis on building multi-product relationships that integrate working capital, term financing, risk mitigation and liquidity management. This approach – as well as reinforcing the Bank's customer-centric attitude – supported robust non-interest revenue, particularly from trade, supply chain finance, cash management and structured solutions across collections, payments and liquidity.

The Group remained disciplined in portfolio construction, prioritising top-tier clients across trading, financial institutions, energy, utilities, real estate and industrials. The portfolio growth has continued to develop in alignment with Mashreq's risk appetite – a discipline translated into resilient asset quality and sustainable returns, while positioning CIBG to support clients through evolving macroeconomic and sectoral cycles.

Enabling the UAE's Industrial Transformation

A key highlight for CIBG in 2025 was its role in advancing the UAE's industrial agenda in close collaboration with the Ministry of Industry and Advanced Technology under the "Operation 300 Bn" strategy. Through a dedicated focus on manufacturing and advanced industries, CIBG extended

financing to the industrial sector during the year, translating national priorities into tangible balance-sheet commitments. These financings have helped the Bank's clients deploy advanced technologies, raise the share of value created within the UAE and strengthen the resilience of their supply chains – all of which are core objectives of the Operation UAE 300 Bn industrial strategy.

Euromoney Best Trade Finance Bank

in the Middle East

Furthermore, by deploying capital selectively into scalable manufacturing platforms, CIBG has helped clients expand their capacity, innovate and access new export markets. This represents a win for customer experience and economic diversification. The partnership with the Ministry provides a strong foundation for further impact, as CIBG continues to back advanced manufacturing, logistics and enabling infrastructure that underpin the country's strategic ambitions.

Digital Leadership in Corporate and Investment Banking

Digital transformation remained at the core of CIBG's proposition in 2025, with Mashreq NEO CORP – the Group's digital platform for corporate and investment banking – achieving strong adoption across more than 6,000 corporate clients. Designed around client personas, NEO CORP offers a unified entry point for transaction banking, and the launch of the NEO CORP mobile app has enabled real-time approvals, secure biometric access and on-the-go payment initiation for decision-makers.

CIBG also continued to scale Mashreq's Convergence platform, a fully digital, end-to-end solution for corporate onboarding, KYC and account services. Convergence delivers a 100% digital experience, with facial recognition, digital consent, AI capabilities and real-time tracking that significantly reduce manual steps and onboarding turnaround times. Together, NEO CORP and Convergence have reaffirmed CIBG as a regional leader in intelligent corporate banking, setting new standards in speed, transparency and control for clients.

Business Review continued

Fostering Digital Creativity: Digital Studio

The Group continued to foster an enabling environment in which attempts to innovate are recognised and celebrated, even when outcomes differ from initial expectations, thereby encouraging calculated risk-taking and learning. In line with the critical importance of product, service and technological innovation, significant capital investments have been deployed to growth initiatives, with CIBG having over 50 active projects in execution.

CIBG's wholesale digital studio has emerged as a distinctive engine for innovation in wholesale banking, bringing together specialists organised into agile squads focused on revenue-generating, client experience, and enhancing digital solutions for the business. The studio delivers projects that range from the digitisation of credit workflows, digital onboarding and KYC journeys to more advanced AI and machine learning use cases. During the year, CIBG launched new capabilities and enhanced platforms like NEO CORP and Convergence, to support expansion into new sectors and markets – ensuring that strategy translates into measurable impact for clients and stakeholders.

Innovation is deeply embedded into both team and individual objectives, creating a culture of continuous improvement and encouraging experimentation in how products are designed, delivered and serviced.

This work is a strong driver for both national, regional and international growth.

Expanding Regional and International Reach

The growth of the Bank's regional and international footprint has aided CIBG's work in ensuring clients benefit from consistent coverage and solutions across their operating geographies. The Group's strategy is to develop deep relationships with core clients globally, providing customer-centric services wherever they operate and particularly in markets where Mashreq has a direct presence. This approach enables CIBG to support clients along key trade and investment corridors, link regional capital to international opportunities and intermediate cross-border flows.

The Real Estate team played a central role in expanding CIBG's international franchise, with heightened activity across the GCC, the UK and North America in segments, including residential, data centres, hospitality and commercial real estate. A dual strategy underpinned this momentum: following regional clients and partner banks into their international projects, while simultaneously building relationships with global real estate companies and asset managers such as Brookfield and Blackstone. This strategy has deepened CIBG's access to high-quality sponsors and diversified assets, reinforcing Mashreq's position as a trusted partner in complex, cross-border real estate and structured-finance transactions.

Sustainable Financing and ESG

With a growing volume of ESG-linked trade finance and sustainability-linked lending across the product portfolio in 2025, the integration of such products is increasingly embedded in CIBG's activities and features as part of the forward agenda. CIBG will also continue to work with clients to mobilise capital towards climate transition, resource efficiency and broader social and governance objectives. Teams are increasingly advising clients on their decarbonisation strategies and broader ESG initiatives, while internally, CIBG promotes a strong internal culture of ESG awareness. Collectively, these efforts are positioning Mashreq as a long-term partner in the region's transition.

The Group's strategy is to develop deep relationships with core clients globally, providing customer-centric services wherever they operate and particularly in markets where Mashreq has a direct presence.

Recognition for Excellence and Innovation

CIBG's differentiated proposition and execution were recognised through a broad set of regional and international awards in 2025. Euromoney named Mashreq the Middle East's Best Bank for Large Corporates and the Middle East's Best Digital Bank for Large Corporates, alongside leading positions in cash management and trade finance across the Middle East and Africa, confirming the Group's strength in serving sophisticated corporate and institutional clients.

Mashreq was also recognised as the Best Trade Finance Bank in the Middle East, including for product excellence, client service and Islamic trade finance solutions, reflecting CIBG's depth across the trade value chain.

Euromoney Best Bank

In the Middle East for large corporates

Looking Ahead

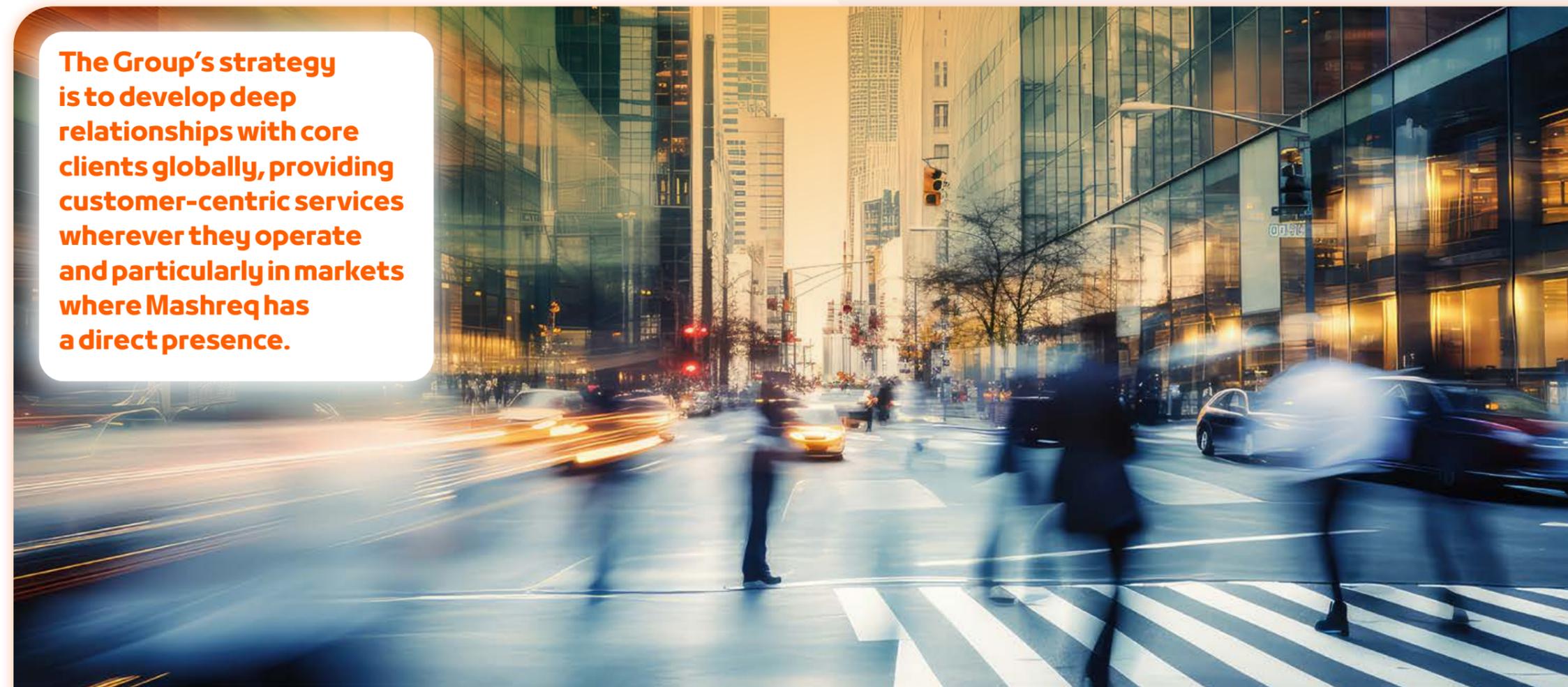
Looking ahead to 2026, CIBG's strategic priorities are to build on its momentum by further embedding digital into every aspect of the client journey, expanding advisory and capital markets capabilities, and sharpening sector specialisation in areas such as energy, utilities, real estate, financial institutions and advanced manufacturing.

Investment and deal flow across multiple markets will also be a priority, from Africa to Türkiye, Central Asia and India: demonstrating that CIBG is significantly increasing its investment activity across multiple geographies.

The Group will continue to pursue such opportunities in a disciplined manner, focusing on capital-efficient, fee-generating businesses and deepening relationships with core clients across the GCC and international markets. Through this strategy, CIBG aims to deliver sustainable returns, support clients' transformation agendas and contribute meaningfully to Mashreq's long-term growth and the wider economic development of its markets.

Joel D. Van Dusen

Group Head of Corporate and Investment Banking



Business Review continued

Retail Banking Group

Breaking into new markets with a unified, award-winning digital platform

The Retail Banking Group (RBG) oversees personal banking, Mashreq Gold, Private banking, SME services, Islamic banking, and specialised offerings for Emirati customers. RBG also drives innovation through Mashreq Neo and NEOBiz, ensuring digital excellence remains a core part of our service.

Key Highlights

01

Record liability growth with deposit-led expansion

02

Award-winning digital platform

03

Turbocharged client acquisition

04

Historic 35% YoY surge in profits

Operating income

₹4.6 Bn

Total assets

₹36 Bn

End-to-end digitisation of core retail journeys continued to advance, with straight-through processing for key products.

Deposit-Led Growth and Resilience

RBG's contribution to the Group remained substantial at 37% of total operating income, underlining the strength of its diversified portfolio across mass, affluent and SME clients in the UAE and international markets. RBG also delivered record liability growth in 2025 with customer deposits increasing 37% year-on-year, on the back of strong client acquisition.

Across RBG, growth was broad-based in business banking, affluent banking, and the NEO PLUS franchise, with a skew towards current and savings accounts – these have helped preserve a low cost of funds and supported resilient margins. Additionally, the quality and stability of the funding base improved, with RBG playing a central role in sustaining the Group's industry-leading CASA mix, while supporting balance-sheet expansion in priority segments.

Digitally Advanced, UAE-born Franchise

RBG's performance continued to be underpinned by Mashreq's position as an industry-leading digital bank for retail and SMEs in the UAE, with a highly rated mobile app and a fully-fledged NEO digital suite. In 2025, the Group continued to operate as a home-grown, multi-fintech ecosystem, supported by dedicated data and engineering teams that deliver application updates on an approximately 14-day release cycle. This continues to ensure constant enhancement of features and journeys. End-to-end digitisation of core retail journeys continued to advance, with straight-through processing for key products such as personal loans and credit cards driving faster, higher-quality onboarding and supporting RBG's deposit-led growth.

100%

paperless onboarding with e-consent and facial recognition for UAE residents



Humanising the Digital Experience

Guided by the Group's client experience agenda, RBG focuses on designing digital interactions that are emotionally intelligent, relevant and empathetic. Customer journeys are increasingly measured through a balanced scorecard of operational and experiential metrics, spanning automation rates, processing time, customer satisfaction, retention and customer effort scores. This is a comprehensive approach to ensure that efficiency translates into better outcomes for clients. The focus in 2025 was on using these insights to simplify journeys and make everyday banking easier for clients across all segments.

2 million+

Mashreq Virtual Assistant interactions in 2025

Optimising the Omni-Channel Footprint

Continued migration of customers to digital channels, in line with the rapid digitisation of the UAE economy and strong adoption across all demographics. This optimisation was executed sensitively over time, safeguarding service access and complementing branches with high-quality assisted digital and remote advisory channels. As a result, RBG further improved its cost-to-income profile while maintaining high levels of customer engagement and relationship depth across both digital and human touchpoints.

Business Review continued



Global Growth

A core pillar of the RBG strategy is its scalable digital platform, which supports the NEO ecosystem across markets and enables the Group to expand in a disciplined and efficient manner. This shared infrastructure allows Mashreq to introduce digital capabilities in new geographies while maintaining consistency in client experience, risk controls and operating standards.

In 2025, this platform supported the launch of NEO in Pakistan as a greenfield digital proposition tailored to local regulatory requirements and an Islamic-first approach. It also underpins the Bank's Banking-as-a-Service offering in Egypt, delivered in partnership with e&, broadening access to banking services and supporting continued growth in customer acquisition and engagement.

Collaboration Across the Bank

RBG has continued to deepen collaboration across the Bank, leveraging the universal banking model to deliver more integrated solutions for clients and support Mashreq's wider growth trajectory. This "One Bank" approach has supported growth in net interest income through volume expansion and disciplined margin management, even as benchmark rates declined over the year.

Cross-sell between retail, SME and wealth segments was further enhanced through shared data, unified digital platforms and aligned client coverage, reinforcing Mashreq's differentiated value proposition in its core markets.

Strong Risk, Compliance and Conduct Culture

RBG maintained one of the lowest delinquency levels in the industry in 2025, supported by prudent underwriting standards, robust early warning systems and data-driven collections strategies. Compliance, conduct and data privacy remained central to the operating model, with close collaboration between client experience, risk, compliance and digital transformation teams to ensure that journeys are seamless, safe, fair and fully aligned with evolving regulations. This strong risk profile underpins RBG's growth in liabilities and its expanding international footprint.

Looking Ahead

RBG will continue to build on its record 2025 performance by scaling its digital franchises, deepening cross-border propositions and broadening participation in financial inclusion segments across its footprint.

With a resilient funding base, strong asset quality and a proven digital operating model, RBG is well positioned to sustain above-market growth and create long-term value for customers, communities and shareholders.

Fernando Morillo
Group Head of Retail Banking

RBG will continue to build on its record 2025 performance by scaling its digital franchises, deepening cross-border propositions and broadening participation in financial inclusion segments across its footprint.

RBG has continued to deepen collaboration across the Bank, leveraging the universal banking model to deliver more integrated solutions for clients and support Mashreq's wider growth trajectory.



Business Review continued

Treasury and Global Markets Group

Client-Centric Growth, Strategic Repositioning and Leadership in Global Markets

The Treasury & Global Markets Group (TGM) is responsible for managing funding, liquidity and balance sheet, while providing a comprehensive suite of treasury solutions to corporate, financial institution and investor clients.

Key Highlights

01

Client-centric growth

03

Leadership in global markets

02

Successfully raised USD 2 billion syndicated loan and USD 500 million debut Sukuk

04

Established a dedicated trading desk with separate sales and trading functions

Operating income

₹1.7 Bn

Total assets

₹69 Bn

Treasury and Global Markets embarked on a transformative journey in 2025, achieving disciplined growth and strategic repositioning.

The business was renamed from Treasury and Capital Markets to Treasury and Global Markets to reflect its wider role across products, geographies and client solutions.

Strategic Repositioning and Performance

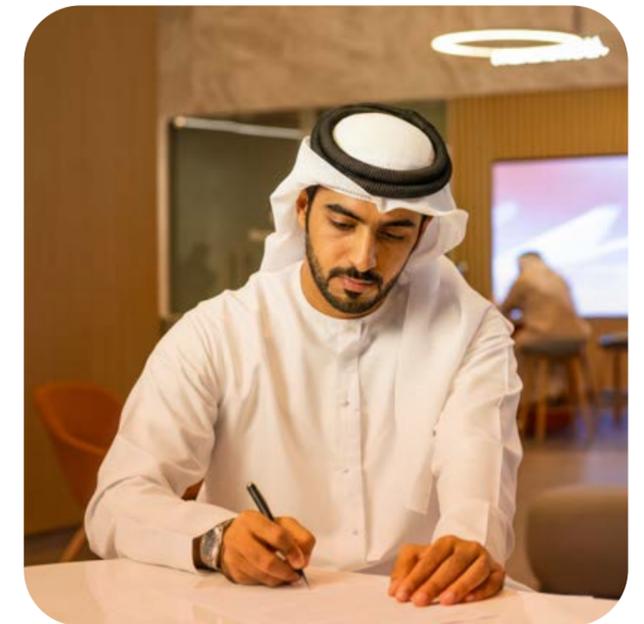
In 2025, TGM transitioned to a more client-centred, market-led business. The Group established a dedicated trading desk, which enabled TGM to respond more effectively to client needs and to deliver competitive, market-aligned pricing.

Fixed income remained a key growth area throughout the year, which, together with strong FX activity, continued to make a significant contribution to investment and trading income. TGM contributed AED 1.7 billion to the Bank's total revenue for 2025, this performance was achieved during the early stages of an interest rate downcycle and was supported by disciplined risk management and careful positioning of the investment and trading books.

Products and Client Solutions

The broader global markets mandate enabled TGM to sharpen its focus on fixed income, FX and rates trading while developing enhanced capabilities in structured solutions for corporate, private banking and financial institution clients.

As clients adjusted to a changing rate environment, Mashreq saw greater demand for duration management, interest rate hedging and balance sheet solutions that support more stable and predictable revenue.



Governance of Related Entities

The governance and positioning of two important market-related entities were clarified further in 2025. Mashreq Capital, which was previously reported under TGM, now operates under its own Board of Directors with a dedicated Chief Executive Officer, strengthening oversight and better reflecting the needs of its investors and regulators.

Mashreq Securities also benefited from a clearer organisational and governance framework that supports the continued development of its brokerage and securities services. While Mashreq Capital and Mashreq Securities remain integral to Mashreq markets and investment ecosystem, their status as independently governed entities allow TGM to focus squarely on treasury, markets intermediation and balance sheet-related income, with a clear division of roles and responsibilities.

Business Review continued

Ecosystem and Funding Initiatives

Mashreq engaged with international funding markets through syndicated loans and Sukuk issuance. The Bank successfully raised USD 2 billion via a globally syndicated loan across multiple jurisdictions, marking a renewed presence in the loan syndications market and reinforcing its standing with international lenders and investors. In parallel, Mashreq completed a USD 500 million debut Sukuk issuance, which was approximately six times oversubscribed despite a complex macro environment.

The successful syndicated loan and Sukuk offering further strengthened Mashreq's profile in regional and global capital markets. These transactions also complement Mashreq's renewed presence in the private placement space, where TGM is again advising and working with a wide range of global investors. Investor outreach in 2025 included a focused roadshow in key financial centres, including London, Hong Kong, Shanghai and Taipei. The positive response from investors in these markets showed the depth of demand for high-quality GCC financial instruments and supported Mashreq's efforts to deepen its presence in Asia.

\$2 Bn

syndicated loan

Navigating a Changing Rate Environment

As policy rates begin to normalise, margin dynamics shifted in 2025, increasing the focus on balance sheet optimisation, duration management and growth in non-interest income. For Mashreq, this environment reinforces the importance of using TGM's capabilities to grow fee-based and trading income, while supporting stable returns for the Bank.

The business is also prioritising asset growth and deeper client engagement in hedging and investment solutions, which should further position TGM as a key contributor to a resilient earnings profile across economic cycles.

\$500 Mn

debut Sukuk issuance

Market Trends and Global Corridors

During 2025, TGM saw a gradual change in both borrower and investor behaviour as the interest rates were reduced. Clients are increasingly focused on securing funding, managing interest rate and duration risk and optimising liquidity across borders. This is particularly evident along trade and investment corridors linking the Middle East with Asia, Europe and North America, driving greater demand for hedging solutions, cross-currency products and structured investments that address both rate and credit spread dynamics.

TGM remains central to Mashreq's ambition to be a regionally anchored, globally connected bank. The business has continued to lay the foundations for treasury and markets capabilities in major financial centres such as Hong Kong, the United States and the United Kingdom, while strengthening its positioning in regional markets including Egypt and the GCC countries.

These developments complement the Group's expansion in markets, including Türkiye and other regional hubs, and strengthen its ability to support client needs across key global corridors. New treasury hubs and dealing capabilities outside the UAE bring Mashreq closer to clients and markets in their own time zones and local currencies. This also enhances access to global liquidity pools and supports a more seamless cross-border service.

Looking Ahead

Looking forward to 2026, TGM is well-positioned to capitalise on its strengthened market infrastructure and expanded global reach. The business will continue to deepen client relationships in core hedging and trading solutions while leveraging its presence across key financial centres to support regional and international capital flows. TGM will maintain disciplined positioning in an evolving rate environment, with a strategic focus on delivering stable returns and reinforcing Mashreq's role as a trusted liquidity and capital markets partner across established and emerging trade corridors.

Salman Hadi

Group Head of Treasury and Global Markets

The business has continued to lay the foundations for treasury and markets capabilities in major financial centres such as Hong Kong, broader Asia, the United States and the United Kingdom.

New treasury hubs and dealing capabilities outside the UAE bring Mashreq closer to clients and markets in their own time zones and local currencies.



Business Review continued

International Banking Group

Delivery of Targeted and Organic International Expansion in a World of Opportunity

The International Banking Group (IBG) leads Mashreq's international franchise, overseeing branches, subsidiaries, and representative offices outside the UAE, ensuring full adherence to local regulatory frameworks and group-wide risk standards.

Key Highlights

01

Delivering targeted and organic international expansions in a world of opportunity

02

NEO CORP deployed live in Egypt, Bahrain, Kuwait and Qatar

03

Secured joint lead arranger role on €2.5 billion syndication in Asia

Strong, collaborative relationships with regulators and host countries, coupled with robust governance, have supported uninterrupted expansion and reinforced trust in complex markets.

In 2025, the International Banking Group advanced Mashreq's vision of becoming a digitally advanced, globally connected institution by forging stronger ties across key trade corridors. Mashreq's operations span eight countries, focusing on markets that amplify the UAE's role as a regional hub while providing diversification and high-quality credit exposure.

This growing footprint, encompassing the GCC, Egypt, India, and global financial centres like New York, London, Hong Kong, and Singapore, enables the IBG to facilitate substantial cross-border flows, particularly in sectors such as energy, infrastructure, and real estate.

By prioritising top-tier clients and investing in tailored digital solutions, Mashreq has further positioned the Bank to capture emerging opportunities in fast-evolving economies.

Strategic Rationale and Market Dynamics

Within IBG, the Bank's model emphasises asset-led entry into premium segments, followed by cross-selling to build sustainable income streams. As Mashreq enters new, mature markets, it is adding capabilities like trade finance and treasury services. The Bank's presence in India, the US, China, and the UK taps into trillions in bilateral trade with the region, allowing it to channel flows from multinationals and sovereigns.

Achievements and Investments in 2025

This year focused on accelerating value creation. Mashreq onboarded significant clients in New York, including Coca-Cola and Honeywell, with assets growing. In India, regulatory approval for a GIFT City branch unlocked further potential, with plans to further expand. The launch of Oman's branch launch strengthened the Bank's GCC coverage.

Digitally, the Bank pioneered exports of Mashreq's innovations: Neo Corp, the Bank's corporate digital platform for trade and cash, went live in Egypt, Bahrain, Kuwait, and Qatar, enhancing client experiences. In Egypt, the Bank is expanding product offerings to support growth in liabilities, all while utilising AI analytics to enhance flows, automate regulatory submissions and grow fee-based income.

170

automated regulatory reports across IBG markets

Looking Ahead

IBG is on a clear trajectory toward becoming the region's most strategically positioned international banking franchise, anchored in deep client relationships, market expertise, and a growing global footprint. Expansion priorities for 2026 include deepening client franchises in key financial centres, accelerating the deployment of digital and AI capabilities across markets, and advancing sustainable finance solutions that support client transitions in priority sectors.

With strong operational momentum, enhanced corridor capabilities, and a consistent focus on disciplined growth, IBG is well-positioned to sustain above-market expansion while delivering sustainable shareholder value.

Tarek El Nahas
Group Head of International Banking

Group Chief Financial Officer Statement

Capital Strength, Stability, and Sustained Shareholder Value

Total assets surpassed

₹335 Bn

Non-interest income contribution

35%

“Asset quality strengthened further, with the NPL ratio improving to 1.0%, one of the lowest in the industry.”

Operating income reached AED 12.6 billion in 2025, reflecting broad-based growth across corporate, retail, and international segments supported by stronger client activity and resilient non-interest income streams.

Net profit before tax was AED 8.3 billion, underscoring sustained profitability despite a moderating rate environment and higher taxation, enabled by a stable net interest margin and strong operating leverage. Return on Equity stood at 20%, with Return on Assets at 2.3%, demonstrating disciplined balance sheet deployment and a scalable operating model.

Return on Equity

20%

Earnings Mix and Operating Leverage

Net interest income remained resilient with a stable net interest margin of 3.1%, supported by double-digit loan growth, disciplined asset repricing, and a strong funding base anchored by CASA at 62% of deposits. Non-interest income is now 35% of total income and grew 16% YoY*, driven by higher investment income and other income, reinforcing the shift toward a more balanced and fee-accretive earnings mix. Cost-to-income ratio remained at an industry-leading 31%, reflecting continuous automation, digital transformation, and AI-enabled operating efficiencies while making significant investments in technology and business growth.

* Excluding gain on sale of IDFAA.

Scale, Liquidity, and Capital Strength

Total assets surpassed AED 335 billion, demonstrating franchise depth and balance sheet scale across core markets and international corridors. Liquidity was strong, with Liquid Assets Ratio at 28%, Loan-to-Deposit Ratio at 80%, and Liquidity Coverage Ratio at 158%, all comfortably above regulatory thresholds. Capital adequacy remained robust with a CAR of 14.5%, Tier 1 of 13.4% and CET1 of 12.3%, preserving ample capacity to fund growth and meet evolving regulatory expectations.

Capital Adequacy Ratio

14.5%

Credit Discipline and Provisioning

Asset quality strengthened further, with the NPL ratio improving to 1.0%, one of the lowest in the industry – reflecting disciplined underwriting and proactive portfolio management across geographies. Coverage ratio of 263% underscores a conservative provisioning stance and strong loss-absorption capacity through the cycle. Impairment charges remained contained at AED 444 million, with cost of credit at 27 bps, supported by recoveries and a resilient macro backdrop in the UAE and key markets.

Growth in Lending and Deposits

In 2025, customer loans and advances increased significantly with 32% YoY growth to AED 164 billion, with growth concentrated in trade, manufacturing, and infrastructure aligned to national priorities. Customer deposits rose 27% YoY to AED 205 billion, maintaining a healthy funding mix with CASA at 62% that supports both profitability and liquidity. International expansion contributed to deeper client engagement and diversified flows, enhancing cross-sell and broadening revenue streams.

Digital Acceleration and International Corridors

Strategic investments continued across digital platforms and AI capabilities, scaling client experience, operational resilience, and risk management. In 2025, commercial launch of our digital retail bank in Pakistan and wholesale banking expansion in India's GIFT City, Türkiye, and Oman strengthened corridor connectivity and, as such, they have positioned the franchise to capture trade and capital flows across Asia, the Middle East, Europe, and the US. Rising non-interest contributions and an improved cross-sell ratio to 35% highlight deepening relationships and durable earnings diversification.

Taxation and Sustained Profitability

Income tax expense increased to AED 1.3 billion with corporate income tax and global minimum tax adoption across operating markets, yet profitability remained firm on robust income growth and strict cost discipline. Net profit after tax of AED 7.0 billion reflects sustainable earnings power, operational efficiency, and prudent risk governance. Internal capital generation continues to fund growth while sustaining strong capital buffers and superior asset quality.

Positioned to Compound Value

With scale, liquidity strength, and industry-leading credit metrics, the Bank is well-positioned to continue to support our clients, invest in innovation, and compound shareholder value through cycles. The focus remains on balanced growth, superior efficiency, and disciplined risk, underpinned by data, AI, and a diversified international footprint. Looking ahead, priorities include deepening client primacy, expanding trade corridors, and advancing digital platforms to deliver consistent, high-quality returns.

Norman Tambach

Group Chief Financial Officer



Financial Review

Consistent Long-Term Growth

Income Statement Highlights (AED mn)	Year End		Δ % YoY	Quarterly Trend				
	2025	2024		4Q 2025	3Q 2025	4Q 2024	Δ % QoQ	YoY
Net Interest Income & Income from Islamic Financing	8,141	8,388	(2.9%)	2,061	2,119	2,054	(2.7%)	0.3%
Non Interest Income	4,435	5,028	(11.8%)	1,126	1,083	2,263	3.9%	(50.2%)
Total Operating Income	12,576	13,416	(6.3%)	3,187	3,202	4,317	(0.5%)	(26.2%)
Operating Expenses	(3,871)	(3,696)	4.7%	(990)	(1,015)	(1,155)	(2.5%)	(14.3%)
Operating Profit	8,705	9,720	(10.4%)	2,197	2,187	3,162	0.5%	(30.5%)
Impairment Allowance	(444)	166	(367.5%)	(78)	(121)	239	(35.1%)	(132.8%)
Net Profit before Tax	8,261	9,886	(16.4%)	2,119	2,066	3,402	2.6%	(37.7%)
Tax	(1,291)	(869)	48.6%	(329)	(357)	(225)	(7.8%)	46.5%
Net Profit after Tax	6,970	9,017	(22.7%)	1,790	1,708	3,177	4.8%	(43.7%)
Non-Controlling Interest	(131)	(100)	30.3%	(39)	(23)	(34)	66.0%	15.9%
Profit attributable to Owners of the Parent	6,840	8,917	(23.3%)	1,751	1,685	3,143	3.9%	(44.3%)

Balance Sheet Highlights (AED mn)	Year End		Δ % YoY	Quarterly Trend				
	2025	2024		4Q 2025	3Q 2025	4Q 2024	Δ % QoQ	YoY
Loans to Customers	164,349	124,758	31.7%	164,349	143,085	124,758	14.9%	31.7%
Loans to Banks	65,721	52,272	25.7%	65,721	65,380	52,272	0.5%	25.7%
Total Assets	334,634	267,453	25.1%	334,634	305,464	267,453	9.5%	25.1%
Customer Deposits	204,895	160,940	27.3%	204,895	187,167	160,940	9.5%	27.3%
Total Equity	39,374	36,713	7.2%	39,374	37,771	36,713	4.2%	7.2%
Total Liabilities	334,634	267,453	25.1%	334,634	305,464	267,453	9.5%	25.1%

Key Metrics (%)	Year End		Δ bps YoY	Quarterly Trend				
	2025	2024		4Q 2025	3Q 2025	4Q 2024	Δ bps QoQ	YoY
Cost to Income Ratio	30.8%	27.5%	323	31.1%	31.7%	26.7%	(66)	431
Return on Assets	2.3%	3.5%	(124)	2.3%	2.4%	5.0%	(3)	(261)
Return on Equity	19.5%	29.0%	(943)	20.0%	19.8%	40.9%	18	(2,086)
CAR (Capital Adequacy Ratio - Basel III)	14.5%	17.5%	(298)	14.5%	16.8%	17.5%	(225)	(298)
CET1 (Common Equity Tier 1) Ratio	12.3%	14.5%	(220)	12.3%	14.2%	14.5%	(194)	(220)
Tier 1 Ratio	13.4%	16.0%	(260)	13.4%	15.5%	16.0%	(208)	(260)

Income and Costs

Total Income (AED Mn)



Net Profit (AED Mn)

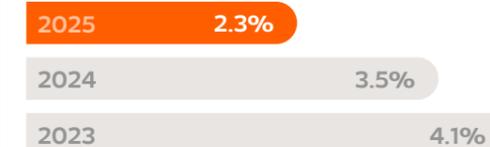


Profitability

Return on Equity (%)



Return on Assets (%)



Loans and Deposits

Customer Loans (AED Mn)

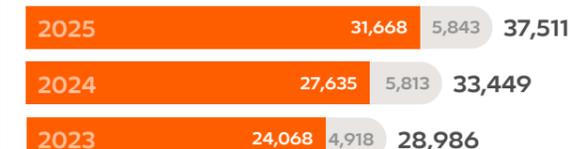


Customer Deposits (AED Mn)

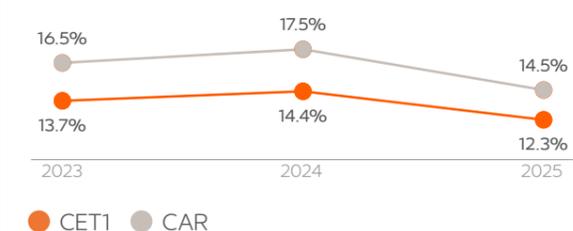


Capitalisation

Capital (AED Mn)



Common Equity Tier 1 and Capital Adequacy Ratio (%)



Sustainability Summary

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Securing Sustainable Futures

Sustainability is the foundation for a stronger future for the bank's people, communities and region.

Mashreq is dedicated to supporting the UAE's journey toward a sustainable future while advancing the nation's leadership as a global financial hub and innovator in digital banking.

Our commitment to the UAE's Green Agenda 2030 and UAE Net Zero 2050 Strategy is evident in the Bank's ongoing ESG efforts and achievements, positioning Mashreq as a regional leader in environmental stewardship, strong governance, and responsible investment.



- Recognised globally for Climb2Change, the Bank's pioneering environmental initiative combining mountaineering expeditions with ESG action, was awarded Sustainable Initiative of the Year and Most Sustainable Project in the Middle East for the second consecutive year.
- Across its latest phase in Himachal Pradesh, India, Climb2Change mobilised 158 volunteers who dedicated 5,876 hours to clean-up drives across four locations, removing 3.01 tons of waste and supporting 225 local groups.

225

local groups supported

- Our Global Headquarters maintained LEED Zero Carbon certification and upgraded in 2025 to LEED v4.1 EB OM Platinum, while also holding LEED Gold certification from the US Green Building Council as the first financial sector headquarters in the region to achieve this level.
- The Oman branch, Doha office, and MGN Bangalore office all achieved LEED Gold certification, and the Bank's DOZ operations are now LEED Gold certified.

100%

recycled plastic credit and debit cards



- Advanced sustainable finance with the Nature Saver Account in collaboration with Emirates Nature-WWF, 100% recycled plastic credit and debit cards, and Green Home Loans for LEED Gold and Platinum properties.
- We pledged AED 110 billion as a leading contributor to the UAE Banks Federation's commitment to mobilise AED 1 trillion in sustainable finance by 2030.

AED 110 Bn

pledged to the UAE Banks Federation's

- Strengthening ESG governance through a multi-tiered sustainability structure, led by the Board Risk, Compliance & ESG Committee, the Sustainability Executive Committee, and the ESG Committee.

During the year, the Bank further strengthened its sustainability commitments by embedding measurable ESG outcomes across its financing activities, enhancing transparency on its climate and environmental performance, and maturing its climate risk management framework. These efforts reflect a dedication to safeguarding biodiversity, supporting the UAE's Net Zero 2050 vision, and aligning with evolving global standards such as the GRI Standards 2021, UN Global Compact, and the UN Sustainable Development Goals.

Sustainability at Mashreq

Our Foundational Purpose

Mashreq stands as a pioneer in responsible banking, driven by an unwavering commitment to creating meaningful value for people, communities, and the environment.

The Bank's purpose extends far beyond financial transactions: it is a catalyst for sustainable progress, using Mashreq's influence and resources to advance a more equitable, resilient, and low-carbon future across the regions the Bank serves.

This commitment is anchored in the Bank's core values of Social Responsibility, Integrity, and Transparency, which have consistently shaped strategic direction and decision-making. Every initiative, from the mobilisation of sustainable finance to community investment to workplace empowerment, is designed to reinforce the Bank's role as a trusted partner in building prosperity that benefits current and future generations.

ESG

As one of the region's leaders in responsible banking, Mashreq continues to raise the bar on Environmental, Social, and Governance (ESG) excellence. The Bank's commitment goes far beyond adherence to standards – it is embedded in how the Bank operates, innovates, and serves. Through robust policies, efficient processes, and purpose-led operations, the Bank is integrating ESG into the core of Mashreq's mission to generate lasting value for its clients, stakeholders, and communities.

Mashreq recognises that true sustainability demands action, ambition, and accountability. By addressing the deep link between the Bank's business activities and their broader societal and environmental implications, it demonstrates what it means to lead by example. Mashreq's approach is about proactively managing potential impacts, unlocking opportunities, and driving progress.

Through embedding sustainability across business principles, Mashreq delivers long-term, meaningful value while shaping a resilient, future-ready organisation for generations to come.

Mashreq recognises that true sustainability demands action, ambition, and accountability.

Sustainable Growth

Empowering People

Protecting Nature



Sustainability Framework

Our Sustainability Vision

Mashreq aspires to achieve sustainability leadership in the regional banking sector. This is the Bank's commitment to its clients, stakeholders, and society.

Our Sustainability Philosophy

Mashreq's sustainability philosophy is to strengthen the environmental and social dimensions of its products and services, integrating ethical, social, and environmental principles into operations to enhance quality of life and long-term stakeholder value.

Our Principles

Guided by a commitment to sustainable growth, Mashreq is driven by five core principles:

- **Integration of Sustainability:** Incorporate sustainability considerations into business decisions and key processes to create value, mitigate risks, and maximise opportunities.
- **Governance and Transparency:** Uphold the highest standards of governance and transparency in all operations.
- **Responsible Banking:** Prioritise financial resources and offer responsible banking products and services that empower customers to build a sustainable, environmentally friendly future.
- **Safe and Equitable Workplaces:** Provide employees and business partners with clean, safe, healthy, and equitable working conditions.
- **Community Engagement:** Act as a preferred neighbour, contributing to the inclusive and broad-based development of the communities in which Mashreq operates.

Our Commitments

As part of the Bank's drive for sustainability leadership in the regional banking sector, Mashreq is committed to:

- **Governance:** Establish a governance structure to oversee the Bank's sustainability commitments.
- **Strategy Development:** Identify relevant and material sustainability issues and develop comprehensive strategies with goals, targets, and action plans under the supervision of the Board.
- **Transparency:** Report sustainability efforts and progress in line with global reporting frameworks.



Sustainability Framework continued

Mashreq's 4E Sustainability Framework

At Mashreq, sustainability forms the bedrock of the Bank's business strategy. Its commitment revolves around reducing environmental impact throughout the value chain while fostering diversity and prioritising the well-being of Mashreq's workforce.

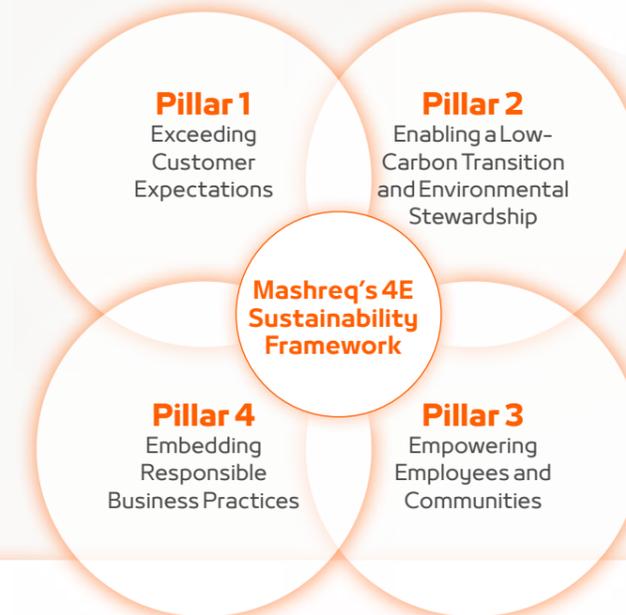
The 4E Framework structures the Bank's sustainability priorities across four interconnected pillars.

By embedding sustainability into every aspect of its operations, the Bank drives value creation, unlocks new revenue streams and seizes innovative opportunities that deliver measurable environmental and social benefits.

4E Framework Enablers

The successful delivery of the Bank's sustainability strategy relies on foundational enablers that are strategically integrated into its operations:

- **Governance and Culture:** Establishing clear accountability, decision-making processes, and a sustainability-focused culture across the organisation.
- **Training and Development:** Building ESG awareness and capability across all levels, from the Board to frontline staff.
- **Impact and Target Setting:** Defining clear, measurable sustainability goals aligned with the 4E Framework and global standards.
- **ESG Data Analysis and Feedback Loops:** Collecting, analysing and acting on ESG data to drive continuous improvement.
- **Responsible Products and Services:** Developing sustainable finance solutions and customer-centric offerings that align with ESG priorities.
- **Responsible Supply Chain:** Ensuring suppliers and partners adhere to ethical, social, and environmental standards.
- **Operational Footprint Management:** Monitoring and reducing the environmental impact of the Bank's facilities, energy use, water consumption, and waste.
- **Business Outcome Communications:** Transparently reporting ESG progress and outcomes to stakeholders.
- **ESG Reporting:** Structured reporting aligned with global frameworks (GRI, SASB, TCFD, and others).



Pillar 1

Exceeding Customer Expectations

Delivering responsible, innovative products and customer-centric services that empower clients to build sustainable futures. Through digitisation and tailored solutions, the Bank simplifies banking while creating shared value.

Pillar 2

Enabling a Low-Carbon Transition and Environmental Stewardship

Reducing environmental impact throughout the Bank's operations, supply chain, and financing activities. Mashreq supports clients' transition to sustainable business models while managing its own operational footprint through energy efficiency, emissions reduction, water conservation, and waste management.

Pillar 3

Empowering Employees and Communities

Investing in the Bank's workforce through talent development, diversity and inclusion, health and safety, and competitive remuneration. Mashreq also supports the communities in which it operates through philanthropic initiatives, financial inclusion programs, and partnerships that drive positive social impact.

Pillar 4

Embedding Responsible Business Practices

Integrating ethical governance, risk management, compliance, and responsible supply chain practices throughout the Bank's organisation. This pillar ensures that ESG is not a separate function but integral to how Mashreq operates.

Sustainability Highlights

Mashreq is helping to build a future that is inclusive, resilient and sustainable for generations to come.

Environment

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3.01

tons of waste removed through the Climb2Change India phase

5,876

volunteer hours dedicated to Climb2Change clean-up drives

158

volunteers participated in the Climb2Change final phase (Himachal Pradesh)

80+

native Deodar saplings planted in collaboration with the District Forest Department

1st

commercial tower in the UAE to achieve LEED Zero Energy Certification

Social

Page 68 for more

1st

female director elected in 2024

25%

of committee chair roles held by women

73

distinct nationalities represented in the global workforce

48%

Emirati nationals in the total UAE workforce (FY2025)

43%

of the critical UAE roles held by Emirati nationals

Governance

Page 80 for more

43%

independent Board members

4.5 years

average Board tenure

\$30 Bn

sustainable finance pledge by 2030

₹110 Bn

Mashreq's sustainable finance commitment to the UAE Banks Federation's goal

100%

of vendors/suppliers required to follow the Code of Conduct

Stakeholder Engagement

At Mashreq, addressing complex challenges and driving transformative changes begins with understanding the needs and expectations of the Bank's stakeholders.

The primary objective is to deliver impactful outcomes that generate value for internal and external stakeholders. The Bank actively fosters a culture of open communication, collaboration, and engagement, building relationships rooted in trust and mutual respect.

Mashreq maintains structured and ongoing dialogue with key stakeholder groups using tailored engagement channels.

These interactions inform ESG strategy, product design, risk management, and disclosure, while reinforcing transparency and trust across the stakeholder base. Insights from engagement are integrated into strategic planning and the 4E Framework, ensuring that sustainability initiatives address the most relevant needs and opportunities.

Our primary objective is to deliver impactful outcomes that generate value for internal and external stakeholders.



Communities and NGOs
Local initiatives, forums, partnerships, CSR/ESG projects

Regulators and Government
Supervisory meetings, consultations, and formal submissions

Suppliers and Partners
Business reviews, ad hoc meetings, due diligence and onboarding



Customers
Branch interactions, digital channels, surveys, and roundtables

Employees
Engagement surveys, town halls, focus groups, intranet, newsletters

Investors and Shareholders
Annual and quarterly reporting, investor meetings, and conferences

Materiality Assessment

The development of Mashreq’s materiality assessment involved a strategic process that identified and prioritised the economic, environmental, and social issues that most significantly affect Mashreq and its stakeholders.

These interactions are not just routine exchanges; they are the foundation of Mashreq’s ESG strategy, directly shaping product innovation, risk management, and transparent disclosure. By consistently engaging with a diverse set of stakeholders, Mashreq reinforces its unwavering commitment to openness and accountability. The insights gathered from these engagements are seamlessly integrated into strategic planning and the 4E Framework, ensuring that every sustainability initiative is laser-focused on the most urgent needs and transformative opportunities.

“Materiality at Mashreq moves beyond reporting, embedding sustainability into core business strategy to address risks, capture opportunities, and support long-term growth.”

Stakeholder Participation

Mashreq’s process begins with identifying potential material topics for the banking sector, informed by global sustainability trends, then refining them through management review. Key internal and external stakeholders are mapped and engaged via an inclusive online survey, yielding 212 responses that have provided a diverse evidence base. These responses have been consolidated and then discussed with senior management to align insights with strategic priorities.

Material Topics

Using weighted scoring, the team converts qualitative feedback into quantitative rankings, then selects the 11 topics that matter most to both stakeholders and the Bank. These are plotted on a materiality matrix, visually mapping their importance to stakeholders against their impact on Mashreq’s business. Follow-up interviews with senior leaders, including the Sustainability Working Group, further refine these priorities and ensure alignment with the ESG strategy.

Stakeholders have highlighted several key risk themes, including cybercrime and data security, economic instability and credit risk, shifting regulation, internal governance, people risk, disruptive technologies, business ethics, and customer experience and retention. This feedback provides a risk roadmap, helping Mashreq to mitigate threats, leverage innovation, and build resilience proactively.

Robust responses

212



Stakeholder Participation

Mashreq’s stakeholder engagement is a bold, forward-thinking process that launches with pinpointing the most pressing material topics for the banking sector, grounded in global sustainability megatrends and sharpened through rigorous management scrutiny. The Bank proactively maps a broad spectrum of internal and external stakeholders, inviting them into an inclusive online survey – gathering 212 robust responses that reflect a true cross-section of perspectives. Each insight is meticulously consolidated and scrutinised in high-level discussions with senior management, ensuring every voice directly shapes the Bank’s strategic direction and sustainability ambitions.

Material Topics

With a data-driven, results-oriented approach, Mashreq transforms qualitative feedback into precise quantitative rankings using an advanced weighted scoring system. This rigorous analysis distils the top 11 material topics that command the highest relevance for stakeholders and the Bank alike.

These priorities are dynamically visualised on a materiality matrix, revealing their dual significance, both for Mashreq’s stakeholders and its business impact. Intensive follow-up interviews with key leaders and the Sustainability Working Group further elevate and fine-tune these priorities, ensuring that Mashreq’s ESG strategy is not just aligned but set to lead the industry.



Stakeholders brought critical risks to the forefront, including the escalating threats of cybercrime and data breaches, evolving economic instability and credit risk, tightening regulation, fortified internal governance, workforce transformation, disruptive digital technologies, steadfast business ethics, and a relentless pursuit of exceptional customer experience and retention. This invaluable feedback forms a strategic risk and innovation roadmap, empowering Mashreq to anticipate and neutralise threats, seize emerging opportunities, and future-proof its business with resilience and agility.

Materiality Mapping

The 11 material topics are mapped into the 4E Sustainability Framework to ensure that ESG priorities are directly connected to strategy and operations.

Material Topics

Responsible banking products; Digitisation and innovation; Financial inclusion; Customer delight

Pillar 1
Exceeding Customer Expectations

Pillar 2
Enabling a Low-Carbon Transition and Environmental Stewardship

Material Topics

Climate risk and GHG emissions

Mashreq’s 4E Sustainability Framework

Pillar 4
Embedding Responsible Business Practices

Pillar 3
Empowering Employees and Communities

Material Topics

Diversity and inclusion; Nationalisation; Employee well-being and talent attraction; Community engagement

Material Topics

Systemic risk management; Data privacy and IT security; Business ethics

Sustainable Finance Leadership

Recognised as a leading contributor to the UAE Banks Federation's commitment to mobilize AED 1 trillion in sustainable finance by 2030, Mashreq has pledged AED 110 billion (USD 30 billion) to support adaptation-related projects across the Middle East.

In 2025, the International Banking Group supported transactions with a combined funded value of more than USD 350 million in sustainable finance.

Sustainable Finance Solutions

Mashreq offers a comprehensive suite of sustainable products and services:

- **Sustainability-Linked Loans:** Designed for corporates and institutions, these loans integrate environmental and social performance metrics into financing structures, incentivising improvements across key ESG indicators.
- **Green Finance Products:** Including the Green Home Loan, which finances energy-efficient residential properties, reducing long-term energy costs and environmental impact for homeowners.
- **Nature Saver Account:** A digital savings platform that allows customers to donate a portion or all of their savings' profit to Emirates Nature – WWF, directly supporting biodiversity and ecosystem protection.

In 2025, Mashreq continued to advance this commitment through landmark sustainability-linked financing transactions, including:

- **Galadari Brothers Debut Sustainability-Linked Facility (June 2025):** A significant bilateral sustainability-linked financing transaction, demonstrating Mashreq's capacity to structure large-scale sustainable finance deals aligned with corporate ESG performance metrics.
- **Arabian Gulf Steel Industries Sustainable Finance Facility (July 2025):** AED 126 million sustainable finance facility supporting low-emission steel production, reinforcing Mashreq's commitment to enabling industrial transition.
- **GEMS Education and Bapco Energies Transactions:** Continued progress on landmark sustainability-linked loans with major regional corporates, advancing progress toward the AED 110 billion sustainable finance target by 2030.
- **Eagle Hills Diyar:** Mashreq acted as sole Sustainability Coordinator and Bookrunner in a USD 350 million sustainable finance deal.
- **AIDar Sustainability-Linked Loan:** USD 1.511 billion facility supporting regional developers' ESG efforts.
- **AlRajhi Green Loan:** USD 1.16 billion green financing, expanding Mashreq's sustainable finance across sectors.
- **EIB Sustainability-Linked Facility Sukuk:** A pioneering global structure, showcasing Mashreq's innovation in sustainable Islamic finance.
- **Binghatti Holding Green Sukuk:** Sole Green Structurer and coordinator for Binghatti's first USD 500 million Green Sukuk, which was over four times oversubscribed.
- **Gargash Group Sustainability-Linked Facility:** One of the UAE automotive sector's largest sustainability-linked financings, linking funding to ESG KPIs and supporting national sustainability strategies, contributing toward Mashreq's goal to mobilise USD 30 billion in sustainable finance by 2030.

Sustainable Finance Commitment – Progress to Date

Annual sustainable finance volume (funded) 2025

₹2.8 Bn

(\$762 Mn)

2024: ₹1.3 Bn (\$350 Mn)

Cumulative progress vs
₹110 Bn / \$30 Bn target

50% of target

2024: ₹110 Bn target by 2030

– baseline year

ESG Risk

Mashreq actively monitors the evolving regulatory landscape across its home and host jurisdictions to identify emerging sustainability and ESG risk management expectations and embed them within its Risk Management Framework.

Over recent years, the Group has progressively strengthened its ESG and sustainability-related risk practices at the group level, with structured roll-out across international branches, subsidiaries, and presence locations as the frameworks mature. This approach ensures consistency, regulatory alignment, and effective oversight across geographies.

The Group defines ESG risk as encompassing environmental, social, and governance factors that can influence financial performance, resilience, and reputation. These risks are interlinked with traditional risk classes, including credit, market, operational, reputational, and model risk. Environmental risk is primarily driven by climate-related financial risk, which arises from physical climate impacts and the economic transition toward a low-carbon economy. Social risk reflects the Bank's commitment to ethical conduct, human rights, workforce practices, nationalisation objectives, and diversity and inclusion, all of which are embedded within organisational culture and supporting policies. Governance risk relates to ethical management, transparency, and effective oversight, supported by a robust three-lines-of-defence model.

Mashreq has enhanced its group-wide risk frameworks and policies to formally incorporate ESG and climate risk considerations, supported by dedicated climate change, sustainable finance, liquidity stress testing, and operational resilience policies. The Bank is undertaking integrated enhancements to ESG, climate risk, and sustainable finance frameworks to ensure regulatory compliance across jurisdictions. In parallel, initiatives are underway to strengthen ESG and climate data sourcing, documentation, and governance, including the integration of physical and transition risk data and client disclosures into the data management framework. These efforts support more informed risk assessment, portfolio monitoring, and strategic decision-making.

Climate risk is being progressively embedded into the Bank's stress testing and internal capital adequacy processes, incorporating scenario analysis that captures physical and transition risks. Governance and oversight of ESG risks are structured through Board-level committees, executive management forums, and country-level committees, ensuring accountability across the Group. An emerging ESG risk unit within the Risk Management Group coordinates climate and ESG risk activities across relevant risk disciplines and geographies. Mashreq's climate risk appetite emphasises strategic alignment with national and global climate objectives, integration of climate considerations into financing, risk assessment, and capital deployment, while acknowledging that the framework will continue to evolve as methodologies, data, and regulatory expectations mature.

Climate risk is being progressively embedded into the Bank's stress testing and internal capital adequacy processes, incorporating scenario analysis that captures physical and transition risks.

Environment

Our Environmental Stewardship

Mashreq recognises its responsibility to minimise its environmental footprint, support the low-carbon transition and conserve the use of natural resources through various strategies and practices across both its operations and financing activities.

The Bank is updating its Group Environmental Policy, which outlines key environmental focus areas including Waste, Water, Energy, and Recycling. The revised policy articulates the guiding principles for environmental stewardship, sets out the expectations for internal and external stakeholders, and reinforces Mashreq's commitment to continuous improvement. These focus areas support effective resource management, enhance operational efficiency, and ensure consistent practices across the organisation.

Operational Environmental Management

The Bank focuses on reducing environmental impact across its facilities through:

- **Energy Efficiency**
Investment in energy-efficient systems, LED lighting, HVAC optimisation, and renewable energy integration at key facilities. Regular energy audits and monitoring support continuous improvement.
- **Emissions Reduction**
Measurement and reduction of Scope 1, 2, and 3 greenhouse gas emissions, supported by employee engagement in emissions reduction initiatives.
- **Water Conservation**
Implementation of water-efficient fixtures, recycling systems, and monitoring programs to reduce water consumption across facilities.
- **Waste Management**
Comprehensive waste segregation, recycling, and reduction programs, with a focus on diverting waste from landfills.

With Visa and Clarity AI, the Bank introduced the region's first carbon-tracking platform, helping customers see their environmental impact.

Environment continued

Energy Consumption

Mashreq has taken significant steps to optimise energy consumption across its operations. At the Bank's headquarters, the gym was equipped with timers that automatically switch off equipment from 8:00 PM to 7:00 AM, including weekends and holidays, thereby preventing unnecessary electricity usage.

In Mashreq's Oman offices, facilities management implemented programmed systems to ensure that lights, air conditioning, and other power-consuming equipment are automatically switched off after office hours, significantly lowering electricity consumption. Across Mashreq's buildings, including the Blue Tower Building in Abu Dhabi, lighting and HVAC systems were further optimised to achieve efficient energy use, with LED lights and motion sensors installed in staircases and common areas to prevent wastage.

We also focused on reducing the Bank's carbon footprint through renewable energy initiatives. Scope-2 operational emissions at MGN India were fully neutralised through a combination of solar wheeling and the procurement of International Renewable Energy Certificates (iREC). These efforts complement the broader sustainability goals and contribute to Mashreq's journey toward operational carbon neutrality. Furthermore, Mashreq Headquarters continues to maintain its LEED Zero Carbon certification, which reflects Mashreq's commitment to environmentally responsible operations and net-zero carbon objectives.

Mashreq's energy management systems have received formal recognition with ISO 50001 certification for DOZ and Mashreq HQ operations, affirming the Bank's structured approach to energy efficiency and sustainability management. These certifications reflect continuous efforts to establish robust processes that monitor, control, and optimise energy consumption while minimising environmental impact.

Greenhouse Gas (GHG) Emissions 2024-2025

Metric	Unit	2024	2025
Scope 1 emissions	tCO ₂ e	7,261.46	5,206.16
Scope 2 emissions (location-based)	tCO ₂ e	13,092.09	12,712.01
Total Scope 1 + 2 (location-based)	tCO ₂ e	20,353.56	17,918.16
Total reported Scope 3 emissions	tCO ₂ e	98,898.73	95,844.97
Total GHG emissions (Scope 1 + 2 + 3)	tCO ₂ e	119,252.19	113,763.13
GHG intensity (Scope 1 + 2 per employee)	tCO ₂ e/employee	3.29	2.88

Energy Consumption and Intensity KPIs 2024-2025

Metric	Unit	2024	2025
Total energy consumption	GJ	41,735.47	39,937.59
Electricity consumption	kWh	11,206,346.06	10,933,601.32
LPG consumption	m ³	4,414.14	2,752.37
Diesel consumption	Litres	19,758.64	2,188.31
Petrol consumption	Litres	13,631.71	11,220.12
Total workforce	Per employee	2,465	2,544
Energy intensity	GJ/employee	16.93	15.69

Water Conservation and Optimised Resource Use

Water conservation remains a key area of focus. Faucet aerators have been installed in key facilities to minimise unnecessary water usage, while delta-T controls at Mashreq HQ help ensure optimal chilled water consumption, thereby reducing energy use and avoiding penalties from the district cooling provider.

By maintaining efficiency in water and energy systems, Mashreq demonstrates that sustainable operations and operational excellence can go hand in hand. To complement the Bank's environmental initiatives, Mashreq has intensified its digitalisation efforts. Vendors are now required to submit monthly reports electronically, reducing paper consumption and enhancing operational efficiency. These efforts align with the Bank's broader commitment to paperless operations and reducing the environmental footprint of administrative processes across the organisation.

Metric	Unit	2024	2025
Total water consumption	Imperial gallons	5,843,482.81	5,370,800.56

Waste Reduction and Circular Economy Initiatives

Mashreq has introduced multiple initiatives to reduce waste generation and promote circular economy practices. At MGN India, conventional tissue products were replaced with recycled, post-consumer waste-based alternatives. Single-use plastic bottles have been entirely removed from operations, reducing plastic waste and its environmental impact. Mashreq's canteen operations at DOZ and HQ now recycle 100% of food waste, and used cooking oil is converted into biofuels, providing a sustainable reuse pathway for organic materials. Across UAE operations, waste segregation and recycling programs have been strengthened to divert significant volumes from landfills, ensuring that materials are reused or recycled wherever possible.

Green Building Standards

Sustainability considerations are embedded in all procurement and office design practices. For instance, new carpets installed at the Blue Tower Building in Abu Dhabi are low-VOC and environmentally friendly, reflecting the Bank's commitment to healthier, greener interiors. All new office and branch fit outs adhere to LEED design standards, which focus on energy efficiency, sustainable material usage, and overall environmental impact.

In 2025, Mashreq achieved LEED Gold certifications for the Oman Branch, the Doha Office and Branch, and the MGN Bangalore office. The Bank's DOZ operations are now LEED Gold certified, while Mashreq Headquarters received an upgrade to LEED v4.1 EB O+M Platinum, the highest LEED certification awarded, showcasing its leadership in sustainable building practices.

Mashreq has established a commitment to green building certifications and sustainable real estate practices:

- **LEED Zero Energy Certification:** Mashreq Global Headquarters became the first commercial tower in the UAE and second in the Middle East to achieve this certification, recognising net-zero energy, water, and waste performance.
- **LEED Gold and Platinum Certifications:** Mashreq Innovation Hub (LEED v4 Gold) and Mumbai Branch (LEED Platinum) reflect high performance in environmental design and resource efficiency.
- **Sustainable Facility Expansion:** New and renovated facilities are designed to meet or exceed green building standards, embedding sustainability into the Bank's physical footprint.

Environmental Stewardship Partnerships

- **Notice Nature:** Partnership with Emirates Nature – WWF to map and protect the UAE's wildlife and biodiversity.
- **Climb2Change:** Global initiative combining ESG commitments with environmental stewardship through expeditions to 14 peaks worldwide, recognised in 2025 as Sustainable Initiative of the Year.
- **Recycled Materials:** Adoption of 100% recycled PVC for all payment card issuances, reducing plastic consumption and environmental impact.



Social Community Impact and Social Responsibility

Since its establishment in 1967, Mashreq has integrated social responsibility into its core purpose and values.

The Bank's Corporate Social Responsibility (CSR) program, launched in 2011, actively engages in nationwide initiatives and strategic partnerships to address key societal needs, including youth development, poverty alleviation, health and wellness, gender equality, and the inclusion of People of Determination.

Financial Inclusion

Mashreq is dedicated to expanding access to financial services for underserved populations, including:

- **SME Support:** Tailored banking solutions and financing for small and medium enterprises through digital platforms like NeoBiz, enabling rapid onboarding and fuss-free access to banking services.
- **Microfinance and Community Banking:** Partnerships and programs supporting entrepreneurs and small business growth in communities.
- **Digital Financial Literacy:** Programs promoting financial capability and digital banking awareness among customers and communities.

Regional Community Programmes

India CSR Initiatives

Mashreq's operations in India have implemented targeted community programs that create lasting social impact:

- **Education Support:** Partnered with Kritagyata Trust to provide stationery, sports equipment, shoes, and computers to public schools, and supported the education of 13 girls, reinforcing the Bank's commitment to empowering young women.
- **Women's Empowerment:** Collaborated with Ripples of Change Foundation (ROCF) to support 70 women farmers across 4 villages in Karnataka through training, capacity building, kitchen gardens, community resource centres, and Self-Help Group (SHG) activities.
- **Environmental Conservation:** Partnered with Forests by Heartfulness (FBH) to study seed biology and develop standardised germination protocols for conservation and reforestation programs. Participated in the Green Heartfulness Run to enhance awareness of greening initiatives.

Social continued

Philanthropy and Volunteering

Employee volunteering and company-sponsored community projects support causes aligned with Mashreq's values and the UN Sustainable Development Goals. The Bank actively participates in nationwide events such as International Give and Gain Day and UAE Humanitarian Day, demonstrating Mashreq's commitment to social responsibility across all regions where it operates. The Bank's Societal impact is amplified through strategic partnerships with like-minded organisations, fostering collaborative approaches to addressing education, health, environmental conservation, and social inclusion challenges.

Our People

New 2025 D&I Initiatives:

- Launched a new Global Diversity, Equity and Inclusion Policy
- Introduced a DEI Council
- Conducted a DEI Maturity Assessment
- Activated a new DEI Strategy

UAE Gender Balance Council Pledge:

- Signed pledge to increase female representation in mid to senior level roles to 30% by 2028
- Aligned to UN Sustainable Development Goal #5
- Global Youth Council
- New initiative comprised of young professionals
- Acts as a bridge between youth and senior leadership
- Serves as the voice of the youth

Workforce Diversity Metrics:

- Global workforce comprised of employees from 73 distinct nationalities
- Emirati nationals represent 48% of the total UAE workforce in FY2025
- 43% of critical roles in the UAE held by Emirati nationals

Gender Pay Analysis:

- Male-to-female compensation ratio of 1.31:1 in FY2025

People of Determination (PoD):

- PoD-friendly office design
- Flexible working arrangements

Board and Governance Diversity:

- First female director elected in 2024 (14% female representation)
- 25% of committee chair roles held by women

Health, Safety, and Well-being

The Bank maintains comprehensive occupational health and safety standards, supported by:

- Regular health and safety training and awareness programs
- Mental and physical well-being support through employee assistance programs
- Workplace wellness initiatives and preventive health measures
- Safe working conditions across all facilities and remote working arrangements

Mashreq's employee wellbeing framework, WERise, takes a proactive approach to fostering a culture of holistic wellbeing where every individual can thrive. WERise is built on three distinctive pillars:

01

Physical Health

In 2025, Mashreq held the Mashreq Olympics, with participation from over 2,000 employees across multiple countries, hosting football, badminton, and cricket tournaments. The Bank extended its participation in Dubai 30x30 globally and launched a Global Health and Wellness Week focused on holistic health, including on-site check-ups, in-person sessions, and webinars, attracting around 2,000 participants.

02

Mental Fitness

Mashreq has expanded its network of trained Mental Health First Aiders, fully equipped to promote a supportive work environment and guide individuals to appropriate resources. The PeopleCare programme provides confidential support for personal and work-related concerns, offering self-care modules, practical tips, meditation, sleep techniques, journaling, community connects, and 24/7 hotline support. A quarterly webinar series focuses on mental wellbeing, including stress management, emotional resilience, and work-life balance.

03

Inclusion and Belonging

Mashreq provides flexible working hours, remote working arrangements (two days per week), part-time options, dedicated lactation facilities, and a Privilege Leave Protocol that encourages employees to fully utilise their leave entitlements. Enhanced paid parental leave for primary and secondary caregivers supports employees during critical life transitions.

For full details of all health, safety, and wellbeing initiatives and data, please refer to the 2025 Sustainability (ESG) Report.

People-First Culture and Strategic Development

People are central to Mashreq's ability to deliver on its strategy and ESG ambitions. The Bank is committed to building a high-performing, inclusive, and future-ready workforce that embodies the 4E Framework's principle of empowering employees and communities.

To enhance and maintain a strong culture of ESG awareness and practice, Mashreq has embarked on a comprehensive ESG education journey permeating every level of the organisation, starting from the Board level. This extensive training program encompasses ESG awareness, climate risk, sustainable finance, and responsible business practices, fostering a culture of sustainability and responsibility throughout the Bank.

Talent Development and Leadership

In 2025, Mashreq advanced key initiatives in talent development, succession planning, and leadership capability:

- **Emiratization:** Revamped Emiratization Strategy with enhanced learning and development for UAE Nationals, including the revamped Internship Program, the 4th ACE batch, and the Mashreq Pathfinders program.
- **Succession Planning:** Strengthened under the WEGrow program, ensuring leadership readiness through assessments, tailored development, and succession metrics that reinforce commitment to home-grown talent.
- **Learning and Development:** Launched WeLearn, a dynamic learning framework fostering continuous growth through leadership development programs, mentorship, behavioural training, and career support.

Mashreq's Intellectual Capital & Organisational Development (ICOD) function is committed to building future capabilities and supporting long-term career growth for all employees through an inclusive, values-driven learning culture. Learning and Development is governed by a formal policy that ensures equal access to development opportunities regardless of grade, nationality, gender, age, ability or faith, and requires completion of mandatory and continuous professional development training.

To meet diverse learning needs, Mashreq offers tailored programmes for new hires, graduates, early talent and experienced employees, including global and role-based induction, the ACE and Pathfinders programmes, and a structured global internship programme that supports nationalisation and SDGs 4 and 8. All employees benefit from an extensive Enterprise LMS, behavioural and technical catalogues, e learning through global content providers, and strategic priority courses in areas such as ESG, climate risk and digital transformation.

Flagship initiatives such as the AI & Digital Academy, leadership and manager development programmes, mentoring, Reignite for returning female professionals, and tertiary education support (including up to 100% study fee coverage) reinforce Mashreq's commitment to continuous learning, career development and a high-performing, future-ready workforce.

Total Training Hours and Investment in 2025

Employee Category	Male	Female	Total Training Hours
Board of Directors	60	10	70
Senior Management	9,657.6	2,002.2	11,659.8
Middle Management	64,744.7	30,594.4	95,339.2
Entry Level	73,121.5	63,200.3	136,321.8
Total	147,583.9	95,807.0	243,390.9

Average training hours per FTE

39 hours

Total amount invested in training

€3.8 Mn

* Detailed disclosures on Learning & Development are provided in Mashreq's 2025 Sustainability (ESG) Report.

Social continued

Diversity and Inclusion

Mashreq is committed to fostering a diverse, equitable, and inclusive workplace that reflects the multicultural fabric of the regions the Bank serves. In 2025, the Bank launched a comprehensive Global Diversity, Equity and Inclusion Policy, established a dedicated DEI Council, and activated a new DEI Strategy following a thorough DEI Maturity Assessment.

Our global workforce comprises employees from 73 distinct nationalities, creating a rich tapestry of perspectives, experiences, and innovation. Demonstrating the Bank's commitment to gender balance, Mashreq signed the UAE Gender Balance Council Pledge to increase female representation in mid to senior-level roles to 30% by 2028, aligned with UN Sustainable Development Goal #5. 2024 saw the election of the first female Board director, bringing female representation to 14%, while women now hold 25% of committee chair roles.

UAE



Hierarchy	Male		Female	
	Number	% of Total	Number	% of Total
Entry level	670	41%	548	60%
Middle Management	768	47%	325	36%
Senior Management	196	12%	37	4%
Total Enterprise	1,634	100%	910	100%

● Male
● Female

Global

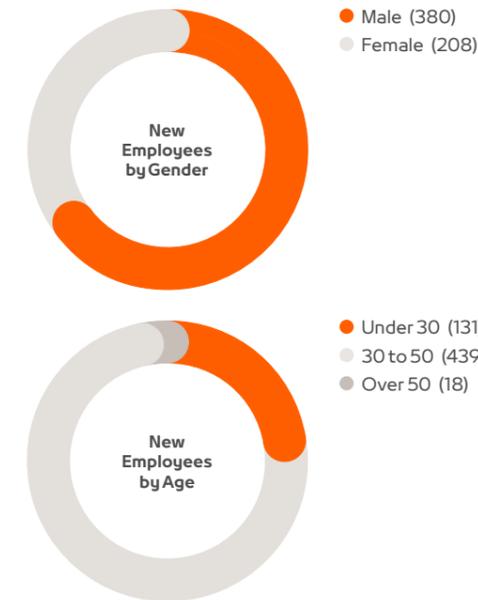


Hierarchy	Male		Female	
	Number	% of Total	Number	% of Total
Non-Management	2,035	51%	1,569	69%
Middle Management	1,664	42%	647	29%
Senior Management	260	7%	49	2%
Total Enterprise	3,959	100%	2,265	100%

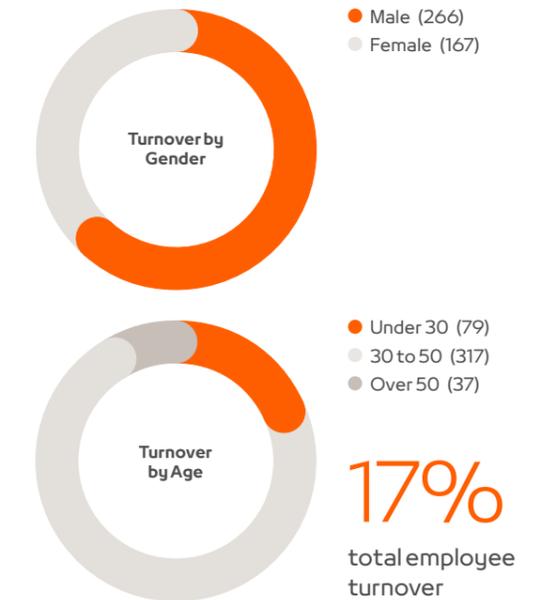
● Male
● Female

In the fiscal year 2025, we welcomed a total of 588 new employees into our organisation in the UAE. The charts below provides a detailed breakdown of these new hires categorised by an age group.

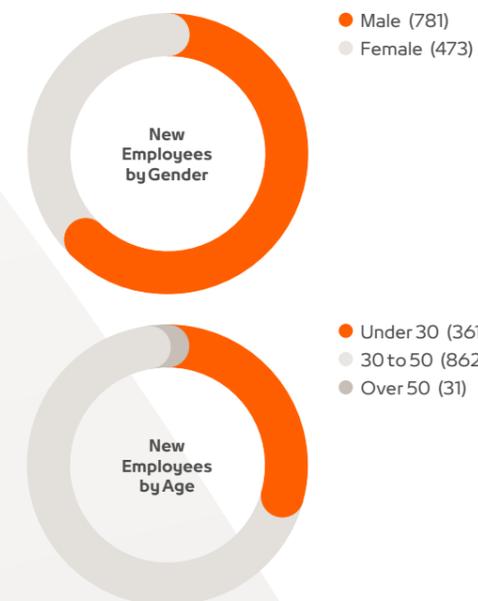
UAE Total New Hires 2025



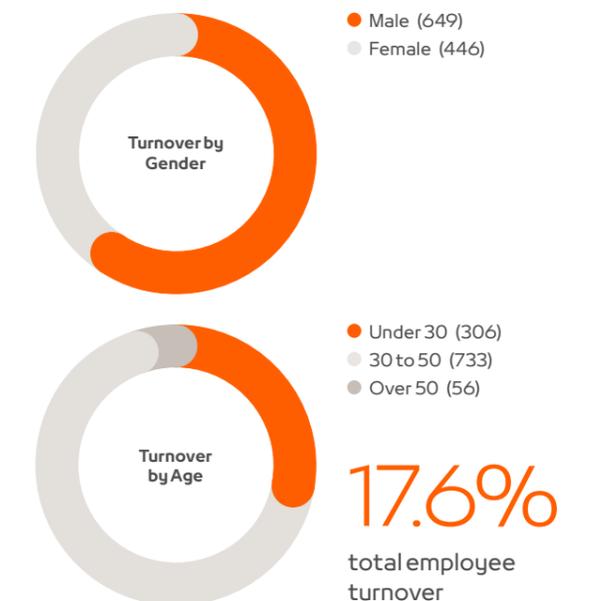
UAE Employee Turnover 2025



Global Total New Hires 2025



Global Employee Turnover 2025



Social continued

Nationalisation in 2025

Region	%
UAE	48%
UAE Critical Role	43%
Qatar	21%
Kuwait	71%
Bahrain – Branch	60%
Bahrain – OBU	50%

In the UAE, our commitment to Emiratisation continues to grow through recruitment, training, and career advancement programmes for UAE nationals.

People of Determination

Our diversity initiatives extend beyond gender to encompass youth empowerment and the inclusion of People of Determination. The newly launched Global Youth Council provides young professionals with a direct bridge to senior leadership, ensuring their voices shape organisational strategy and culture. Mashreq maintains office designs suitable for people of determination (PoD) and flexible working arrangements to ensure accessibility and equal opportunity for all.

Emiratisation

In the UAE, Emirati nationals represent 48% of the Bank’s total workforce, with 43% holding critical roles, reflecting a sustained commitment to Emiratisation and national talent development. Mashreq’s diversity efforts were externally recognised in 2025, with the Bank’s Pakistan operations winning two accolades at the GDEIB Awards for Vision, Strategy and Business Impact and Recruitment Best Practice, affirming Mashreq’s leadership in embedding diversity and inclusion across all markets.

Diversity and Inclusion Initiatives

Reignite Program

Reignite is a comprehensive career re-entry program designed to empower and support female professionals returning to the workforce after a career break of 12 months or longer.

The initiative provides returning professionals with a robust suite of resources, including mentorship opportunities, skill-building workshops, networking events, and tailored career coaching to facilitate their successful reintegration into the professional environment.

By addressing the unique challenges faced by women who have taken extended career breaks – whether for caregiving, further education, or personal reasons – Reignite demonstrates Mashreq’s commitment to gender diversity, talent inclusion, and removing barriers to women’s career advancement. The program aligns with the Bank’s broader diversity and inclusion strategy. It supports the UAE Gender Balance Council Pledge to increase female representation in mid to senior-level roles to 30% by 2028.



Parental and Caregiver Support

Mashreq has strengthened its employee wellbeing framework by implementing comprehensive parental and caregiver leave policies that support both primary and secondary caregivers.

Secondary caregivers are supported through paid leave options that enable them to actively participate in family responsibilities, fostering a more equitable distribution of caregiving duties within families and promoting work-life balance.

These policies reflect Mashreq’s recognition that supporting employees during critical life transitions – such as welcoming new family members – enhances retention, engagement, and overall well-being. The Bank’s approach to parental support is embedded within the broader WERise wellbeing program, which encompasses physical health, mental fitness, and holistic employee support, reinforcing Mashreq’s commitment to creating a people-first culture where employees can thrive both professionally and personally.

Governance

Governing Sustainability

Mashreq has established a structured governance framework to ensure effective oversight and delivery of ESG commitments.

At the board level, the Board Risk, Compliance, and ESG Committee shapes ESG strategy, oversees sustainability integration, and ensures alignment with the Bank's governance framework and strategic priorities.

At the management level, the Sustainability Executive Committee and ESG Committee jointly drive ESG into products, risk processes, organisational culture, and performance. These committees monitor progress on key sustainability initiatives, advance the 4E Framework, and support alignment with global sustainability standards such as GRI, SASB, and TCFD. This structure reinforces accountability, ensures coordinated execution across business units, and underpins Mashreq's aspiration to achieve sustainability leadership.

Complementing this governance, ESG capacity building is embedded across the organisation. Dedicated ESG leadership and cross-functional teams ensure that sustainability considerations are integrated into decision-making at all levels, from the Board to business functions. Regular ESG training and awareness programs foster a culture of sustainability and responsibility throughout the Bank.

Governance continued

Data Governance, Regulatory Automation and Analytics

During 2025, Mashreq launched Compliance 360 – a unified, data-driven platform to transform regulatory reporting, monitoring, and investigations. The platform reduces investigation turnaround times by 66% and provides one-click access to customer transactional, KYC, and regulatory data. Automated submissions, advanced dashboards, and analytics reduce manual workload, elevate transparency, and strengthen the Bank's overall compliance posture.

Compliance 360 – 2025 Performance Highlights

- 900+ regulatory questionnaires automated across CB UAE AML and FCRA
- 200,000+ hours saved through Regulatory Response Unit (RRU) automation since Aug 2023
- 2,000+ hours saved for FCRA and CB UAE AML submissions
- 150M+ transactions across 120 types analysed from 13 years of data
- Investigation outputs available in ~5 minutes versus 2–3 weeks previously
- 7 dashboards live for payments, controls, and KYC monitoring
- 4-tier cross-border analytics (G0–G3) and 360° customer risk profiles
- Automation of 90+ slides and 40+ AML spreadsheets, saving ~300 hours monthly
- End-to-end automation of six critical compliance projects across IBG regions
- Awarded "Modern Compliance Analytics" at the 9th Banking AI and Analytics Summit (Apr 2025)

Assurance and Audit Readiness

A reconciliation framework across core transaction systems addressed Central Bank audit findings and is progressing toward full integration with the enterprise data lake. Completed systems include SAS AML, BMW, Data Warehouse, and Prime Side Viewer; remaining integrations include Quick, CBTM, CRS, and EEC.

Independence

Mashreq's governance policy also ensures a clear separation of roles between the Board Chair and the Group Chief Executive Officer (GCEO) to safeguard independence. Of the seven Board members, 43% are independent, and the election of the first female director in 2024 marked a significant milestone, bringing female representation to 14%. Directors serve three-year terms with an average Board tenure of 4.5 years, reflecting a balance of experience and fresh perspective essential for effective oversight and strategic direction.

ESG Risk Integration

Mashreq is enhancing ESG risk assessment and climate risk integration across its lending and investment portfolios, embedding ESG factors into credit assessment, underwriting, and ongoing monitoring for higher-risk sectors. Compliance 360 contributes to this effort by supplying granular, lineage-tracked data and standardised dictionaries that improve scenario analysis, stress testing, and portfolio monitoring.

Sustainable Procurement

Mashreq embeds sustainability principles into all procurement activities in line with ISO 20400:2017 and its ESG objectives. Mashreq's Supplier Code of Conduct and Sustainable Procurement Policy both embed human rights principles as core requirements for ethical and responsible sourcing. The Policy also includes environmentally sustainable products, embeds fair labour practices, and promotes long-term value creation through responsible sourcing and innovation in sustainable goods and services. All vendors and suppliers are mandated to comply with these standards, and we are proud to report that 100% of our suppliers have formally certified their adherence to the Supplier Code of Conduct.

Under this Policy, the Bank applies principles of transparency, accountability, and full and fair opportunity for suppliers, including local and SME vendors. Sustainability criteria are integrated into supplier due diligence, contract terms, and ongoing performance monitoring, supported by employee training, supplier awareness, continuous improvement reviews by the Global Procurement Department, and alignment with the Third-Party Risk Management framework and ESG governance structures.

Cybersecurity and Data Privacy

Cybersecurity remains a strategic priority, governed by the Group Chief Risk Officer (CRO) and the Information Security Committee under the Chief Information Security Officer (CISO). Mashreq maintains compliance with industry standards (e.g., PCI-DSS, SWIFT CSF, UAE NESA IAS) and delivers mandatory training to ensure that employees can identify and mitigate security risks. The Data Privacy Office oversees adherence to applicable data protection laws, with quarterly reporting through a dedicated Steering Committee. Customers are supported with rights to access, correct, or erase personal data as permitted by law.

2026 Governance and Compliance Priorities

- Regulatory Response Unit (RRU) module implementation for IBG countries
- Collaboration with the Compliance Digital Studio to accelerate automation
- FCRA automation expansion across HK, UK, Oman, India Gift City, and Pakistan
- Deployment of Newton Gen AI for compliance analytics and predictive insights
- Source-to-destination data reconciliations to strengthen control effectiveness

ESG Awards and Certifications

Our energy management systems have received formal recognition with ISO 50001 certification for both DOZ and Mashreq HQ operations, affirming the Bank's structured approach to energy efficiency and sustainability management. These certifications reflect continuous efforts to establish robust processes that monitor, control, and optimise energy consumption while minimising environmental impacts. Mashreq's commitment to sustainability has been recognised through prestigious awards and accolades.

Best

Sustainable Initiative of the Year – Middle East Finance Awards

Mashreq continues to redefine what sustainability leadership looks like in the region. The Bank's flagship program, Climb2Change, earned the prestigious "Sustainable Initiative of the Year" award – recognition of an initiative that goes far beyond symbolism. It reflects the collective power of Mashreq's people, the ambition of its sustainability strategy, and the drive to deliver real-world impact across responsible banking, social progress, and climate action.

Gold

Gold Tier Recognition – UAE Impact Seal (2nd Cycle)

Achieving Gold Tier under the UAE Impact Seal places Mashreq in an elite group of national sustainability leaders. This recognition follows a rigorous, government-led assessment of the Bank's practices, outcomes, and long-term commitments – and confirms that Mashreq's strategy delivers tangible results. It also reinforces its position as a bank that leads with purpose, impact, and unwavering responsibility.

Best

Most Sustainable Project in the Middle East – Forbes Middle East

For the second consecutive year, Climb2Change Global has been named the Most Sustainable Project in the Middle East by Forbes Middle East – cementing its status as a benchmark for regional ESG innovation. The initiative unites colleagues, adventurers, influencers, and volunteers in a shared mission to restore natural landscapes, support micro SMEs, and strengthen community engagement. This award reflects Mashreq's growing influence on environmental stewardship and its role in redefining how financial institutions contribute to a greener, more inclusive future.

Gold

Gold Award – MENA MMA Smarties Awards 2025

Our sustainable cards initiative – anchored by the inspiring "Cards of Hope" campaign – secured the Gold Award for Customer Experience, User Experience, and Design. By replacing traditional plastics with recycled materials and lowering CO₂ emissions, Mashreq has once again demonstrated how innovation, responsibility, and customer-centric design come together to create a powerful impact. This recognition highlights not just a product evolution, but a clear statement: sustainability is the future of banking, and Mashreq is leading that transition.

Best

Pakistan Digital Awards – Best ESG Program

Mashreq received its first award in Pakistan, winning Best ESG Program at the Pakistan Digital Awards. The recognition was awarded for Mashreq's impactful mountain clean-up initiative in Pakistan, covering key locations such as K2 and Broad Peak, highlighting the Bank's commitment to environmental conservation and sustainable practices.

Appendix

ESG Metrics for Reporting

Environmental					
Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment
E1. GHG Emissions	E1.1) Total amount of Scope 1 emissions.	5,206.16 tCO ₂ e	GRI: 1-305, IFRS S1-, UN SDG 13	70	Refer to heading: Greenhouse Gas (GHG) Emissions 2024-2025
	E1.2) Total amount of Scope 2 emissions.	12,712.01 tCO ₂ e	GRI: 305 -2, IFRS S-1, UN SDG 13	70	
	E1.3) Total amount of Scope 3 emissions.	95,844.97 tCO ₂ e	GRI: 3- 305, IFRS S1-, UN SDG 13	70	
	E1.4) Please describe investments, initiatives and projects to reduce CO ₂ emissions.	Text	IFRS S-1, UN SDG 13	70	
E2. Emissions Intensity	E2.1) GHG emissions intensity.	2.88 tCO ₂ e/ employee	GRI: 4- 305, IFRS S1-, UN SDG 13	70	
	E2.2) Non-GHG emissions intensity.	tonCO ₂ eq/per output scaling factor	GRI: 7-305, IFRS S1-, UN SDG 13	70	
E3. Energy Usage	E3.1) Total amount of direct energy consumed.	GJ or MWh	GRI: 1,2-302, UN SDG 12	70	Refer to heading: Energy Consumption and Intensity KPIs 2024-2025
	E3.2) Total amount of indirect energy consumed.	10,933.60 MWh	GRI: 1,2-302, UN SDG 12	70	
E4. Energy Intensity	E4.1) Direct energy use intensity.	15.69 GJ/ employee	GRI: 1-302, UN SDG 12-7	70	
	E4.2) Total indirect energy usage per output scaling factor.	GJ or MWh/per output scaling factor	GRI: 2-302, UN SDG 12-7	70	
	E4.3) Please describe investments, initiatives and projects to reduce energy consumption and to increase energy efficiency.	Text	UN SDG 12-7		
E5. Energy Mix	E5.1) Renewable energy used.	GJ, MWh or %	GRI: 1-302, UN SDG 7	70	Refer to heading: Energy Consumption
	E5.2) Non-renewable energy used.	GJ, MWh or %	GRI: 2-302, UN SDG 7		

Environmental					
Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment
E6. Water and Effluents	E6.1) Total amount of water withdrawn.	24,387.27 m ³	GRI: 3-303, UN SDG 12-6	70	Refer to heading: Water Conservation and Optimised Resource Use
	E6.2) Total amount of water discharged.	m ³	GRI: 4-303, UN SDG 12-6		Refer to the Sustainability Report 2025
	E6.3) Total amount of water consumed (if possible, a breakdown by source: surface water, groundwater, seawater, etc.).	m ³	GRI: 303-5, UN SDG 6-12		Refer to the Sustainability Report 2025
	E6.4) Water intensity.	m ³ /per output scaling factor			
	E6.5) Water recycled (if applicable).	%	UN SDG 6-12	70	
E7. Waste	E6.7) Please describe investments, initiatives and projects to reduce water consumption and to increase water recycling.	Text	UN SDG 12-6		Refer to heading: Water Conservation and Optimised Resource Use
	E7.1) Total amount of waste generated (if possible, broken down by Hazardous and Non-hazardous).	Tonnes	GRI: 3-306, UN SDG 12		
	E7.2) Total amount of waste diverted from disposal (if possible, broken down by Hazardous and Non-hazardous).	Tonnes	GRI: 4-306, UN SDG 12		Refer to the Sustainability Report 2025
	E7.3) Total amount of waste directed to disposal (if possible, broken down by Hazardous and Non-hazardous).	Tonnes	GRI: 306-5, UN SDG 12		
	E7.4) Total number and volume of oil spills (if applicable).	# and tonnes	GRI: 11 Oil and Gas Sector, UN SDG 14-15		Not Applicable
	E7.5) Please describe investments, initiatives and projects to reduce waste generation consumption and to increase waste recycling.	Text		71	Refer to heading: Waste Reduction and Circular Economy Initiatives

Appendix continued

ESG Metrics for Reporting continued

Environmental						
Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment	
E8. Environmental Management	E8.1) Does your company follow a formal Environmental Policy?	Yes/No	GRI: 23-2	69	Refer to heading: Environment Our Environmental Stewardship	
	E8.2) Does your company follow specific waste, water, energy, and/or recycling policies?	Yes/No	GRI: 24-2	69		
	E8.3) Does your company adopt a recognized environment and energy management systems such as ISO14001 and ISO50001?	Yes/No				
	E8.4) Does your company have targets in place with regards to environment, energy, water and waste?	Yes/No				Refer to the Sustainability Report 2025
	E8.5) Please indicate if any fines received (> USD 10000) for non-compliance with laws and regulations regarding environmental management during the last reporting period.	USD	GRI: 27-2			
E9. Climate Risks, Opportunities and Governance	E9.1) Please describe the climate-related risks and opportunities that could reasonably be expected to affect your company's prospects. Also explain, for each climate-related risk your organization has identified, whether your organization considers the risk to be a climate-related physical risk or transition risk.	Text	IFRS S2-	67	Refer to heading: ESG Risk	
	E9.2) Please describe the current and anticipated impacts of climate-related risks and opportunities on your company's business model and value chain.	Text	IFRS S2-			
	E9.3) How has your company responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including the plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation?	Text	IFRS S2-			

Environmental					
Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment
E9. Climate Risks, Opportunities and Governance Continued	E9.4) What are the current effects, during the reporting period, of climate-related risks and opportunities on your company's financial position, financial performance and cash flows?	Text	IFRS S-2		Refer to heading: ESG Risk
	E9.5) Please describe the processes and policies your company uses to identify, assess, prioritise, and monitor climate-related risks, and the inputs and parameters used in these processes.	Text	IFRS S-2		
	E9.6) Please indicate if and how your company uses climate-related scenario analysis to identify and assess climate-related risks.	Text	IFRS S2-		
	E9.7) Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of climate-related risks and opportunities?	Text	IFRS S2-		
	E9.10) How does the body or individual consider climate-related risks and opportunities when overseeing your company's strategy?	Text	GRI 2:12, IFRS S-2		
	E9.11) Are performance metrics related to climate targets included in remuneration policies? If so, how?	Text	IFRS S-2		
	E9.12) Has your company delegated the role of overseeing climate-related risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?	Text	IFRS S-2		
	E9.13) Please disclose any quantitative and qualitative climate-related targets to monitor progress towards strategic goals, incl. any GHG emissions targets and specify the metric used to set the target.	Text	IFRS S-2		

Appendix continued

ESG Metrics for Reporting continued

Environmental

Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment
E10. Biodiversity	E10.1) Please share number of operational sites owned, managed and/or leased in or adjacent to protected areas and areas of high biodiversity value.	Number	GRI: 1-304, UN SDG 15		Refer to the Sustainability Report 2025
	E10.2) Please describe significant impacts of activities, products and services on biodiversity.	Text	GRI: 2-304, UN SDG 15		

Social

Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment
S1. CEO Pay Ratio	S1.1) Please share the ratio of CEO total compensation to median full-time employee (FTE) total compensation.	Number	GRI 2: 21, UN SDG 10		Refer to the Sustainability Report 2025
	S1.2) Does your company report this metric (above) in any regulatory filings?	Yes/No			
S2. Breakdown with Staff	S2.1) Please share the total enterprise headcount held by full-time employees (broken down by age and seniority level).	Number and %	GRI 2:7, UN SDG 5	76-77	Refer to heading: Diversity and Inclusion
	S2.2) Please share the total enterprise headcount held by part-time employees (broken down by age and seniority level).	Number and %	GRI 2: 7, UN SDG 5		
	S2.3) Please share the total enterprise headcount held by contractors and/or consultants.	Number and %	GRI 2: 8, UN SDG 5		
	S2.4) Please share the total of national employees (breakdown by age and seniority level).	Number and %	GRI: 202-2, UN SDG 5		
S3. Employee Turnover and New Hires	S3.1) Year-over-year change for full-time employees (broken down by gender, age, and seniority level).	Number and %	GRI: 401-1		Refer to heading: Diversity and Inclusion
	S3.2) Year-over-year change for part-time employees.	Number and %	GRI: 401-1		
	S3.3) Year-over-year change for contractors and/or consultants.	Number and %	GRI 2: 8		
	S3.4) Year-over-year of new hires (broken down by age, gender and seniority level).	Number and %	GRI: 401-1		

Social

Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment
S4. Gender Diversity and Equality	S4.1) Total enterprise headcount held by men and women.	3,959 (63.6%) / 2,265 (36.4%)	GRI 2: 9		Refer to heading: Diversity and Inclusion
	S4.2) Total entry- and mid-level positions held by men and women.	Entry level – 2,035 / 1,569 Mid-level – 1,664 / 647	GRI: 405-1, UN SDG 5		
	S4.3) Total senior- and executive-level positions held by men and women	Men 260 / Women 49	GRI 2: 9		
	S4.4) The ratio of median male employee compensation to median female employee compensation.	1.31 : 1	GRI: 405-1, UN SDG		
	S4.5) Please describe your company's initiatives or programs to support the recruitment and retention of female employees, and to support female employees to advance to management positions.	Text	GRI 2: 9		
S5. Human Rights	S5.1) Does your company follow a harassment and/or non-discrimination policy?	Yes/No	GRI: 405-1, UN SDG 5		Refer to the Sustainability Report 2025
	S5.2) Does your company have a formal grievance mechanism in place?	Yes/No	GRI: 405-2, UN SDG 10		
	S5.3) Does your company follow a child and/or forced labor policy?	Yes/No	GRI: 2-19		
	S5.4) Does your company follow a human rights policy?	Yes/No	GRI 2: 23		
	S5.5) Does your company provide training on human rights and related internal policies for your employees?	Yes/No	GRI: 404-1		

Appendix continued

ESG Metrics for Reporting continued

Social					
Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment
S6. Health and Safety	S6.1) Does your company follow an occupational health & safety policy?	Yes	GRI 2: 23, UN SDG 3		Refer to heading: WERise Well-being & H&S Initiatives
	S6.2) Does your company adopt a recognized health and safety management systems such as ISO45001?	Yes/No			
	S6.3) Please share the total employee and total contractors (if available) manhours.	Hours	GRI: 403-9		
	S6.4) Please share the total employee fatalities, with a breakdown of gender.	Number	GRI: 403-9		Refer to the Sustainability Report 2025
	S6.5) Please share the employee lost-time injury (LTI), with a breakdown of gender.	Number	GRI: 403-9		
	S6.6) Please share the lost time injury frequency (LTIF), with a breakdown of gender.	Number	GRI: 403-9		
	S6.7) Please share the total health and safety training provided to employees.	Hours	GRI: 403-5		
S7. Training and Development	S7.1) Please share the average annual training hours allocated per employee, with a breakdown of gender and employment category.	39 Hours	GRI: 404-1, UN SDG 5	75	Refer to heading: Talent Development and Leadership
	S7.2) Please share the total hours of training per employee on sustainability policies and practices, including human rights.	Hours	GRI: 412-2		
S8. Community Engagement	S8.1) Please share the total amount invested in the community, including philanthropy, donations and sponsorships.	Amount invested/ Yearly revenue in reporting currency	GRI: 413-1		Refer to the Sustainability Report 2025
	S8.2) Please share the total employee volunteering completed during the reporting period.	Hours	GRI: 413-1		

Governance					
Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment
G1. Board Diversity	G1.1) Total board seats occupied by men and women.	Number and %	GRI405-1	74	Refer to heading: Board & Governance Diversity
	G1.2) Total committee chairs occupied by men and women.	Number and %	GRI405-1		
G2. Board Independence	G2.1) Does company prohibit CEO from serving as board chair?	Yes/No	GRI405-1	82	Refer to heading: Independence
	G2.2) Please share the total board seats occupied by independents.	%	GRI405-1		
G3. Collective Bargaining	G3.1) Please share the total enterprise headcount covered by collective bargaining agreement(s). <small>* Applicable to companies operating in countries in which collective bargaining is applicable by law.</small>	%	GRI2: 30		Not Applicable
G4. Supply Chain Management	G4.1) Are your vendors or suppliers required to follow a Code of Conduct?	%		82	Refer to heading: Sustainable Procurement
	G4.2) If yes, what percentage of your suppliers are formally certified and compliant with the Code?	Number or %			Refer to the Sustainability Report 2025
	G4.3) Please share the suppliers that underwent a supplier's environmental audit during the reporting period.	Number or %			
	G4.4) Please share the suppliers that underwent a supplier's social audit during the reporting period.	Number			
	G4.5) Please share the new suppliers receiving warning due to environmental/ social screening.	Text			
G5. Ethics and Anti-Corruption	G5.1) Does your company follow an Ethics and/or Anti-Corruption policy?	Yes/No			Refer to the Sustainability Report 2025
	G5.2) Please share the workforce formally compliant with the Anti-Corruption Policy.	%	GRI: 205-2		
	G5.3) Please share the confirmed incidents of corruption during the reporting period.	Number	GRI: 205-3		
	G5.4) Please share the corrective measures taken corresponding to the confirmed incidents of corruption (in case of any).	Text	GRI: 205-4		

Appendix continued

ESG Metrics for Reporting continued

Governance					
Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment
G6. Data Security	G6.1) Does your company follow a Data Privacy policy?	Yes/No	GRI: 418-1	82	Refer to heading: Cybersecurity & Data Privacy
	G6.2) Has your company taken steps to comply with GDPR rules or similar standards?	Yes/No	GRI: 418-1		
	G6.3) Data security breaches during the reporting period (if any)	Number	GRI: 418-1		
G7. Sustainability Risks, Opportunities and Governance	G7.1) Describe the sustainability-related risks and opportunities that could reasonably be expected to affect your organization's prospects.	Text	IFRS S-1	67,82	Refer to heading: ESG Risk, Governance Governing Sustainability
	G7.2) Describe the current and anticipated impacts of sustainability-related risks and opportunities on your organization's business model and value chain.	Text	IFRS S-1		
	G7.3) Describe how your organization responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making.	Text	IFRS S-1		
	G7.4) Describe the current and anticipated effects (during the reporting period) of sustainability-related risks and opportunities on your organization's business model, financial position, performance, and cash flows. How are these risks considered in financial planning (current financial effects)?	Text	IFRS S-1		

Governance							
Metric	Indicator	Unit	Corresponding Standards	Page Number	Comment		
G7. Sustainability Risks, Opportunities and Governance Continued	G7.5) Describe the processes and policies your organization uses to identify, assess, prioritize, and monitor sustainability-related risks, and the inputs and parameters used in these processes.	Text	IFRS S-1		Refer to heading: ESG Risk, Governance Governing Sustainability		
	G7.6) How are the processes for identifying, assessing, prioritizing and monitoring sustainability-related risks and opportunities integrated into and informing your organization's overall enterprise risk management process?	Text					
	G7.7) Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of sustainability-related risks and opportunities?	Text	IFRS S-1				
	G7.8) How does the body or individual consider sustainability-related risks and opportunities when overseeing your organization's strategy?	Text					
	G7.9) Are performance metrics related to these targets included in remuneration policies? If so, how?	Text					
	G7.10) Has your organization delegated the role of overseeing sustainability-related risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?	Text					
	G7.11) What metrics does your organization use to measure and monitor each sustainability-related risk or opportunity identified above?	Text					
	G9. External Assurance	G9.1) Are your sustainability disclosures assured or validated by a third party?	Yes/No	GRI 2: 5			Refer to the Sustainability Report 2025

Corporate Governance Report

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At a Glance

Mashreq’s corporate governance framework is designed to support effective Board oversight, strong risk management, and disciplined decision-making, while ensuring full alignment with regulatory requirements and leading governance practices.



Our Board of Directors

Board Tenure

- 0-3 years (2)
- 3-6 years (3)
- 6-10 years (1)
- 10+ years (1)



Board Diversity

- Female (1)
- Male (6)



Emiratization (%)*



*Emiratization percentages are calculated as at year-end and exclude employees of construction companies, in compliance with SCA requirements.

Board Committees

Committees

4

Committee meetings

58

Independent Board Members

3



Chairman's Statement

Strong governance remained a cornerstone of Mashreq's resilience, performance, and long-term sustainability throughout 2025.

As the Bank continued to grow in scale and complexity amid heightened regulatory expectations and a rapidly evolving operating environment, the Board maintained a disciplined focus on strengthening governance structures, enhancing oversight effectiveness, and reinforcing decision-making rigor.

Throughout 2025, Mashreq's corporate governance framework continued to enable the Board and Senior Management to discharge their responsibilities effectively, ensuring that risks were managed prudently within a robust risk management framework while supporting the delivery of the Bank's strategic objectives.

In order to effectively execute its mandate, the Board remained closely aligned with regulatory developments introduced by the Securities and Commodities Authority (SCA) and the Central Bank of the UAE (CBUAE), including updates to corporate governance regulations and risk management standards. The Board ensured that necessary actions were implemented across the Group to maintain full regulatory compliance. Governance policies, committee mandates, and operating procedures continued to be reviewed and refined to ensure ongoing alignment with regulatory expectations and leading market practice, particularly across corporate governance, risk management, internal controls, compliance, internal audit, and financial reporting.

During the year, the Board also continued to strengthen governance across key areas including risk management, technology resilience, ESG, compliance, and people and culture. Enhanced committee oversight, refined governance frameworks, and increased Board engagement supported effective decision-making, accountability, and transparency across the Group.

Board Changes and Composition

The Board continued to maintain a balanced composition, combining deep institutional experience with fresh perspectives to support effective oversight and strategic direction.

Clear separation of roles between the Board Chair and the Group Chief Executive Officer continued to safeguard independence and strengthen governance discipline. Directors serve defined terms, supporting orderly succession planning and renewal while maintaining continuity and institutional knowledge.

Board Evaluation and Effectiveness

In 2025, an internal Board evaluation covering the Board and its Committees was conducted. The evaluation assessed governance effectiveness, committee performance, and decision-making quality, with outcomes reviewed by the Board and actions identified to further enhance effectiveness, skills alignment, and succession planning.

The Board remains committed to continuous improvement through regular evaluation, training, and enhancement initiatives to ensure that governance practices remain robust, forward-looking, and aligned with evolving regulatory expectations.

Board and Group Strategy

The Board maintained active oversight of the Bank's strategic direction and approved the five-year Strategic Budget Plan (2026-2030). The strategy sets clear ambitions for sustainable growth, supported by disciplined capital management, continued digital transformation, and selective geographic expansion. Strategic discussions remained closely aligned with the Bank's risk appetite, regulatory obligations, and long-term sustainability objectives, ensuring that growth initiatives are pursued in a balanced and prudent manner.

People and Culture

The Board continued to prioritise people and culture as critical enablers of long-term performance and resilience. Oversight remained focused on employee engagement, wellbeing, leadership development, diversity and inclusion, and Emiratisation.

Key initiatives during the year strengthened mental health support, leadership capability, learning platforms, talent development, and succession planning. The Board also monitored progress on diversity and inclusion initiatives, reinforcing the Bank's commitment to building an inclusive and high-performing workplace.

Engaging with Our Stakeholders

The Board remained committed to transparent and constructive engagement with key stakeholders, including regulators, shareholders, employees, and external parties, and maintained oversight of management's communication, disclosure, and engagement practices to support confidence, organisational stability, and long-term value creation. Ongoing engagement continued to support effective strategy execution and organisational alignment.

Risk Management and Oversight

Risk management and resilience remained key priorities for the Board during 2025. A dedicated agenda item covering Technology Resilience, Cyber Resilience, and Operational Resilience was introduced within the Board Risk, Compliance & ESG Committee (BRCESGC), enabling deeper oversight and structured monitoring of progress across these critical areas.

The Group Risk Management Framework was enhanced, and the scope of the BRCESGC was expanded to include additional risk categories, strengthening enterprise-wide risk governance. Climate Risk stress testing was completed in line with regulatory requirements, with outcomes reviewed at Board level. Reporting of Shari'ah metrics and compliance status was also strengthened, with quarterly profiles embedded into committee oversight.

The Group Risk Appetite Statement was enhanced through the introduction of both quantitative and qualitative metrics, supported by external benchmarking and formal Board approval. In parallel, a multi-year Information Security enhancement programme was launched to further strengthen cyber resilience, control effectiveness, and operational consistency.

"Key initiatives during the year strengthened mental health support, leadership capability, learning platforms, talent development, and succession planning."

Looking ahead to 2026, the Board will prioritise the completion of the corporate governance framework revamp, including the refinement of Board and Committee charters and key policies, to further strengthen governance effectiveness, accountability, and regulatory alignment. In parallel, the Board will continue to enable Mashreq's ambition to remain digitally advanced and globally connected, ensuring that governance structures actively support innovation, operational resilience, and sustainable international growth.

On behalf of the Board, I would like to express my sincere appreciation to my fellow Directors, the Group Chief Executive Officer, Senior Management, and all employees for their continued dedication, professionalism, and commitment to maintaining strong governance standards throughout the year. The Board remains confident that Mashreq's robust governance framework will continue to support resilience, long-term value creation, and the Bank's strategic ambitions for the benefit of all stakeholders.

H.E. Abdul Aziz Abdulla Al Ghurair
Chairman of the Board



Board Profiles



Board Committee Membership Key

- Board Nomination Compensation Committee
- Board Credit Committee
- Board Audit Committee
- Board Risk Compliance and ESG Committee

H.E. Abdul Aziz Abdulla Al Ghurair Non-Independent Non-Executive Chairman

Date of Appointment: 2019

Career and Experience

H.E. Abdul Aziz Abdulla Al Ghurair has served as Chairman of Mashreq's Board of Directors since 2019, providing strategic direction and governance oversight during a period of significant transformation and digital acceleration. A prominent figure in the UAE's financial sector, he has played a central role in shaping banking policy and advancing innovation, operational excellence, and long-term growth across the Group. Beyond Mashreq, His Excellency has held senior leadership roles spanning banking, commerce, public policy, and philanthropy, with a long-standing commitment to education and social development through regional and global initiatives. He holds an Honours degree in Industrial Engineering from California Polytechnic State University (Cal Poly), USA.

Skills and Contributions

His Excellency brings extensive expertise in corporate governance, digital transformation, financial sector strategy, economic policy and organisational leadership. He is also a leading advocate for youth empowerment and education, with a proven track record of championing philanthropic and development-focused initiatives that support refugee communities and under-resourced youth across the region.

Board Appointments to Other Public Joint Stock Companies

- None

Board Appointments in Other Regulatory, Governmental, or Commercial Positions

- Chairman, UAE Banks Federation
- Chairman, Abdulla Al Ghurair Group
- Chairman, Hattan Group of Companies
- Chairman, Abdullah Al Ghurair Education Foundation
- Founder, Abdul Aziz Al Ghurair Refugee Education Fund
- Governing Council Founding Member, Global Muslim Philanthropy Fund for Children (in partnership with UNICEF and the Islamic Development Bank)
- Member, Board and Global Leadership Council, Generation Unlimited

Mr. Ahmad Al Khallafi Independent Non-Executive Vice Chairperson

Date of Appointment: 2024

Career and Experience

Mr. Ahmad Al Khallafi is the Vice President and Managing Director of Hewlett Packard Enterprise (HPE) for the UAE and Africa. He has previously held senior positions at the Emirates Post Group and was part of the team that launched Emirates Integrated Telecommunications Company (du). His career spans leadership roles across the technology and telecommunications sectors, with experience in managing operations and strategic initiatives across multiple markets. He holds a Bachelor of Engineering in Communication Engineering from Khalifa University. He is also an alumnus of the Sheikh Mohammed bin Rashid Programme for Leadership Development.

Skills and Contributions

Mr. Al Khallafi brings deep experience in technology leadership, operational management, and strategic execution. His background supports Board-level discussions on digital transformation, innovation, and operational effectiveness, contributing to informed oversight and long-term planning. His experience in managing large-scale operations, coupled with his commitment to innovation, aligns closely with Mashreq's vision for sustainable and customer-centric banking.

Board Appointments to Other Public Joint Stock Companies

- None

Board Appointments in Other Regulatory, Governmental, or Commercial Positions

- Board Member, Dubai Chamber of Commerce

Committees

- Member – Board Nomination & Compensation Committee
- Member – Board Credit Committee
- Member – Board Audit Committee

Mr. Rashed Saif Ahmed Al Ghurair Non-Independent Non-Executive Director

Date of Appointment: 2013

Career and Experience

Serving on Mashreq's Board since 2013, Mr. Rashed Saif Ahmed Al Ghurair brings extensive experience across a range of industries, including real estate, petrochemicals, and manufacturing. Through his leadership roles, he has contributed to strengthening governance frameworks, operational resilience, and sustainable business practices.

Skills and Contributions

As a Non-Executive Director, Mr. Al Ghurair provides valuable insight into market dynamics, strategic planning, and long-term value creation. His strategic vision and business acumen have contributed significantly to Mashreq's governance and operational resilience. His leadership approach emphasises innovation, efficiency, and sustainable growth.

Board Appointments to Other Public Joint Stock Companies

- Chairman, National Cement Company PJSC

Board Appointments in Other Regulatory, Governmental, or Commercial Positions

- Chairman, Taghleeif Industries LLC
- Managing Director, Al Jazeera Petrochemicals
- Board Member, Al Ghurair First
- Board Member, Saif Al Ghurair Investment
- Board Member, Al Ghurair Iron and Steel (AGIS)
- Board Member, Gulf Extrusions
- Board Member, Taweelah Aluminium Extrusion (TALEX)
- Board Member, Arab Packaging Company
- Board Member, Atheer Real Estate Company

Committees

- Member – Board Risk, Compliance & ESG Committee

Mr. Saeed Saif Al Ghurair Non-Independent Non-Executive Director

Date of Appointment: 2021

Career and Experience

Mr. Saeed Saif Al Ghurair brings significant expertise in commodities trading and industrial operations, supported by a background in mechanical engineering. He currently serves as the Chief Executive Officer of Al Ghurair Commodities and Chief Executive Officer of Flyer FZ LLC. He holds a bachelor's degree in mechanical engineering from Northeastern University, Boston, USA.

Skills and Contributions

Mr. Al Ghurair brings technical knowledge and commercial experience to the Board, supported by his background in commodities trading and operational leadership. His experience contributes to effective oversight of performance, governance, and long-term planning. As Chairperson of the Board Nomination & Compensation Committee (BNCC), he plays a key role in strengthening Mashreq's governance framework, Board composition, and leadership development.

Board Appointments to Other Public Joint Stock Companies

- None

Board Appointments in Other Regulatory, Governmental, or Commercial Positions

- Board Member, Al Ghurair Group LLC
- Board Member, Al Ghurair First
- Board Member, Dubai Chambers of Commerce
- Board Member, Taghleeif Industries

Committees

- Chairperson – Board Nomination & Compensation Committee

Board Profiles continued



Board Committee Membership Key

- Board Nomination Compensation Committee
- Board Credit Committee
- Board Audit Committee
- Board Risk Compliance and ESG Committee



Ms. Mariam Ghobash
Independent Non-Executive Director

Date of Appointment: 2024



Career and Experience

Ms. Mariam Ghobash has substantial experience in investment, finance, and corporate governance, with over 15 years of leadership experience across financial institutions. Her career spans senior roles in both publicly listed and private companies, with a strong focus on governance, financial management, and Board-level oversight.

Previously, Ms. Ghobash served as Vice Chairperson of Aldar Properties and Invest AD. She has also served on the boards of National Bank of Abu Dhabi, Al Hilal Bank, Zayed University, National Takaful Company (Watania), Abu Dhabi National Distribution Company, and Gulf Capital. Earlier in her career, Ms. Ghobash served as a Director in the Global Special Situations Department at the Abu Dhabi Investment Council. Prior to that, she worked at HSBC Bank Middle East, where she held roles within the private equity and investment banking departments. Ms. Ghobash holds a Bachelor of Science in Economics from The Wharton School, University of Pennsylvania, and has completed the General Management Program at Harvard Business School, Boston.

Skills and Contributions

Ms. Ghobash brings deep experience in corporate governance, financial management, and strategic planning. Her background across financial institutions and Board roles supports informed oversight, sound governance practices, and effective decision-making. She contributes to Board discussions with a focus on transparency, accountability, and alignment with regulatory and governance frameworks applicable to both listed and private entities.

Board Appointments to Other Public Joint Stock Companies

- Board Member, Etisalat
- Board Member, Emirates Development Bank

Board Appointments in Other Regulatory, Governmental, or Commercial Positions

- Board Member, Emirates Growth Fund

Committees

- Chairperson – Board Risk, Compliance & ESG Committee
- Member – Board Nomination & Compensation Committee

Mr. Iyad Malas
Non-Independent Non-Executive Director

Date of Appointment: 2021



Career and Experience

Mr. Iyad Malas is a seasoned executive with over 30 years of experience in senior leadership roles spanning multiple countries and industries, including real estate, retail, leisure and entertainment, financial services, and investments. He previously served as the Chief Executive Officer of Majid Al Futtaim Holding and currently serves as the Chief Executive Officer of Al Ghurair First Group LLC. He holds a Master of Business Administration (MBA) from George Washington University, USA.

Skills and Contributions

Mr. Malas brings strategic insight that supports the Bank's focus on sustainable growth and operational excellence. His experience includes developing innovative business models, overseeing complex acquisitions, and contributing to the enhancement of organisational governance frameworks, thereby supporting effective Board deliberation and oversight.

Board Appointments to Other Public Joint Stock Companies

- Board Member, National Cement Company PJSC

Board Appointments in Other Regulatory, Governmental, or Commercial Positions

- Board Member, Tim Hortons Middle East
- Board Member, Methak Saudi Arabia
- Board Member, Majid Al Futtaim Holding

Committees

- Chairperson – Board Credit Committee
- Member – Board Audit Committee

Mr. John Iossifidis
Independent Non-Executive Director

Date of Appointment: 2021



Career and Experience

Mr. John Iossifidis is an award-winning executive with over 35 years of experience in the financial sector, having led large multinational and regional institutions across the Middle East and Asia Pacific. He previously served as Chief Executive Officer of Noor Bank and currently serves as Group Chief Executive Officer of Al Ghurair Investment LLC. Throughout his career, he has held senior leadership roles with a strong focus on strategic management, transformation, and value creation within the financial services sector. He holds a Master of Business Administration (MBA) from Monash University, Australia.

Skills and Contributions

Mr. Iossifidis brings extensive experience in driving growth, operational transformation, and customer-centric innovation. As a member of Mashreq's Board, he contributes informed strategic judgement, particularly in the areas of governance, risk management, and digital transformation. His ability to navigate complex regulatory environments supports the Board's oversight of sustainable growth, prudent risk management, and long-term value creation.

Board Appointments to Other Public Joint Stock Companies

- None

Board Appointments in Other Regulatory, Governmental, or Commercial Positions

- Vice Chairman, Modern Mills Co., KSA

Committees

- Chairperson – Board Audit Committee
- Member – Board Credit Committee
- Member – Board Risk, Compliance & ESG Committee

Shaima Al Obeidli
Group Company Secretary

Date of Appointment: May 2022

Career and Experience

Mrs. Shaima Al Obeidli was appointed as Group Company Secretary of Mashreq in May 2022. She has more than 17 years of governance and regulatory experience across various roles within the banking sector and previously served as Board Secretary of the Commercial Bank of Dubai.

In her role, Mrs. Al Obeidli supports the Board and Management in maintaining strong governance practices and regulatory compliance across the Group.

During 2025, Mrs. Al Obeidli completed the Chartered Governance Qualifying Programme from the Chartered Governance Institute UK & Ireland and became the first Emirati and GCC Fellow Chartered Governance Professional in the region.

Mrs. Al Obeidli is a Certified Board Director and Certified Board Secretary accredited by the Hawkamah Institute for Corporate Governance. She holds a Bachelor's degree in Law and Economics from Jazeera University, Dubai, UAE, and a Bachelor's degree in Shari'ah and Law from the University of Sharjah, UAE.

Senior Management Profiles

The Senior Management team works alongside the Group Chief Executive Officer to oversee the daily operations of the Bank and drive the implementation of its strategic priorities.

Senior Management Profiles



Ahmed Abdelaal
Group Chief Executive Officer
Date of Appointment: 2019

Key Responsibilities

Mr. Abdelaal provides executive leadership across the Group and is responsible for defining and executing the Group's multi-year strategic roadmap across Corporate, Retail, Islamic Banking, Treasury and Investments, in alignment with Board direction. He oversees sustainable financial performance, capital and liquidity resilience, and balance sheet optimisation, while setting and enforcing the Group's risk appetite and ensuring the effective operation of the three lines of defence. His remit includes strengthening the control environment, maintaining high standards of regulatory compliance and financial crime prevention, and driving the Group's digital and technology transformation agenda.

He also leads franchise growth in priority markets, enhances customer outcomes and brand reputation, and acts as the primary executive representative with regulators, shareholders, investors and strategic partners, while promoting a high-performance and inclusive culture.

Skills and Expertise

Mr. Abdelaal brings extensive leadership experience across corporate, retail, investment and Islamic banking, with a strong track record in enterprise transformation, strategy execution, operational excellence, and digital innovation. His background spans global markets, structured trade, supply chain and treasury solutions, as well as payments, cash management, and portfolio management. He has led large-scale transformation programmes focused on organisational redesign supported by strong capabilities in risk management, portfolio optimisation, and governance.

Experience and Education

Mr. Abdelaal is an accomplished banking professional with more than 30 years of experience in progressively senior roles across international and regional banks, covering major global markets. He brings strong financial acumen across a wide range of banking products and functions, including corporate and commercial banking, trade finance, contracting and real estate finance, and payments and cash management.

He also has significant experience in investment banking, including debt capital markets, equity capital markets, equity capital markets, project finance, and advisory, together with hands-on exposure to Islamic banking, retail banking, and portfolio management. His experience further extends to global markets products, structured trade, and supply chain finance, providing a comprehensive and well-rounded understanding of the banking industry.

Mr. Abdelaal holds an MBA from London Business School, University of London, UK, and is a graduate of the Harvard Advanced Management Program (AMP). He also holds a BA in Economics and Political Sciences (majoring in Economics) from the Faculty of Economics and Political Sciences, Cairo University, Egypt.

Tenure

- 0-2 years (5)
- 3-5 years (8)
- 5+ years (4)



Gender

- Female (3)
- Male (14)



Nationality

5 Emirati



1 Saint Kitts and Nevis
Canadian
Dutch
New Zealander
French
Spanish

2 Egyptian
Indian
British

Senior Management Profiles continued



Norman Tambach

Group Chief Financial Officer

Date of Appointment: 2023

Key Responsibilities

Mr. Tambach provides strategic leadership across a broad portfolio of Group functions, including Finance, Strategy, Tax, Investor Relations, Procurement, Safety and Security, and Corporate Real Estate, covering all entities in the UAE and internationally. His remit encompasses both first- and second-line-of-defence responsibilities. He supports executive and Board decision-making on strategic growth initiatives, transformation, and capital and dividend matters, manages key external stakeholder relationships, and ensures strong financial controls, transparency, and performance management across the Group.

Skills and Expertise

Mr. Tambach brings strong communication, and influencing capabilities, combined with the ability to operate effectively both collaboratively and independently. He has experience leading global and multi-regional transformation and organisational development initiatives and demonstrates sound decision-making capability across business and credit cycles.

Experience and Education

Mr. Tambach has extensive professional experience across strategic financial engineering, mergers and acquisitions, financial operations, regulatory governance, risk management, capital management, and corporate tax planning.

He holds a Master of Science in Accountancy from Nyenrode Business University, the Netherlands, and is a Certified Public Accountant.



Anuratna Chadha

Group Chief Risk Officer

Date of Appointment: 2019

Key Responsibilities

Mr. Chadha leads the effective management of all risks across the Group through an appropriate combination of organisational structure, processes, people, and governance. He develops and embeds a strong risk culture and collaborates with the Mashreq Board Risk Committee (MBRC) to establish and maintain an effective risk governance structure. He identifies and escalates emerging risks, oversees risk management infrastructure and reporting, leads technology-enabled risk transformation, and manages regulatory and internal audit engagements. His role also includes maintaining strong stakeholder engagement, developing mitigation strategies for critical risks, and ensuring an appropriate balance between risk and reward across the Bank's portfolios and risk appetite.

Skills and Expertise

Mr. Chadha demonstrates strong leadership, communication, and influencing capabilities, enabling effective risk leadership across the organisation. He brings sufficient gravitas to represent the Bank with regulators and other external stakeholders. His experience reflects a strong decision-making track record across business and credit cycles.

Experience and Education

Mr. Chadha has over 30 years of banking experience across risk management, wholesale banking, and corporate banking, with international exposure across Singapore, Japan, India, and South Africa.

He holds an MBA from the Indian Institute of Management, Ahmedabad, India, and a Bachelor's degree in Commerce from Shri Ram College of Commerce, Delhi, India.



Joel Van Dusen

Group Head of Corporate & Investment Banking

Date of Appointment: 2020

Key Responsibilities

Mr. Van Dusen leads the strategic development and execution of the Bank's Corporate and Investment Banking business, ensuring the maximisation of profitability, sustainable returns for stakeholders, and effective delivery across global operations. He oversees business performance, organisational effectiveness, client strategy, and cross-functional collaboration, while supporting a multi-country wholesale banking platform. His remit includes reviewing organisational structure and operational efficiency within the Group and maintaining strong partnerships across key internal stakeholder functions to drive integrated execution and operational efficiency.

Skills and Expertise

Mr. Van Dusen brings strong knowledge and experience across domestic and international markets, banking operations, and foreign trade processes. His leadership capabilities include strong financial acumen and strategic vision.

Experience and Education

Mr. Van Dusen has held several senior corporate and investment banking roles, most recently serving as Global Head of Large Corporates, Commercial Banking (CMB) at HSBC, where he was also a member of the Global CMB Executive Committee.

He holds a Bachelor of Arts in Economics from Cornell University and pursued studies in Philosophy, Politics and Economics at the University of Oxford, UK.



Fernando Morillo

Group Head of Retail Banking

Date of Appointment: 2024

Key Responsibilities

Mr. Morillo leads the Bank's retail banking strategy across physical and digital platforms, with full P&L accountability and responsibility for growth, cost optimisation, and digital transformation. He drives product development, customer experience enhancement, and governance and risk management across retail operations. His role includes strengthening regulatory compliance and delivering innovative customer propositions aligned with evolving market needs.

Skills and Expertise

Mr. Morillo Lopez brings in-depth expertise in digital banking trends, and customer behaviour, supported by strong knowledge of digital technologies, artificial intelligence, data analytics, and cybersecurity. He demonstrates proven capability in strengthening governance frameworks and managing risk effectively across diverse retail banking operations.

He has a deep understanding of regulatory environments and compliance requirements, particularly in emerging and international markets, and combines strong strategic thinking with disciplined execution.

Experience and Education

Mr. Morillo Lopez has over 30 years of experience in the financial sector, with extensive exposure across retail, digital, and commercial banking. His experience spans multiple customer segments, including private banking, affluent and emerging affluent segments, mass market, SMEs, and the middle market. He also specialises in digital transformation, customer relationship management, analytics, marketing, and distribution.

He holds a General Management Program (GMP) from Harvard Business School, USA, an MBA from Instituto de Empresa, Madrid, Spain, and a Bachelor of Science in Aeronautical Engineering (specialising in aircraft and spacecraft design) from Universidad Politécnica de Madrid, Spain.



Tarek El Nahas

Group Head of International Banking

Date of Appointment: 2020

Key Responsibilities

Mr. El Nahas leads the formulation and execution of the Bank's international business strategy, driving revenue growth and profitability while ensuring strong governance, regulatory compliance, and risk oversight across international operations. He oversees the performance management of overseas branches, regulatory engagements, internal and external audits, and cross-border stakeholder relationships. His remit includes ensuring that operations and transactions fully comply with applicable local regulatory requirements and legislation, supporting wholesale banking collaboration, representing the Bank in regional and international forums, and identifying organic growth opportunities aligned with the Bank's strategic objectives.

Skills and Expertise

Mr. El Nahas brings sound knowledge and experience across domestic and international markets, banking operations, and foreign trade processes. His leadership capabilities include strategic planning and strong analytical capability.

Experience and Education

Mr. El Nahas has over 25 years of experience with Citibank, most recently serving as Head of Corporate and Investment Banking for North Africa, Egypt, and the Levant, where he managed teams across six countries in the MENA region.

He holds a Bachelor's degree in Economics and Political Science from the American University in Cairo, Egypt, and a Master of Science in Economics from the London School of Economics, UK.



Salman Hadi

Group Head of Treasury and Global Markets

Date of Appointment: 2025

Key Responsibilities

Mr. Hadi leads the execution of the Treasury and Global Markets strategy, overseeing financial performance, liquidity management, market risk management, regulatory compliance, and process governance. He drives scenario planning, transformation initiatives, global liquidity frameworks, and continuous monitoring of interest rate and foreign exchange exposures, ensuring alignment with the approved risk appetite and long-term business sustainability. He also leads multiple transformation initiatives across the global specialist organisation, overseeing the enhancement and upgrading of frameworks where required.

Skills and Expertise

Mr. Hadi brings strong working knowledge of treasury and global markets processes and familiarity with industry best practices. He possesses sound understanding of technology environments, including infrastructure, systems, databases, and operational processes, supporting effective delivery of complex treasury and transformation initiatives.

Experience and Education

Mr. Hadi has extensive experience in treasury and global markets with strong exposure to liquidity management and treasury operations. His has supported strategic execution, operational oversight, regulatory compliance, and the delivery of efficiency improvements and a high-performance culture.

He holds a Master's degree in International Business from the University of Wollongong, Dubai, UAE, and has completed advanced leadership programmes at institutions including Oxford's Said Business School, UK.

Senior Management Profiles continued



Mark Edwards
Group Head of Operations
Date of Appointment: 2020

Key Responsibilities

Mr. Edwards oversees operational execution across the Bank, ensuring compliance with regulatory and business controls, consistent service delivery, and the achievement of productivity and quality standards across Mashreq's geographic footprint. He leads automation and process optimisation initiatives, oversees the implementation of standard operating procedures across locations, and drives improvements in cost efficiency, turnaround times, and operational performance. He also ensures the effective delivery of regulatory and strategic projects, robust risk and compliance practices, and alignment of outsourcing and governance frameworks across the Group.

Skills and Expertise

Mr. Edwards brings broad cross-functional exposure spanning banking operations, project management, business functions, and audit. He has sound knowledge of IT environments, including infrastructure, systems, databases, and process architecture. He demonstrates strong leadership and decision-making capability, with proven ability to lead and motivate large teams within a distributed workforce operating model. He also brings a high level of professional maturity and strong communication skills, enabling him to balance the needs and expectations of external stakeholders and employees.

Experience and Education

Mr. Edwards has over 25 years of international and regional experience across business operations, shared services, business transformation, project management, and corporate integration.

He is a Business Management graduate from the University of Stirling, UK, and has completed an Executive Management Programme at INSEAD, France and Singapore.



Roy Sebastian
Group Chief Credit Officer
Date of Appointment: 2018

Key Responsibilities

Mr. Sebastian is responsible for ensuring that the Bank underwrites, monitors, and manages credit risk in a prudent and balanced manner, in line with the Bank's approved risk appetite. He oversees wholesale, retail, and traded credit risk, credit policies, portfolio quality, collections, and problem credit management, ensuring effective mitigation of inherent risks. He leads the achievement of lending objectives, provides strategic direction for the credit function, and engages extensively with the Board, regulators, auditors, rating agencies, and other stakeholders on all credit-related matters.

Skills and Expertise

Mr. Sebastian brings thorough knowledge across all facets of credit administration, including proposal processing, credit analysis, restructuring, and syndication. He has a strong understanding of operational, legal, and credit risks across a broad range of industries. He demonstrates strong project appraisal capabilities and the ability to translate business concepts into practical operational processes. He also has a sound understanding of applicable laws and regulatory prudential requirements for banks. His approach reflects strong problem-solving capability, balancing business growth objectives with the need to maintain sustainable and prudent risk management.

Experience and Education

Mr. Sebastian has over 30 years of experience across corporate banking and credit risk management. He spent more than 21 years with the HSBC Group in the Middle East, most recently serving as Regional Head of Credit Approval, Wholesale Credit MENAT.

He holds a Master's degree in Commerce and is a Certified Associate of the Indian Institute of Bankers (CAIIB).



Scott Ramsay
Group Head of Compliance & Bank MLRO
Date of Appointment: 2020

Key Responsibilities

Mr. Ramsay leads the design, implementation, and oversight of the Bank's compliance framework across all jurisdictions, ensuring strong regulatory adherence and effective controls. He leads the Compliance second line of defence risk stewardship, providing both independent challenge and constructive partnership to business units and control functions. He oversees regulatory engagement, compliance reporting, audit remediation, financial crime assurance programmes, and compliance technology transformation. He provides strategic guidance to Senior Management and the Board, ensures effective escalation of high-risk matters, and maintains robust relationships with regulators and external stakeholders.

Skills and Expertise

Mr. Ramsay brings deep conceptual expertise in regulatory compliance, anti-money laundering, governance frameworks, and control environments within global banking organisations. He demonstrates strong capability in interpreting regulatory requirements and assessing the impact of regulatory change on business operations.

He has proven ability to build strong relationships with business stakeholders and regulators.

Experience and Education

Mr. Ramsay has over 15 years of banking and senior management experience, with extensive expertise in compliance, financial crime prevention, and anti-money laundering.

He holds a Master of Laws (Honours) from Victoria University of Wellington, New Zealand.



Rania Nerhal
Group Chief Client Experience and Conduct Officer
Date of Appointment: 2018

Key Responsibilities

Ms. Nerhal provides executive leadership over the Bank's client experience to deliver the customer strategy, enhance satisfaction, loyalty, and advocacy, and represent the voice of the customer across the full business value chain. She designs and drives customer-centric initiatives across all touchpoints, embedding a consistent customer culture aligned with business objectives, and delivers measurable improvements in customer experience metrics, including NPS and CSAT. Her remit also includes the development of emerging capabilities, including innovation management, CX-driven digital transformation, enterprise change management, and CX quality management.

Ms. Nerhal brings demonstrated expertise in the strategic oversight of client engagement, fraud risk frameworks, lean and agile transformation, and customer-centric process innovation. She has a proven ability to lead large-scale initiatives and influence diverse, cross-functional teams across regional and multi-market environments. She possesses strong executive communication capabilities, enabling her to articulate strategic direction and drive alignment across senior leadership. Her advanced analytical strengths support data-driven decision-making, with a strong command of operational performance metrics, fraud trends, and client feedback mechanisms.

Experience and Education

Ms. Nerhal has more than 25 years of experience in client relationship management within the banking sector. Prior to joining Mashreq, she held senior leadership positions including Head of Client Corporate Coverage and Head of Large Corporates & Public Sector at HSBC, Egyptian American Bank, Commercial Bank of Dubai, and Al Ahli Bank of Kuwait.

She holds a Bachelor's degree in Economics from the Faculty of Commerce and Foreign Trade, Cairo, Egypt.



Hamda Alshamali
Group Chief People & Intellectual Capital Officer
Date of Appointment: 2022

Key Responsibilities

Ms. Alshamali leads the Bank's people and intellectual capital strategy, workforce planning, organisational design, talent development, compensation frameworks, and HR digital enablement, in alignment with corporate strategy. She provides specialist advisory support to leadership, represents the Bank across professional forums, and drives capability development, productivity planning, and succession management. Her role includes aligning operating models with organisational structure and strengthening the Bank's long-term talent sustainability.

Skills and Expertise

Ms. Alshamali brings an adaptive and analytical mindset, with the ability to assess evolving environments, interpret data trends, and translate insights into informed decision-making. She demonstrates strong communication capability, enabling the clear articulation of ideas, policies, and strategic priorities. She is recognised for her ability to build consensus across stakeholders with differing interests and to apply a global perspective when addressing organisational challenges. Her expertise includes policy development, organisational effectiveness, and converting strategic vision into practical and measurable outcomes.

Experience and Education

Ms. Alshamali is a seasoned senior Emirati HR professional with more than 20 years of experience and a strong track record across leading local and international organisations.

She holds a Bachelor of Applied Science in Business Administration from the Higher Colleges of Technology, Dubai, UAE.



Muna Bin Ghurair
Group Head of Marketing & Corporate Communications
Date of Appointment: 2022

Key Responsibilities

Mrs. Bin Ghurair leads the Bank's marketing, branding, communications, and corporate social responsibility strategy across regions and functions, driving customer acquisition, engagement, and brand consistency. She advances digital sales and MarTech capabilities, oversees customer segmentation and targeting strategies, manages crisis communications frameworks, and strengthens internal and external messaging alignment. She collaborates closely with business teams to enhance market penetration, product performance, and long-term brand equity.

Skills and Expertise

Mrs. Bin Ghurair brings deep knowledge of banking operations, sales, and support functions, with a strong focus on customer-centric strategies. She demonstrates strategic leadership with a commercial and performance-driven mindset, supported by proven entrepreneurial capability and a strong track record in driving organisational growth and fostering high-performance cultures.

She has strong financial acumen, including proficiency in budgeting, forecasting, and expense analysis, and demonstrates a high level of accountability in delivering outcomes aligned with organisational objectives. Her experience includes managing agency partnerships and building productive external relationships to support brand and business objectives.

Experience and Education

Mrs. Bin Ghurair has over 20 years of experience in communications, marketing, sales, and business development, with a strong track record across leading payments and financial institutions in the region.

She holds a Diploma in Marketing from UAE Polytechnic University.

Senior Management Profiles continued



Mohamed Abdel-Razek

Group Chief Technology Transformation and Information Officer

Date of Appointment: 2023

Key Responsibilities

Mr. Abdel-Razek leads the Bank's enterprise-wide IT strategy, digital transformation, and information management agenda. His role is central to shaping Mashreq's objectives, ensuring that IT capabilities enable strategic objectives, operational efficiency, customer experience, and information security. He drives innovation, emerging technology adoption, digital services delivery, and IT organisational performance, while maintaining strong governance, vendor management, and stakeholder collaboration across the Group.

Skills and Expertise

Mr. Abdel-Razek brings deep expertise in cybersecurity, data governance, and regulatory compliance within the financial services environment. He demonstrates strong strategic thinking and the ability to translate complex business requirements into effective and innovative technology solutions.

His leadership approach is characterised by strong collaboration, clear communication, and the ability to manage diverse teams and stakeholders. He also brings solid financial acumen in managing technology budgets, investments, and vendor relationships, supported by a data-driven and solution-oriented mindset.

Experience and Education

Mr. Abdel-Razek is a seasoned technology professional with more than 30 years of experience, having led Group and regional technology functions within large organisations.

He holds a degree in Electrical Engineering from McGill University, Canada.



Hassan Ali

Group Chief of Internal Audit

Date of Appointment: 2023

Key Responsibilities

Mr. Ali leads the Internal Audit Group in delivering a global risk-based audit strategy aligned with regulatory requirements and organisational objectives. He provides independent oversight and strategic insight on the effectiveness of the Bank's internal control environment, including systems, processes, governance frameworks, risk management, and compliance, supporting informed decision-making at Board and senior management level. He maintains enterprise-wide oversight of internal control effectiveness and remediation, and drives ongoing enhancement of Internal Audit capabilities through the adoption of best practices, technology, and optimised resource deployment.

Skills and Expertise

Mr. Ali brings strong leadership capability and adaptability in responding to evolving regulatory expectations and industry developments. He maintains a deep understanding of the business environment, industry practices, and organisational dynamics, supported by strong expertise in evaluating internal control environments and governance effectiveness. He demonstrates the ability to assess macroeconomic and microeconomic developments and their impact on the organisation, while maintaining awareness of regulatory and legal frameworks. His leadership approach enables effective prioritisation and alignment of audit resources with changing organisational risks and strategic priorities.

Experience and Education

Mr. Ali brings over 20 years of experience from senior roles at Dubai Islamic Bank, where he served as Vice President and Head of Investments and Treasury Audit, and at Noor Bank, where he held several leadership positions, including Vice President and Head of Retail Banking Audit and Head of Support Functions and Shari'ah Audit.

He holds a Master's degree in International Business from the University of Wollongong in Dubai, UAE, and a Bachelor of Applied Science in Business and Management (Accounting) with Honours from the Higher Colleges of Technology, UAE.



Bassam Moussa

Group General Counsel

Date of Appointment: 2023

Key Responsibilities

Mr. Moussa serves as Mashreq's most senior legal executive, leading the Bank's legal, regulatory, and legal risk management functions across all jurisdictions, and providing strategic counsel on governance, mergers and acquisitions, litigation, international operations, and regulatory matters. He oversees legal strategy execution, external counsel management, government relations, data privacy governance, and digital and AI transformation initiatives within the legal function, ensuring that legal considerations and risk are embedded in decision-making and long-term growth objectives. Mr. Moussa also acts as Mashreq's legal representative before courts and governmental authorities across all jurisdictions.

Skills and Expertise

Mr. Moussa demonstrates strong strategic leadership capability, with the ability to influence and collaborate at senior executive and Board levels. He brings extensive expertise in global compliance, corporate governance, and legal risk management, supported by deep knowledge of UAE laws, international banking regulations, and governance standards.

He has a proven track record in managing complex, multi-jurisdictional legal matters and in leading digital transformation initiatives within legal functions. His experience also includes building and maintaining effective relationships with regulators, government authorities, and external legal advisers.

Experience and Education

Mr. Moussa brings extensive experience in the banking and finance sector, with strong exposure to energy projects, corporate and commercial transactions, mergers and acquisitions, real estate, governance, and the strategic management of disputes and litigation.

He holds a Master of Laws (LL.M.) in International and Comparative Law from the Robert H. McKinney School of Law, Indiana, USA, and has completed postgraduate studies in International Finance Law at the University of London, UK, as well as LMA Loan Documentation Training in London, UK.



Faisal Al Shimmari

Head of Environmental, Social and Governance (ESG)

Date of Appointment: 2022

Key Responsibilities

Mr. Al Shimmari leads the Bank's sustainability and ESG strategy, overseeing performance delivery, innovation, external positioning, and thought leadership. He provides strategic advisory support to executive leadership, drives the design and execution of ESG programmes, strengthens the Bank's sustainability reputation, and promotes cross-functional collaboration to embed ESG principles across business activities and long-term strategy.

Skills and Expertise

Mr. Al Shimmari has extensive experience operating within the sustainability and ESG ecosystem, supported by strong professional networks across the sector and within the international financial services industry. He brings proven capability in designing and managing large-scale, organisation-wide transformation programmes across multiple markets and regions.

His skill set includes business analytics, relationship management, strategy development, problem-solving, and change management, supported by strong knowledge across strategy, operating models, sustainability, organisational design, market research, macroeconomics, corporate finance, and jurisdictional environments.

Experience and Education

Mr. Al Shimmari brings 29 years of diverse experience in the fields of strategy, governance and risk management, digital transformation, information security, crisis management, business continuity, physical security, policies, standard operating procedures (SOPs), and legislation. He previously worked with Abu Dhabi Police and the Ministry of Interior for most of his career. He is the Founder and Chairman of the Emirates Child Protection Association (ECPA) and a non-resident internal management consultant at the Emirates Center for Government Knowledge, Mohammed bin Rashid School of Government (MBRSG).

He holds two Master's degrees, four graduate diplomas, and a Gold Commander Diploma from the Emergency Planning College (EPC), UK.

Governance Framework

Mashreq’s governance approach is consistently reviewed and enhanced to ensure alignment with evolving best practices, regulatory requirements, and the dynamic nature of today’s business environment.

At Mashreq, corporate governance provides the foundation for sustained financial and operational performance. Anchored in integrity and discipline, the Bank’s governance framework strengthens the trust and confidence of stakeholders, including investors, customers, business partners, and the communities it serves. This commitment remains central to Mashreq’s growth strategy and long-term objectives.

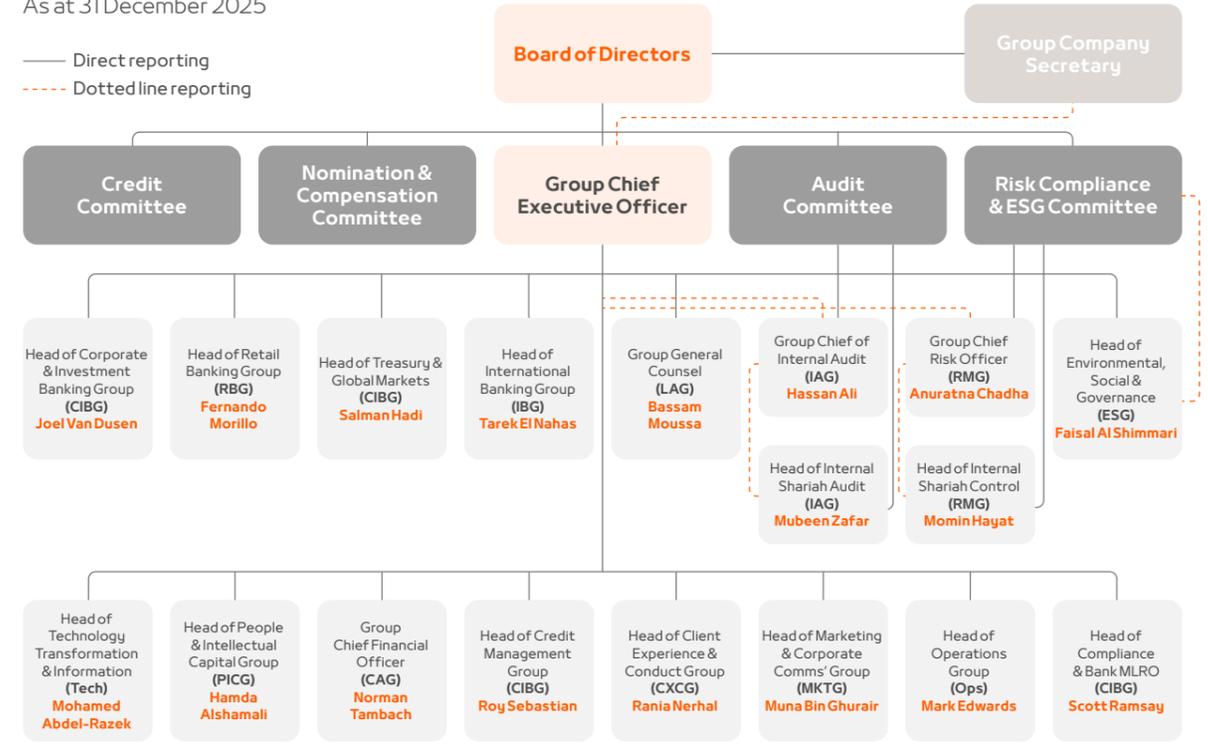
The Board, comprising experienced professionals with diverse expertise, provides disciplined oversight and strategic guidance grounded in a deep understanding of the banking industry. In partnership with the Executive Management team, the Board works to foster a culture

of accountability and operational excellence across all levels of the Bank. Together, they ensure that Mashreq’s governance framework remains appropriate to the Bank’s size, complexity, business strategy, operational structure, and risk profile, while meeting regulatory expectations in all markets in which the Group operates.

In 2025, Mashreq further strengthened its governance framework to reflect new regulatory requirements issued by the Central Bank of the UAE (CBUAE) and the Securities and Commodities Authority (SCA). This included updates to relevant governance policies, as well as the charters of the Board and its Committees, to ensure continued alignment with international best practices. In line with CBUAE regulations, several enhancements were also implemented across the Board Audit Committee, the Board Risk, Compliance & ESG Committee, and the Board Nomination & Compensation Committee to reflect updated regulatory expectations. In addition, the Bank expanded its governance framework to further strengthen oversight of local, regional, and international subsidiaries. Collectively, these enhancements reinforce robust governance mechanisms across the Group and underscore Mashreq’s commitment to transparency, accountability, and effective oversight.

Organisation Structure

As at 31 December 2025



Governance Structure

Mashreq’s governance framework is built on a structured and transparent reporting model that reinforces autonomy, accountability, and effective oversight across the organisation. This model ensures that responsibilities are clearly defined, enabling sound decision-making and strong adherence to regulatory expectations.

Key governance functions maintain independent reporting lines to safeguard objectivity and ensure proper escalation to the Board and its Committees:

Group Chief Risk Officer and Head of Internal Shari’ah Control

Reports independently to the Board Risk, Compliance, and ESG Committee, ensuring disciplined oversight of risk management and compliance with Shari’ah standards.

Group Head of Compliance and Bank MLRO

Reports directly to the Group Chief Executive Officer, with independent access to the Board Risk, Compliance & ESG Committee, maintaining the highest standards of compliance and financial crime prevention.

Group Chief Internal Auditor and Head of Internal Shari’ah Audit

Reports independently to the Board Audit Committee, promoting transparency, integrity, and rigorous internal control across the Bank operations.

Group Company Secretary

Reports directly to the Board of Directors, ensuring full compliance with corporate governance principles, regulatory requirements, and best practice standards.

Mashreq has clearly articulated reporting lines and they are central to its governance philosophy. By embedding independence and accountability into critical functions, the Bank ensures that its organisational structure supports ethical conduct, sound decision-making, and effective oversight.

Further details on the roles, mandates, and responsibilities of the Board Committees can be found in the Board Committees section of this report on page 136.

At Mashreq, corporate governance provides the foundation for sustained financial and operational performance.



Board Roles and Responsibilities

Board of Directors

The Board holds ultimate responsibility for the long-term success and sustainability of Mashreq. It sets the Bank's strategic direction, defines its purpose, values and strategic goals, and ensures the effectiveness of the control environment. The Board oversees the work of Executive Management, ensures compliance with all regulatory obligations, and promotes a culture of accountability, integrity, and prudent decision-making across the organisation.

Chairman

In accordance with the Bank's Memorandum of Association, the Chairman leads the Board and focuses on strategic priorities. The Chairman sets the tone for high governance standards, ensures that the Board operates with independence and integrity, and enhances the effectiveness of both the Board and its Directors. The Chairman also oversees the Bank's affairs at the highest level and ensures full alignment with UAE regulatory expectations.

Vice Chairman

The Vice Chairman supports the Chairman in the effective functioning of the Board and contributes to the Bank's strategic oversight and governance maturity. The Vice Chairman plays a vital role in ensuring continuity of leadership, fostering constructive challenge, and reinforcing Mashreq's commitment to strong governance practices.

GCEO

Group Chief Executive Officer

The Board delegates the day-to-day management of the Bank to the Executive Committee (EXCO), led by the GCEO. EXCO oversees all commercial, operational, financial, and risk matters and is responsible for executing business activities, and strategic plans and initiatives approved by the Board. The GCEO ensures that operations are conducted safely, soundly, and in alignment with the Bank's strategic objectives and the Board's directives.

During the financial year ended 31 December 2025, no additional or exceptional delegation of powers or responsibilities was granted by the Board to any individual Director or member of Executive Management outside the established delegation of authority framework.

Board Committees

To support effective governance and the efficient execution of its responsibilities, Mashreq has established four standing Board Committees, each operating under a Board-approved charter that clearly sets out its mandate, delegated authorities, and reporting responsibilities.

The composition of these Committees is reviewed periodically by the Board to ensure an appropriate balance of skills, experience, and independence. Committee meeting frequencies are determined by their respective Chairs, in line with regulatory requirements and the provisions of each Committee's charter.

In 2025, the Board Audit Committee and the Board Risk, Compliance & ESG Committee were chaired by Independent Directors and comprised a majority of Independent Members, in full compliance with CBUAE regulatory requirements.

Further details on the remit and activities of each Committee are provided in the Board Committees section on page 136.

BAC

Board Audit Committee

The BAC oversees the integrity of Mashreq's financial reporting, internal controls, and audit functions. It ensures compliance with IFRS and CBUAE requirements, monitors valuation and fair-value practices, and reviews the effectiveness of internal and Shari'ah audit. The Committee safeguards audit independence recommends the appointment of the External Auditor and ensures the timely publication of audited results while monitoring compliance with applicable laws, regulations, and Shari'ah standards.

BNCC

Board Nomination and Compensation Committee

The BNCC supports the Board in overseeing Board composition, succession planning, and senior leadership effectiveness. It ensures that Directors and key executives meet Fit and Proper requirements, conducts annual performance evaluations of the Board and the GCEO, and oversees orderly succession for critical roles. The Committee also reviews the remuneration of senior executives and ensures that the Bank's compensation framework aligns with its strategy, risk appetite, and regulatory requirements.

BCC

Board Credit Committee

The BCC is responsible for overseeing the Bank's credit governance, ensuring that lending and investment decisions align with Mashreq's strategy, risk appetite, and regulatory obligations. The Committee reviews and approves large credit exposures, monitors portfolio performance, and ensures timely management of non-performing loans. It oversees the delegation of credit authority, ensures qualified personnel exercise credit decisions, and reviews loan write-offs, settlements, and waivers. The Committee also ensures that Islamic credit products are reviewed for Shari'ah compliance before approval.

BRCESGC

Board Risk, Compliance, and ESG Committee

The BRCESGC oversees Mashreq's risk management, compliance framework, ESG agenda, IT security, and Shari'ah governance. It reviews principal risks, approves the Risk Appetite Statement, and monitors adherence to regulatory limits. The Committee safeguards the independence of risk and compliance functions, oversees stress testing and ICAAP, and reviews whistleblowing effectiveness and large exposure risks. It also monitors Shari'ah non-compliance risk, advances the Bank's ESG strategy, and supervises cyber risk, IT governance, and operational resilience across the Group.

Management Committees

To support the effective operation of the Bank's daily activities, the Board has established a number of Management Committees, each operating under a formal charter with defined responsibilities, authority limits, and reporting lines. These Committees oversee key areas such as credit decisions, asset-liability management, operational risk, compliance, technology, and strategy execution.

Further information on these Committees can be found in the Management Committees section on page 148.

The Board holds ultimate responsibility for the long-term success and sustainability of Mashreq.

Executive Committee (EXCO)

EXCO is the most senior management committee, overseeing all of Mashreq's businesses and operations.

Assets and Liabilities Committee (ALCO)

ALCO manages the Bank's liquidity, ensuring timely payment of obligations.

Islamic ALCO

The Islamic ALCO focuses on Mashreq's Islamic division and Shari'ah aspects in alignment with the Group ALCO.

Investment Committee (IC)

The IC formulates the Bank's investment strategies, policies, and limits, approves bank-wide securities investments across UAE and international markets.

Compliance Risk Management Committee (CRMC)

The CRMC assists Senior Management in monitoring regulatory compliance, oversees the Bank's compliance risk framework, and evaluates reputational risks.

Group Risk Committee (GRC)

The GRC defines and drives the Bank's risk management approach. It develops the Bank's risk strategy, governance framework, and Risk Appetite Statement (RAS).

Sustainability Executive Committee (SEC)

The SEC advances Mashreq's sustainability agenda, including climate-related initiatives, sustainability-linked finance, and ESG strategy.

Technology Steering Committee (TSC)

The TSC oversees Mashreq's technology strategy and execution, providing governance and operational oversight.

Information Security Committee (ISC)

The ISC is the highest-level committee responsible for governing information security across the entire Bank.

Key Governance Highlights

Corporate Governance

Progressed proposed enhancements to the charters of the Board Audit Committee (BAC), the Board Risk, Compliance & ESG Committee (BRCEGSC), and the Board Nomination & Compensation Committee (BNCC) to strengthen clarity of mandates and alignment with evolving regulatory expectations.

Reviewed updates to the Securities and Commodities Authority (SCA) Corporate Governance Regulations to ensure continued compliance and consistency with regulatory best practice.

Strengthened Board and corporate governance procedures and processes to reinforce governance discipline, consistency, and transparency.

Strengthened ESG governance through a multi-tier sustainability structure led by the Board Risk, Compliance & ESG Committee, supported by the Sustainability Executive Committee and the ESG Committee, enhancing oversight, coordination, and accountability across the organisation.

Conducted an in-house internal Board evaluation covering the Board and its Committees, supporting the identification of opportunities to further enhance Board effectiveness.

Established enhanced Group-level Board oversight of subsidiaries to improve alignment, accountability, and governance consistency across the Group.

Digitisation and Technology

Received the "Strategic Data Governance Initiative of the Year 2025" award at the Enterprise AI Tech Awards – 12th Middle East Enterprise AI and Analytics Summit (November 2025, Dubai), recognising the delivery of a scalable, enterprise-wide data governance framework that drives compliance and innovation.

Achieved recognition for leadership excellence, with Gyan Prakash Srivastava named "Best Data Leader of the Year 2025" for advancing Mashreq's data-driven transformation.

Environmental, Social and Governance (ESG)

Enhanced the Board's focus on ESG and Climate Risk during the year.

Conducted separate Climate Risk stress testing in line with Central Bank of the UAE (CBUAE) mandates, and presented the results to the Board Risk, Compliance & ESG Committee (BRCEGSC).

Expanded the mandate of the BRCEGSC to include additional risk categories, namely Conduct Risk and Social and Governance risks, strengthening ESG governance and oversight.

Achieved ISO 50001 Energy Management System certification for both DOZ and Mashreq Headquarters operations, reinforcing a structured approach to energy efficiency and sustainability management.

Risk Management

Introduced a dedicated agenda item covering Technology Resilience, Cyber Resilience, and Operational Resilience within the Board Risk, Compliance & ESG Committee, strengthening oversight and Board engagement.

Enhanced the Group Risk Management Framework (GRMF) to strengthen the Bank's overall risk governance and oversight.

Commenced reporting of Shari'ah metrics and compliance status to the BRCEGSC and established a quarterly Shari'ah non-compliance profile as a standing agenda item.

Launched a five-year Information Security revamp programme to enhance the Bank's ability to identify, assess, and mitigate risks through strengthened controls, tools, methodologies, and global delivery support.

Enhanced the Group Risk Appetite Statement (GRAS) through the introduction of quantitative and qualitative metrics, approved by the Board in April 2025, with formal reporting commencing in June 2025.

Key Governance Highlights continued

AML and Compliance

Completed the annual update of the Group Compliance Policies Framework and introduced the Regulatory Compliance Policy and the Prevention of Market Abuse Policy, strengthening policy governance and risk mitigation.

Delivered the annual compliance training programme for the Board and Senior Management, reinforcing awareness of regulatory requirements and best practices.

Launched Compliance 360, a unified data-driven platform transforming regulatory reporting, monitoring, and investigations, reducing investigation turnaround times by 66% and enhancing transparency and analytics capabilities.

Investigation turnaround times reduced by

66%

Achieved satisfactory regulatory examination outcomes across multiple jurisdictions, including MBUK, MBNY, MBBH, MBKW, and MBQR, reflecting effective compliance controls and regulatory engagement.

Emiratisation

Delivered Global Youth Council initiatives, including Youth Talks and Legacy Talk, to foster entrepreneurial thinking and innovation among young professionals.

Advanced the Pathfinders Graduate Programme (Cohort 2) to strengthen early career development and future leadership pipeline.

Expanded the ACE Programme (5th batch) globally to include Hong Kong, strengthening leadership development and cross-border collaboration.

People and Culture

Achieved record participation of 86% and an engagement index of 90% in the WERise Employee Engagement Survey, supported by 24 well-being initiatives reaching approximately 2,700 employees.

Well-being initiatives

24

Launched a comprehensive Global Diversity, Equity & Inclusion (DEI) Policy, established a dedicated DEI Council, and activated a new DEI Strategy following a DEI Maturity Assessment.

Record participation

86%

Expanded leadership and capability development through globally recognised ILM-certified programmes, enterprise digital learning, and instructor-led training.

Strengthened the WEGrow Talent Strategy through a KornFerry partnership, introducing robust talent assessment and hiring excellence frameworks.

Launched the PeopleCare Employee Assistance Programme locally to strengthen mental health support.

Board Composition

Mashreq’s Board composition fully complies with all applicable regulatory requirements issued by the CBUAE, the SCA, and the relevant legislative framework governing listed entities.

The Bank reviews its Board composition on a regular basis to ensure continuous alignment with evolving regulatory expectations, governance best practice, and the strategic needs of the organisation.

Gender Diversity

One of the Board’s key responsibilities is to foster and sustain a healthy corporate culture at Mashreq. The Bank believes that organisations that focus on both performance and culture are better equipped for long-term success. The Board is committed to advancing gender diversity at the leadership level. As at 31 December 2025, approximately 14% of the Board comprised women. Looking ahead, and in line with relevant regulatory requirements, Mashreq is committed to ensuring that at least 20% of candidates considered for directorships are female. The Bank also ensures that at least one female member serves on the Board.

Ms. Mariam Ghobash was appointed to the Board on 7 March 2024, becoming the most recent female Director to join Mashreq’s leadership. The BNCC continues to promote the consideration of qualified female candidates as part of the Board’s ongoing succession strategy.

Mashreq is equally committed to fostering gender, cultural, and ethnic diversity throughout the wider organisation, embedding an inclusive culture that reflects the Bank’s values and long-term ambitions.

Nationality

UAE regulations require that the majority of Board members of a UAE-incorporated bank be UAE nationals, and that the Chairman also be a UAE national. Mashreq remains fully compliant with these requirements.

As at 31 December 2025, 71% of Mashreq’s Board members (five out of seven) were UAE nationals, including the Chairman of the Board. This composition reinforces the Bank’s commitment to promoting national leadership within the UAE’s financial services sector and ensuring that governance oversight is exercised in accordance with national regulatory expectations.

Board Independence

Board independence is a central pillar of Mashreq’s governance framework, ensuring that Directors exercise objective judgement, act free from conflicts of interest, and safeguard the interests of the Bank and its stakeholders. The CBUAE’s Corporate Governance Regulations and Standards for Banks prescribe rigorous Independence Criteria, which Mashreq applies to all Directors.

As at 31 December 2025, three members of Mashreq’s Board were classified as Independent Directors, thereby exceeding the regulatory requirement that a minimum of one-third of the Board be independent.

Furthermore, all Directors serving on Mashreq’s Board are Non-Executive, ensuring robust oversight and a clear separation between governance and management roles.

Name	Tenure	Nationality	Gender
Abdulaziz Al Ghurair	6	UAE National	Male
Ahmad Al Khallafi	1.9	UAE National	Male
Rashed Al Ghurair	12	UAE National	Male
Saeed Al Ghurair	4	UAE National	Male
Mariam Ghobash	1.9	UAE National	Female
Iyad Malas	4	Lebanon	Male
John Iossifidis	4	Australia	Male

Board Skills

The Mashreq Board benefits from a wide-ranging skills base, reflecting the Bank’s strategic priorities, geographic footprint, and the evolving complexity of the financial services landscape. The Board regularly reviews its collective capabilities across areas such as finance, accounting, audit, risk management, governance, ESG, technology, and strategic planning to ensure continued relevance and effectiveness.

Directors receive continuous training and capability-building support throughout their tenure. The annual Board evaluation includes an assessment of development needs, ensuring that Directors remain fully informed of emerging trends, new regulations, and sectoral developments. The Board also consults external experts when necessary, engages regularly with Executive Management on specialised topics, and has unrestricted access to the Group Company Secretary for governance and fiduciary support. Directors may obtain independent professional advice to assist them in discharging their duties effectively.

To ensure transparency and alignment with governance best practice, Mashreq maintains a Board Skills Matrix, which maps the expertise of each Director against the Bank’s strategic competency requirements. This matrix is reviewed and updated annually.

Industry Experience of the Board

% of Directors with Skillsets



Board Effectiveness and Oversight

Throughout 2025, the Board and its Committees convened 58 times, ensuring that Directors received comprehensive and timely information to support robust, informed, and independent decision-making.

Members of the Executive Management Committee were invited to attend Board and Committee meetings, as required, to present on specific matters and provide subject-matter expertise, in line with regulatory expectations for Senior Management engagement.

To ensure ongoing effectiveness, the Board regularly reviews its composition, the structure of its committees, and the rotation of Committee memberships. Each Director, apart from the Chairman, serves on at least one standing committee. The Board operates four standing committees, each with clearly defined mandates, delegated authorities, and responsibilities, enabling effective oversight over all key areas of the Bank's governance and operations.

Board Appointments

The Board of Directors is elected by shareholders at the Annual General Assembly (AGA) and remains fully accountable to them for the stewardship, governance, and long-term performance of the Bank. Among its core responsibilities, the Board sets the Bank's risk appetite, establishes a strong control environment, and oversees the effectiveness of the Bank's risk management framework.

The appointment or election of Directors at the Annual General Assembly is subject to prior approval by the CBUAE. In accordance with Federal Decree-Law No. (32) of 2021 on Commercial Companies, the CBUAE Corporate Governance Regulations, and Mashreq's articles of association, Directors are required to seek re-election every three years.

The current Board was duly appointed and re-elected by shareholders at the AGA held on 7 March 2024 and is serving a standard three-year term. No new appointments or resignations were recorded for the year 2025.

Should a vacancy arise before the next AGA, the Board, acting on the recommendation of the BNCC, may appoint a suitable candidate in line with regulatory requirements. Any such appointment must be submitted for shareholder ratification at the next AGA.

Board Appointment Process

Mashreq's Board appointment process is fully aligned with the CBUAE Fitness and Propriety Regulations and Standards, the CBUAE Corporate Governance Regulations, and the Bank's internal policies governing the nomination, assessment, and appointment of Directors.

This process ensures that all appointed Directors:

- Possess the required knowledge, skills, and experience to discharge their responsibilities effectively
- Demonstrate integrity, good reputation, and ethical conduct
- Have adequate time and capacity to fulfil their duties
- Contribute collectively to a balanced and suitably qualified Board
- Are free from financial or non-financial conflicts of interest
- Have a record of financial soundness

The BNCC plays a central role in identifying and recommending potential Directors, ensuring that the Board maintains the right balance of expertise, diversity, and experience. The BNCC ensures that at least one-third of the Board remains Independent, and at least one female Director is appointed, in compliance with CBUAE and SCA requirements.

Appointments are conducted in line with cumulative voting principles under the UAE Commercial Companies Law and the Bank's articles of association. Directors are elected by ordinary resolution at the AGA and are subject to formal approval by the CBUAE.

Before issuing approvals, the CBUAE may conduct interviews, request additional documentation, or carry out further due diligence checks to confirm the candidate's integrity, fitness, propriety, and ability to meet the time commitments associated with the role.

In cases where a vacancy arises mid-term, the Board, assisted by the BNCC, may source candidates through external search consultants and/or by placing advertisements, as appropriate.

The Board must appoint the most suitable candidate within 30 days, subject to shareholder confirmation at the next General Assembly Meeting.

Board Induction

Mashreq provides a comprehensive induction programme for newly appointed Directors, ensuring they acquire the knowledge and contextual understanding required to perform their duties effectively from the outset. The induction programme includes:

- Meetings with fellow Directors and Senior Management
- Briefings from key managers on the Bank's policies, procedures, and regulatory obligations
- Guidance on Directors' responsibilities and the Bank's strategic priorities

There were no new Board appointments during 2025, and therefore no changes were made to the induction programme during the year.

Board Training

Mashreq is committed to ensuring that its Directors maintain the knowledge, skills, and insights required to provide effective oversight in a rapidly evolving financial and regulatory environment. The Board dedicates sufficient time, resources, and budget to continuous professional development.

Training needs are assessed annually as part of the Board evaluation process, ensuring alignment with the Bank's strategy, emerging priorities, regulatory changes, and Directors' individual responsibilities.

Key Training Sessions

During 2025, Directors participated in several targeted training, workshops, and awareness sessions, including:

- Risk Appetite
- ESG and Sustainability
- Annual Board Compliance Training
- Corporate Governance and Artificial Intelligence
- ICAAP educational session for the BRCEGSC
- Security deep dive with the Vice Chairman
- Technology and Transformation deep dive with the Vice Chairman

These programmes ensure that Directors remain informed, strategically aligned, and fully equipped to discharge their fiduciary duties in a dynamic operating environment.

Mashreq is committed to ensuring that its Directors maintain the knowledge, skills, and insights required to provide effective oversight in a rapidly evolving financial and regulatory environment.



Board Effectiveness and Oversight continued

Board Performance and Evaluation

Mashreq is committed to maintaining the highest standards of governance by ensuring that its Board operates effectively, exercises informed oversight, and continually enhances its performance. In line with CBUAE and SCA Corporate Governance Regulations governing annual internal Board evaluations, the Board undertakes a formal, rigorous annual evaluation, covering:

- The performance of the Board as a whole
- The effectiveness of each Board Committee
- The contributions and ongoing suitability of individual Directors

This evaluation process is integral to strengthening Board effectiveness, reinforcing trust among Directors and with Executive Management, and ensuring alignment with stakeholders' expectations.

Internal Evaluation Process

In 2025, Mashreq conducted an internal Board evaluation, consistent with the Bank's established governance policy and regulatory requirements. The internal evaluation was coordinated by the Group Company Secretary, under the oversight of the BNCC.

Scope of the Internal Evaluation

The Board undertakes a formal and rigorous annual evaluation to assess its collective performance, the individual contributions of Directors, and the effectiveness of Board Committees in fulfilling their respective mandates. By actively participating in its structuring, evaluation and review of its outcomes, the Board seeks to identify both achievements and areas for improvement. This fair and well-managed evaluation process reinforces trust among Directors, between the Board and Executive Management, and promotes alignment with the Bank's stakeholders.

The evaluation examines:

- Board structure, composition, and succession planning
- Efficiency and quality of meetings
- Robustness of debate and decision-making processes
- Committee effectiveness and responsiveness
- Oversight of strategy and risk
- Director preparedness, engagement, and time commitment
- External representation and stakeholder communication

Mashreq Internal Evaluation Process

Mashreq's internal evaluation follows a structured and transparent methodology designed to promote objectivity, constructive challenge, and continual improvement:

01 Review approach for performance evaluation

02 Enhance performance evaluation questions (as necessary)

03 Questionnaire completed anonymously by Board members

04 Results compiled and presented to BNCC to recommend suitable actions

05 BNCC highlights major areas of concern to the Chairman of the Board

06 Recommendations and action plan are presented to the Board for approval

These initiatives directly addressed the recommendations of the 2024 evaluation and enhanced overall Board effectiveness.

2025 Evaluation Outcomes

The 2025 internal evaluation concluded that the Board and its Committees:

- Performed at a high level of effectiveness
- Demonstrated strong governance practices and robust oversight
- Maintained effective working dynamics with Executive Management

The BNCC approved an action plan for 2026, with key enhancements including:

- Strengthening Board training programmes to reflect emerging regulatory, technological, and global banking developments
- Improving the timely processing of Board and Committee meeting materials to support deeper preparation and strategic engagement

These actions have been incorporated into the Board's governance priorities for the upcoming year.

Progress on 2024 Evaluation Outcomes

Following the 2024 internal evaluation, which highlighted the need for more strategic discussions, greater Board awareness of artificial intelligence, and deeper oversight of technology transformation and cyber risk, Mashreq implemented several targeted measures in 2025.

These included hosting a dedicated Board Strategy Day to encourage in-depth strategic dialogue, delivering specialised training and deep-dive sessions on AI, cybersecurity and technology transformation, and strengthening the Board's engagement with the Bank's technology and security teams.

These initiatives directly addressed the recommendations of the 2024 evaluation and enhanced overall Board effectiveness.

External Evaluation

In line with regulatory requirements, Mashreq appoints an independent external consultant at least once every five years to conduct a comprehensive evaluation of the Board, all Board Committees, and individual Directors.

The most recent external evaluation was conducted in 2022. It was performed by an independent, internationally recognised governance advisory firm. The next external evaluation is scheduled to take place in 2027, in accordance with Mashreq's five-year evaluation cycle and the CBUAE Corporate Governance Regulation.

Scope of External Evaluation

External evaluations typically review:

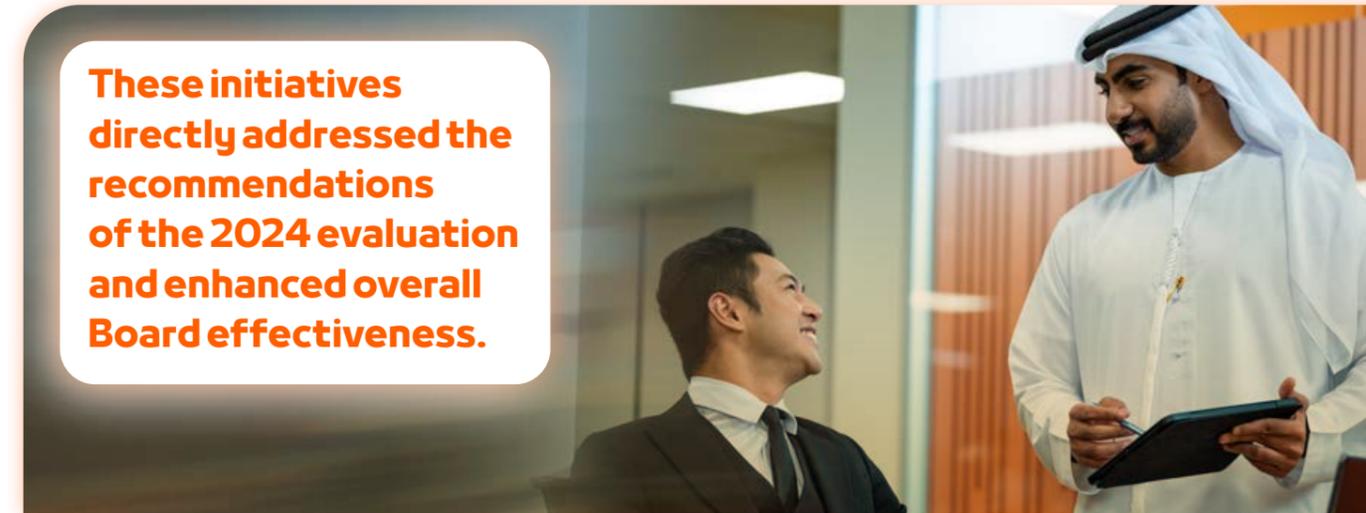
- The Board's performance against its objectives
- The effectiveness of Board oversight of strategy and risk
- Committee performance against their Terms of Reference
- The composition, skills, and diversity of the Board
- The Board's ability to respond to challenges and emerging issues
- Interaction between the Board, its Committees, and Executive Management
- Directors' independence, fitness, and probity

The outcomes of the external evaluation are presented to the BNCC, which formulates an action plan and monitors implementation. The Chairperson of the BNCC provides a full briefing to the Board upon completion.

Commitment to Continuous Improvement

Mashreq remains committed to embedding a learning culture at Board level. The combination of annual internal evaluations and periodic external assessments ensures that:

- Board effectiveness is continuously enhanced
- Governance practices remain aligned with international standards
- Directors maintain the necessary skills, knowledge, and independence
- Stakeholder trust and regulatory confidence are upheld



Board Oversight on Culture

Our People and Culture

Mashreq continues to foster a dynamic and inclusive culture that emphasises customer-centricity, adaptability, and continuous engagement. In 2025, the Bank strengthened its people ecosystem through digital onboarding, expanded leadership development programmes, enhanced recognition frameworks, and targeted wellbeing initiatives across regions.

High engagement scores, strong participation in learning programmes, and positive wellbeing outcomes reflect a resilient, motivated workforce aligned with the Bank's values and strategic priorities. The Board remains committed to nurturing a culture that empowers talent, supports innovation, and sustains long-term value creation and organisational performance.

How We Monitor Culture

Embedding Culture through Onboarding and Induction

- Continuously enhancing onboarding and induction programmes to integrate new employees into the Bank's culture, values, and working environment from day one.
- Leveraging the Global Digital Onboarding System to simplify processes, reduce administrative complexity, and improve employee experience across all regions.
- Embedding culture journey sessions within global induction programmes to reinforce behavioural expectations, accelerate engagement, and promote early alignment with strategic and cultural objectives.

Engaging Employees and Listening to Their Voice

- Maintaining Board visibility over engagement through participation data from People Connect sessions, engagement surveys, and pulse feedback channels.
- Capturing employee voice through wellbeing initiatives, youth councils, and recognition platforms, enabling continuous feedback and open dialogue.
- Enhancing transparency, accessibility, and consistency of employee-related communications through centralised platforms such as the People Connect intranet.
- Supporting timely identification of emerging issues and targeted actions to strengthen engagement and wellbeing.

Aligning Performance Management

- Aligning individual objectives with strategic priorities through clearly defined SMART objectives, reinforcing accountability, transparency, and high performance.
- Strengthening managerial capability through structured learning programmes and leadership development initiatives.
- Enhancing recognition policies and reward mechanisms to reinforce desired behaviours and alignment with Mashreq's values and long-term objectives.

Ensuring Regulatory Compliance and Policy Implementation

- Receiving regular updates on policy enhancements, including recognition frameworks, medical insurance improvements, and digital people systems.
- Embedding regulatory requirements within digital standard operating procedures, ensuring consistent implementation across people policies.
- Supporting strong internal controls and operational consistency across the Group.

Purpose

Oversee culture in support of sound governance, financial stability and strategic objectives

Set the "tone from the top"

Promote ethical conduct, prudent risk management and regulatory compliance

Monitor culture and conduct through regular Board and committee oversight

Values

Integrity and Compliance
Ethical conduct and adherence to laws and regulations

Customer Protection
Fair treatment and responsible banking practices

Accountability
Clear ownership and effective governance

Risk Discipline
Prudent risk-taking within approved risk appetite

Subsidiary Governance and Group Oversight

Mashreq operates an international footprint of subsidiary companies, branches, and representative offices spanning Europe, the Americas, Africa, the Middle East, and Asia.

The Bank's updated Group Corporate Governance Framework provides comprehensive oversight of the Group's structure while respecting the legal autonomy and regulatory environments of its international subsidiaries and branches. All entities within the Group are required to adopt Mashreq's Corporate Governance Policies in addition to complying with the applicable laws and regulations of their respective jurisdictions.

In 2025, Mashreq undertook a comprehensive review of its Subsidiary Governance Framework, strengthening governance oversight and alignment across the Group. This enhanced framework establishes a robust mechanism for Board oversight over its subsidiaries, ensuring accountability, compliance, and strategic alignment across the Group.

At 31 December 2025, Mashreqbank PSC Group (the "Group") comprises the Bank and its direct subsidiaries as listed (right):

At 31 December 2025 Mashreqbank PSC Group (the "Group") comprises of the Bank and the following direct subsidiaries:

Name Subsidiary	Place of Incorporation (or Registration) and Operation	Proportion of Ownership Interest	Principal Activity
		December 2025	
Sukoon Insurance (PJSC)	United Arab Emirates	64.76%	Insurance & reinsurance
Mindscape FZ LLC	United Arab Emirates	100.00%	IT services
Mashreq Securities LLC	United Arab Emirates	100.00%	Brokerage
Mashreq Capital (DIFC) Limited	United Arab Emirates	100.00%	Asset and fund management
Mashreq Al Islami Finance Company (PJSC)	United Arab Emirates	99.80%	Islamic finance company
Injaz Services FZ LLC	United Arab Emirates	100.00%	Service provider
Invictus Limited	Cayman Islands	100.00%	Special purpose vehicle
Mashreq Global Network	Egypt	100.00%	Employment services
Mashreq Global Services (SMC Private) Limited	Pakistan	100.00%	Employment services
Shorouq Commodities Trading DMCC	United Arab Emirates	100.00%	Trading
Osool – A Finance Company (PJSC)*	United Arab Emirates	100.00%	Finance
Mashreq Bank Pakistan Limited	Pakistan	100.00%	Banking
Neo Ventures Ltd	United Arab Emirates	100.00%	Corporate venture capital company
Citrus Ventures Holding Ltd	United Arab Emirates	100.00%	Special purpose vehicle
As at 31 December 2025, the Bank had the following associates:			
Associate			
Emirates Digital Wallet LLC	United Arab Emirates	23.61%	Digital wallet service

* Under liquidation.

In 2025, Mashreq undertook a comprehensive review of its Subsidiary Governance Framework.

Directors' Related Party Transactions

S.No.	Nature of Related Party	Type of Transaction and Balance	Value 2025 (AED)	Value 2024 (AED)
1	Major shareholders	Loans and advances	3,806,448	2,506,660
2	Major shareholders	Deposits/financial instruments under lien	2,728,359	1,647,558
3	Major shareholders	Letter of credit and guarantees	2,926,918	1,576,704
4	Directors and key management personnel	Loans and advances	108,723	153,630
5	Directors and key management personnel	Deposits/financial instruments under lien	216,166	364,947
6	Directors and key management personnel	Letter of credit and guarantees	6,846	7,212
7	Associates and joint venture	Loans and advances	188,267	376,534
8	Associates and joint venture	Deposits/financial instruments under lien	10	26,031
9	Associates and joint venture	Letter of credit and guarantees	-	25,000
10	Major shareholders	Interest income	281,724	165,175
11	Major shareholders	Interest expense	25,065	11,843
12	Major shareholders	Other income	50,571	26,518
13	Directors and key management personnel	Interest income	3,641	6,819
14	Directors and key management personnel	Interest expense	2,100	6,077
15	Directors and key management personnel	Other income	138	47
16	Associates and joint venture	Other income	-	2

Managing Conflicts of Interest

Mashreq maintains a robust Conflict of Interest Framework to ensure that the integrity of governance processes is preserved across the Group. The framework applies to Directors, Senior Management, and all employees and is aligned with CBUAE Corporate Governance Regulations and Mashreq's Code of Conduct.

Board Remuneration

Board remuneration is determined in line with Mashreq's governance commitments, regulatory expectations, and the scope of responsibilities undertaken by Directors. Remuneration reflects the time commitment required and the complexity of the Board's oversight role.

The Board's total remuneration paid in 2025 for the year ended 31 December 2024 amounted to AED 3,250,000. The Board did not receive any additional allowance for attending Board or Board Committee meetings during 2024.

The BNCC conducts an annual review and provides recommendations to the Board on the structure and level of Directors' remuneration, taking into account the time committed to Mashreq's affairs and the complexity of their responsibilities, including service on Board Committees. During 2025, Committee members received an allowance of AED 3,000 for each Committee meeting attended in 2025.

The proposed total remuneration for the year ending 31 December 2025, to be paid in 2026, is AED 14,200,000, subject to:

- Review and endorsement by the Board Nomination & Compensation Committee
- Approval by the Board
- Final approval by shareholders at the AGA

Proposed fixed annual remuneration is as follows:

	Total Remuneration (AED)
Abdulaziz Al Ghurair, Chairman	2,200,000
Ahmad AlKhallafi	2,000,000
Rashed Al Ghurair	2,000,000
Saeed Al Ghurair	2,000,000
Mariam Ghobash	2,000,000
Iyad Malas	2,000,000
John Iossifidis	2,000,000

Director's and Their Related Party Shareholdings

Name	Position/Relationship	As at 31/12/2025	As at 31/12/2024	Change in Shareholding
Rashed Saif Al Ghurair	Board Member	1,130	1,130	0
Mansoor Abdul Aziz Al Ghurair	Chairman's Son	66,532	66,532	0

Board Meetings and Attendance

The Board approves its annual meeting calendar each December. Formal invitations and meeting schedules are circulated to Directors at the beginning of the following year to support full attendance and preparation.

Meeting agendas are prepared by the Group Company Secretary in consultation with the Chairman and the Group Chief Executive Officer, and Board packs are distributed in advance to enable informed deliberations.

In 2025, the Board held seven scheduled meetings, during which Directors considered a broad range of strategic and operational matters, including business performance, budget planning, strategy, risk appetite, regulatory developments, and other matters central to the Bank's direction.

Directors continue to demonstrate a high level of engagement, constructive challenge, and independent judgement in all Board and Committee meetings.

Board Meeting Dates and Attendance

Date of Board Meeting	Director Attendance	Absent Directors	Number of Resolutions Passed
30 January 2025	●●●●●○ 6/7	Ahmad AlKhallafi	8
30 April 2025	●●●●●●● 7/7	-	7
30 May 2025	●●●●●●● 7/7	-	2
29 July 2025	●●●●●●● 7/7	-	7
29 September 2025	●●●●●●● 7/7	-	3
3 November 2025	●●●●●●● 7/7	-	7
11 December 2025	●●●●●●● 7/7	-	2

Time Allocation for Board Meetings

- Business, Operations, and Strategic Updates (37%)
- Financial Performance and Planning (18%)
- Business Proposals for Ratification and Approval (12%)
- Governance matters (33%)



In 2025, seven Board meetings were held and a total of 27 circular resolutions were passed. The following key matters were considered at the main Board meetings throughout the year.

Topics Discussed	January	April	May	July	September	November	December
Financial performance, planning and control	📅	📅		📅			📅
Recommendation for Appointment of External Auditors for 2025	📅						
Review of Dividend Proposal – FY2025	📅						
Budget and Strategy			📅				📅
Liquidity Stress Testing	📅	📅		📅		📅	
Business Updates	📅	📅	📅	📅	📅	📅	
Technology and Cyber Security Updates		📅				📅	📅
Consumer Complaints		📅					📅
Internal Control, Risk, and Compliance	📅	📅	📅	📅	📅	📅	
Governance Updates	📅	📅	📅	📅	📅	📅	📅
Board Committee Reports	📅	📅		📅	📅	📅	📅
Management Committee Reports	📅	📅		📅	📅	📅	📅
Group Updates (including branches and subsidiaries)			📅	📅	📅	📅	
Islamic Banking Updates	📅						
ISSC Update and Re-appointment of Internal Shari'ah Supervision Committee Members							📅



Directors continue to demonstrate a high level of engagement, constructive challenge, and independent judgement in all Board and Committee meetings.

Key Board Activities

The Board reviewed and deliberated key matters, including:

Financial Oversight

- Financial performance and peer benchmarking
- Capital management and liquidity position, including stress testing
- Dividend proposals, funding plans, and annual budget

Strategy

- Deep-dive sessions on strategic priorities
- Approval of the five-year Strategic Budget Plan (2026–2030)
- Strategic ambitions for sustainable growth, supported by disciplined capital management, digital transformation, and selective geographic expansion
- Consideration of interest rate outlooks, capital deployment, dividend policy, and expansion into priority markets
- Alignment of strategic decisions with the Bank's risk appetite, regulatory obligations, and long-term sustainability objectives

Activities included oversight of principal risk types and the effectiveness of the Bank's risk management framework and internal control systems.

Risk Management and Internal Control

- Recommendations on risk management matters, including the Bank's risk appetite
- Appointment and independence of the Group Chief Risk Officer (GCRO), ensuring appropriate seniority, independent reporting to the Committee, and separation from credit underwriting and revenue-generating activities
- Review of the performance, resourcing, independence, and effectiveness of the Risk Function
- Oversight of principal risk types and the effectiveness of the Bank's risk management framework and internal control systems
- Annual review of the adequacy of key risk management policies, systems, and procedures
- Monitoring, with support from the Group Risk Committee (GRC), of the implementation of risk management policies and receipt of periodic overviews of risk management frameworks
- Periodic testing and challenge of assumptions underpinning risk models and policies, including awareness of material regulatory, legal, or standards-related changes

Governance and Oversight

- Overview of profit equalisation
- Performance management
- Implementation of the subsidiary governance framework
- Board and Committee evaluation and effectiveness

Environmental, Social and Governance (ESG)

- Shaping the Bank's overarching risk strategy while ensuring alignment with ESG principles
- Updates on sustainability and climate risk matters



Board Committees

Board Audit Committee (BAC)

Committee composition as of 31 December 2025:



Mr. John Iossifidis
Chairperson



Mr. Ahmad Al Khallafi
Member



Mr. Iyad Malas
Member

ISSC Member for ISSC

Mr. Abdulrahman Al Hammadi

BAC Meeting Attendance in 2025

Date of BAC Meeting	Number of Attendees	Absent Members
29 January 2025*	4/4	-
28 April 2025	3/3	-
24 July 2025*	3/4	Abdulrahman Alhammadi
27 October 2025	3/3	-

* Meetings with ISSC updates

Time Allocation for BAC Meetings

- Financial performance and results (27%)
- Internal audit updates (36%)
- Compliance updates (12%)
- Review of policies and governance related matters (14%)
- PER updates (11%)



Committee Responsibilities

The BAC is constituted under the laws and regulations of the CBUAE and exercises the authority set out in its charter to assist the Board in fulfilling oversight responsibilities, including but not limited to the following:

- Ensuring that the Bank's financial statements are prepared in accordance with internationally accepted accounting policies and practices, supported by appropriate record-keeping systems, and issued annually to the public together with the independent External Auditor's opinion;
- Ensuring that the Bank does not present their audited financial statements at the General Assembly or otherwise make such statements public without the prior written no-objection of the Central Bank;
- Monitoring the accuracy, integrity, and transparency of the Bank's financial statements and ensuring adequate and timely disclosures;
- Reviewing the financial reporting process and the establishment of significant accounting policies and practices;
- Ensuring that adequate governance structures and control processes are in place for all financial instruments measured at fair value for risk management and financial reporting purposes;
- Ensuring that the Bank prepares their financial statements in accordance with the International Financial Reporting Standards (IFRS) and the instructions issued by the Central Bank;
- Avoiding any action that may disclose or reveal intentions regarding distribution or repatriation of profits, retained earnings, reserves, or other components of regulatory capital, without the prior written no-objection of the Central Bank;
- Ensuring that valuation practices are consistent with IFRS and that the fair value estimation framework, structures, and processes are subject to independent verification and validation;
- Ensuring the publication of the audited financial statements and the independent External Auditor's opinion on the Bank's website no later than four months after the financial year-end, and their inclusion in the Bank's annual report;
- Supervising the effectiveness of the Bank's internal control framework;
- Making recommendations to the Board, for submission to shareholders for their approval at the General Assembly, regarding the appointment, re-appointment, or removal of the External Auditor, and approving the External Auditor's remuneration and terms of engagement;
- Certifying the External Auditor's qualifications and independence;
- Ensuring the External Auditor conducts audits in accordance with the International Standards on Auditing (ISA), applying a risk-based and materiality-based approach to audit planning and execution;

- Ensuring that the scope of external audits includes, inter alia, the loan portfolio and loss provisions, non-performing assets, asset valuations, trading and other securities activities, derivatives, asset securitisations, consolidation and off-balance sheet arrangement, Pillar 3 reporting, and the adequacy of internal controls over financial reporting;
- Supervising the performance and independence of the Bank's Internal Audit and Internal Shari'ah Audit function;
- Reviewing and approving the comprehensive Internal Audit and Internal Shari'ah Audit plans and the quarterly reports prepared by the internal audit team; and
- Ensuring that the Internal Audit and Internal Shari'ah Audit functions independently evaluate compliance with applicable laws, regulations, standards, Islamic Shari'ah principles, and the instructions issued by the Central Bank and the Higher Shari'ah Authority.

Statement from the BAC Chairperson

Dear Shareholders,

I am pleased to present the report of the Board Audit Committee (BAC) for the year ended 31 December 2025.

The Committee met four times during the year, in accordance with its Charter, and discharged its responsibilities with a continued focus on safeguarding the integrity of Mashreq's financial reporting, internal controls, and audit processes.

Committee Activities and Discharge of Responsibilities in 2025

During the year, the Committee received regular updates from Compliance, Risk, and Internal Audit on findings arising from examinations and thematic reviews conducted by the CBUAE, and closely monitored the implementation and closure of remedial actions. Progress against regulatory findings was reviewed systematically to ensure timely resolution and sustained compliance, including the implementation of corrective action plans addressing material internal control and risk-management deficiencies.

In fulfilling its oversight of financial reporting, the Committee reviewed key matters relating to quality and accuracy of financial reporting; loan loss provisions and asset quality; related party reporting; fair value measurement; and auditor independence and audit findings.

The Committee addressed these matters through strengthened reporting processes, ongoing internal audit coverage, and enhanced focus and training on IFRS and banking-specific standards. To mitigate risks from non-performing loans, the Committee reviewed provisioning levels and engaged external auditors for validation where appropriate. Related party transactions were reviewed to ensure transparent disclosure and compliance with applicable regulatory and accounting standards. Fair value measurement challenges arising from market volatility were managed through the use of independent valuation expertise, where required.

Board Committees | Board Audit Committee (BAC) continued

The Committee placed particular emphasis on the independence and effectiveness of the external audit process.

The Committee reviewed a broad range of financial and control matters, including periodic financial performance updates, net interest income analysis, detailed analysis of ageing profiles, deep-dive reviews on liquidity management, compliance updates, Internal Audit Group updates, and the outcomes of risk and control culture assessments.

The Committee also reviewed the Deloitte Management Letter and the outcomes of the ICFR Gap Assessment, supporting the continued strengthening of internal controls and financial governance.

The Committee evaluated the performance and independence of the External Auditor for the 2025 audit and approved the reappointment for 2026, including review of external audit fees.

The performance of the Chief Internal Auditor and the Head of Internal Shari'ah Audit was also reviewed as part of the Committee's oversight of functions.

The Committee placed particular emphasis on the independence and effectiveness of the external audit process. Auditor independence was assessed through review of regulatory compliance, rotation requirements, independence declarations, non-audit services, and adherence to professional standards. The Committee also evaluated audit quality, including the robustness of the audit plan, understanding of the Bank's business and regulatory environment, and the timeliness and relevance of audit reporting. Feedback from Senior Management was considered as part of this assessment.

The Committee approved non-audit services provided by the External Auditor in accordance with a formal policy designed to safeguard independence and objectivity. Each engagement was assessed to ensure it did not create conflicts of interest or impair audit independence.

With respect to related party transactions, the Committee confirmed that all transactions during the reporting period were reviewed to ensure appropriate disclosure in the financial statements in line with IFRS. While approval of such transactions falls within the remit of the Board Credit Committee (BCC) under CBUAE regulations, the BAC maintained oversight of financial reporting and disclosure aspects. All transactions were conducted on an arm's-length basis, and where Directors had an interest, such matters were escalated to the Board for independent review and approval.

The Committee also assessed governance arrangements relating to profit equalisation, in accordance with applicable CBUAE standards.

To enhance oversight effectiveness, the Committee held closed sessions with the External Auditor and the Chief Internal Auditor, without the presence of Senior Management, to independently discuss matters within the Committee's remit.

Throughout the year, the Committee coordinated closely with the Board Risk, Compliance & ESG Committee (BRCEGSC) to ensure appropriate information flow and comprehensive risk coverage. The Committee reviewed the Internal Audit Plan for 2025, ensuring it provided sufficient assurance over the Bank's governance framework and internal control environment. All medium- and high-risk Internal Audit reports were reviewed, and corrective action plans were monitored to ensure timely remediation.

During the year, the Committee supported value creation and strengthened corporate governance through the adoption of the Mashreq ICFR Framework and the review and implementation of the Global Tax Policy, reinforcing financial control maturity, transparency, and regulatory alignment across the Group.

The Committee also introduced enhanced agenda tracking for the implementation of the new Profit Management System (PMS) and conducted deep-dive sessions on technology and transformation initiatives, supporting improved oversight of operational effectiveness and strategic enablement.

Governance, Mandate, and Committee Effectiveness

In 2025, the Committee's mandate and composition were updated to ensure compliance with the Profit Equalisation Reserve regulations, reflecting evolving regulatory expectations and strengthening governance oversight.

The Committee evaluates its effectiveness through internal assessment of its performance and governance practices. During the year, effectiveness was further strengthened through the formalisation of regular closed sessions with the External Auditor and the Chief Internal Auditor, enabling open and independent dialogue on key audit, control, and risk matters.

2026 Priorities

Looking ahead to 2026, the Committee's agenda will include a minimum of four meetings, with continued focus on:

- The integrity and transparency of Mashreq's financial statements;
- Governance and oversight of IFRS 9 practices;
- Identification and monitoring of emerging risks;
- Oversight of the activities and performance of Group Internal Audit, Group Compliance, and Internal Shari'ah Audit;
- Ongoing assessment of the performance and independence of the External Auditor.

The Committee remains committed to maintaining the highest standards of financial governance, transparency, and accountability in support of Mashreq's long-term sustainability and stakeholder confidence.

As Chairperson of the Board Audit Committee, I confirm my responsibility for ensuring that the Committee fulfils its mandate effectively and operates in accordance with its approved charter.

Mr. John Iossifidis
Chairperson, Board Audit Committee

External Auditors

The Board Audit Committee (BAC) plays a central role in overseeing the appointment, engagement, and performance of Mashreq's External Auditor. This responsibility is guided by the External Auditor Selection Policy, the Board Audit Committee Charters, and the Abu Dhabi Accountability Authority (ADAA) Statutory Auditors Appointment Rules.

External Auditor Overview

At the 2025 Annual General Assembly, Mashreq's shareholders approved the reappointment of Deloitte & Touche (M.E.) as the Bank's External Auditor for the year. Deloitte has served as the Bank's External Auditor for two years, with Musa AlRamahi acting as the lead audit partner since February 2023.

The Board Audit Committee (BAC) oversees the external audit approach, focusing on independence, terms of engagement, and the rotation of the auditing firm or partner. The BAC maintains regular communication with the audit team to review audit findings, discuss accounting changes, and ensure consistent reporting throughout the year.

External Auditor Details

Deloitte & Touche (M.E.), Deloitte, is a global leader in audit, consulting, financial advisory, risk advisory, and tax services. With a history spanning over 175 years, Deloitte operates in more than 150 countries. Deloitte & Touche (M.E.) LLP (DME) is the Middle East and Cyprus affiliate of Deloitte NSE LLP, a UK limited liability partnership and member firm of Deloitte Touche Tohmatsu Limited. DME has maintained an uninterrupted presence in the Middle East since 1926, with 26 offices across 15 countries and around 5,900 professionals, including partners and directors.

External Auditor Fees

The fees paid to Deloitte & Touche (M.E.) in 2025 were as follows:

Audit fees for Mashreq Consolidated Financial Statements	AED 1,753,317
Other fees	AED 2,889,736

Additional Services

The following non-audit services were provided in 2025:

- XBRL Filing Requirements: Deloitte assisted with the submission of consolidated financial information to the Securities and Commodities Authority (SCA) on a quarterly and annual basis, including financial statements and notes.
- Long-Form Audit Reports for Overseas Branches: As mandated by the UAE Central Bank's 2021 Banking Supervision Guidelines, Deloitte prepared long-form audit reports for the Bank's overseas branches in Egypt, New York, and Bahrain. These reports covered key areas including liquidity, FX risk, credit risk, regulatory compliance, financial crime risk, and anti-money laundering procedures.
- Other Services required to be performed by the external auditor for issuance of Tier 1, Sukuk, corporate tax, Basel Pillar 3 reporting, and EMTN.

Other External Auditor Services

No external auditor related services were provided during 2025 by any external auditor other than the Bank's appointed external auditor, Deloitte & Touche (M.E.).

External Auditor's Reservations

For the year 2025, Deloitte issued an unqualified opinion, indicating that there were no reservations regarding Mashreq's interim or annual financial statements.

Board Committees continued

Board Nomination and Compensation Committee (BNCC)

Committee composition as of 31 December 2025:



Mr. Saeed Al Ghurair
Chairperson



Ms. Mariam Ghobash
Member



Mr. Ahmad Al Khallafi
Member

Committee Responsibilities

The purpose of the BNCC is to assist the Bank's Board of Directors in fulfilling its oversight responsibilities by:

- Ensuring an adequate composition of the Board, Senior Management, and staff, according with the Fit and Proper process, supporting the ongoing suitability and functioning of the Bank's operations and its risk capacity to meet the strategic plan and business objectives;
- Ensuring that orderly succession plans are in place for the Board, Senior Management, and other identified key positions;

- Evaluating the performance of the Board, its Committees, and the Group Chief Executive Officer annually;
- Reviewing the remuneration of the Group Chief Executive Officer and his Direct Reports (including Group Heads and Group Company Secretary) against agreed management by objectives (MBOs); and
- Satisfying itself that the Bank's remuneration and compensation framework is in line with the risk appetite, business strategy plan, corporate objectives, culture and values, and long-term interests of the Bank, and complies with applicable laws, regulations, and standards issued by the Central Bank and other competent authorities.

BNCC Meeting Attendance in 2025

Date of BAC Meeting	Number of Attendees	Absent Members
27 February 2025	● ● ● 3/3	-
19 March 2025	● ● ○ 2/3	Ahmad AlKhallafi
12 May 2025	● ● ● 3/3	-
11 September 2025	● ● ● 3/3	-
10 December 2025	● ● ● 3/3	-

Time Allocation for BNCC Meetings

- PICG updates (45%)
- Compensation (25%)
- Governance, policies and Board-related matters (30%)



Statement from the BNCC Chairperson

I am pleased to present the report of the BNCC for the year ended 31 December 2025.

During the year, the BNCC met four times and discharged its responsibilities in accordance with its Board-approved charter. The Committee's work remained focused on ensuring that Mashreq's people, leadership, and remuneration frameworks continue to support the Bank's long-term strategy, regulatory compliance, and sustainable performance.

Committee Activities and Discharge of Responsibilities in 2025

In 2025, BNCC's primary focus was on strengthening governance, performance management, and remuneration structures across the Group. This included a particular emphasis on the recommended approach for the performance evaluation of independent roles and functions, which the Committee considered critical to reinforcing accountability, transparency, and effective oversight at both Board and management levels.

Throughout the year, the Committee reviewed and assessed the Bank's remuneration practices, including those of subsidiaries, against market benchmarks and applicable Central Bank regulations. The Committee also closely monitored the People & Intellectual Capital Group (PICG) strategic priorities, recognising the importance of talent, leadership development, and reward structures in supporting the Bank's future growth and resilience.

During the year, the BNCC met four times and discharged its responsibilities in accordance with its Board-approved charter.

Governance, Mandate, and Committee Effectiveness

During 2025, the Committee's mandate was updated to ensure compliance with applicable regulations, including the CBUAE Fitness and Propriety Regulations and Standards, and to expand the Committee's scope to include enhanced oversight of corporate governance matters. These changes strengthened the Committee's ability to support the Board in fulfilling its governance responsibilities.

The Committee evaluates its effectiveness through an annual internal evaluation conducted by Committee members. The results of the evaluation confirmed that the Committee continued to operate effectively and in line with its mandate. Enhancements during the year included deeper focus on performance evaluation frameworks and continued alignment of remuneration governance with regulatory and best-practice expectations.

2026 Priorities

Looking ahead, the Committee's agenda for 2026 will focus on:

- Overseeing succession planning for the Board and Senior Management;
- Reviewing remuneration frameworks and outcomes to ensure continued regulatory compliance;
- Ensuring alignment between compensation structures and the Bank's risk, capital, and liquidity profile;
- Supporting Mashreq's strategic growth through effective talent and reward governance.
- The Committee will continue to review compensation plans and outcomes regularly to promote prudent risk management while supporting the Bank's long-term objectives.

As Chairperson of the Board Nomination & Compensation Committee, I confirm my responsibility for ensuring that the Committee fulfils its mandate effectively and operates in accordance with its approved charter.

Mr. Saeed Al Ghurair
Chairperson, Board Nomination and Compensation Committee

Board Committees continued

Board Credit Committee (BCC)

Committee composition as of 31 December 2025



Mr. Iyad Malas
Chairperson



Mr. John Iossifidis
Member



Mr. Ahmad Al Khallafi
Member

Committee Responsibilities

The responsibilities of the BCC include the effective oversight of the Bank's credit and investment activities by:

- Ensuring that appropriate administrative and accounting procedures and internal control systems are in place to identify and manage large exposures;
- Ensuring all credit commitments exceeding the limits contained in the Executive Management Committee charters, and up to the level requiring full Board approval, are reviewed and approved in accordance with the CBUAE regulations on large exposure limits (as amended from time to time);
- Ensuring credits and investments are aligned with the Bank's strategy and business objectives, taking into consideration the risk appetite, risk tolerance, risk capacity, and overall aggregate risk exposure of the Bank and the Group;
- Ensuring that any credit or investments relating to Islamic financial products and services are referred to the Internal Shari'ah Supervisory Committee (ISSC) for Shari'ah compliance approval prior to execution;
- Ensuring that non-performing loans and bad debts are addressed in a timely manner and in accordance with the Bank's policies, including tracking and analysing defaulter trends to enable proactive monitoring of highly exposed sectors or clients and escalation to the Board, as appropriate;
- Ensuring that credit authority is granted in a manner that appropriately balances risk and return, while considering consumer rights and satisfaction;
- Ensuring that only qualified employees are granted authority to make credit or investment decisions, as set out in formal delegations of authority or as prescribed by the Bank's policies, this Charter, or the Board;
- Reviewing the overall performance of credit and investment products, instruments, and facilities, as well as alignment with the Bank's risk strategy and long-term objectives at both Bank and Group levels;
- Reviewing and approving recommendations for loan write-offs, settlements, and waivers, and the performance of products, non-performing loans, and other instruments; setting related policies governing bad debt recoveries, settlements, waivers, and write-off limits and procedures; and
- Ensuring that management committees are established to manage credit and investment activities within delegated authorities from the Committee, the GCEO, GCCO and/or GCRO overseeing any sub-delegations of authority from Senior Management to management, and that such committees provide at least annual updates on aggregate credits, investments, and their performance at Bank and Group levels.

BCC Meeting Attendance in 2025

Date of BAC Meeting	Number of Attendees	Absent Members
17 January 2025	3/3	-
24 January 2025	3/3	-
7 February 2025	3/3	-
14 February 2025	2/3	John Iossifidis
7 March 2025	3/3	-
14 March 2025	3/3	-
21 March 2025	3/3	-
28 March 2025	3/3	-
11 April 2025	3/3	-
18 April 2025	3/3	-
25 April 2025	3/3	-
2 May 2025	3/3	-
9 May 2025	3/3	-
16 May 2025	3/3	-
23 May 2025	3/3	-
30 May 2025	2/3	Ahmad Khallafi
13 June 2025	3/3	-
20 June 2025	3/3	-
4 July 2025	3/3	-
11 July 2025	2/3	Ahmad Khallafi
25 July 2025	3/3	-
1 August 2025	3/3	-
7 August 2025	3/3	-
15 August 2025	3/3	-
22 August 2025	2/3	John Iossifidis
29 August 2025	3/3	-
4 September 2025	3/3	-
19 September 2025	3/3	-
26 September 2025	3/3	-
3 October 2025	3/3	-
9 October 2025	3/3	-
7 November 2025	3/3	-
14 November 2025	2/3	Ahmad Khallafi
21 November 2025	3/3	-
28 November 2025	3/3	-
5 December 2025	3/3	-
12 December 2025	2/3	Ahmad Khallafi

Statement from the BCC Chairperson

Dear Shareholders,
I am pleased to present the report of the BCC for the year ended 31 December 2025. The Committee is responsible for overseeing the Bank's credit and investment activities within the authorities delegated by the Board. This includes setting and monitoring policies, procedures, and processes governing credit extensions, credit limits, and investment guidelines at both Bank and Group levels, in line with regulatory requirements and the Bank's risk appetite.

Committee Activities and Discharge of Responsibilities in 2025

During 2025, the Committee met on an enhanced frequency, 37 times as opposed to four times for the previous year, reflecting the increased complexity of the operating environment and the need for timely oversight of credit matters. This change supported more responsive decision-making and strengthened governance over credit risk.

Throughout the year, the Committee focused on reviewing, approving, and ratifying a broad range of credit-related matters, including high-value credit proposals and related party transactions, ensuring alignment with approved limits, policies, and regulatory requirements. The Committee closely monitored the Bank-wide credit profile, reviewed updates on high-exposure countries, and assessed changes to country limits in response to evolving geopolitical and economic conditions.

Key discussions also included contracting portfolio updates, distressed stress updates, and assessments of external factors such as trade war impacts, as well as periodic country strategy reviews. These discussions enabled the Committee to maintain a forward-looking view of credit risk and to ensure that emerging risks were identified and addressed in a timely manner.

In addition, the Committee reviewed updates on business banking activities and considered enhancements to the Credit Risk Management Standard, supporting consistent credit practices and disciplined risk management across the Bank.

2026 Priorities

Looking ahead to 2026, the BCC will continue to prioritise robust oversight of credit quality and concentration risk, with a continued focus on high-exposure countries, large and complex credit proposals, and stressed or distressed portfolios. The Committee will also maintain close scrutiny of external macroeconomic and geopolitical developments, including their potential impact on country risk, sectoral exposure, and portfolio resilience. The Committee remains committed to ensuring that credit decisions continue to support Mashreq's strategic objectives while maintaining prudent risk discipline and full compliance with regulatory expectations.

As Chairperson of the Board Credit Committee, I confirm my responsibility for ensuring that the Committee fulfils its mandate effectively and operates in accordance with its approved charter.

Mr. Iyad Malas
Chairperson, Board Credit Committee

Time Allocation for BCC Meetings

- Credit facilities (60%)
- Review of portfolio composition, quality and performance and compliance (25%)
- Country limits and review (15%)



Board Committees continued

Board Risk, Compliance & ESG Committee (BRCESGC)

Committee composition as of 31 December 2025:



Ms. Mariam Ghobash
Chairperson

Mr. Rashed Al Ghurair
Member

Mr. John Iossifidis
Member

Committee Responsibilities

The Committee is responsible for supporting the Board in the effective oversight of risk, compliance, ESG, and related matters by:

- Reviewing, on behalf of the Board, the Bank’s risk management framework and the management of its principal risks;
- Reviewing and approving, on behalf of the Board, the Bank’s Risk Appetite Statement, ensuring alignment with the Group’s strategy and sustained business objectives in line with the Bank’s three-year strategic plan;
- Making recommendations, as deemed necessary, on risk management matters, including but not limited to the Bank’s risk appetite, risk tolerance, and risk capacity;
- Commissioning, receiving, and considering reports on key risk issues;
- Reviewing and approving compliance reports on a quarterly basis;
- Safeguarding the independence of, and overseeing the performance of, the risk functions;
- Approving the stress testing framework, the Internal Capital Adequacy Assessment Process (ICAAP), and other related policies and procedures, as recommended by the relevant management committees;
- Reviewing the effectiveness of the Bank’s whistleblowing mechanism;
- Considering risks associated with large exposures and the limits set out in the CBUAE’s Large Exposures Regulation, including risks arising from the failure of a single counterparty or a group of connected counterparties;
- Overseeing and promoting the Bank’s ESG strategy, practices, compliance, and reporting, to support sustainable operations;
- Overseeing IT security, governance, and cyber risk management through policies, reporting, and monitoring across the Bank, and ensuring that the Bank’s technological needs are appropriately addressed;
- Supervising and monitoring the management of Shari’ah non-compliance risk, assisted by the Group Chief Risk Officer and in consultation with the Internal Shari’ah Supervisory Committee (ISSC); and
- Overseeing the Bank’s operational resilience framework, ensuring it is robust, effective, and aligned with regulatory requirements and business objectives.

During 2025, the Committee had a 100% attendance with no absences

Date of BRCESGC Meeting	Number of Attendees	Absent Members
26 February 2025	3/3	-
24 March 2025	3/3	-
23 June 2025	3/3	-
25 September 2025	3/3	-
8 December 2025	3/3	-

Time Allocation for BRCESGC Meetings

- Risk updates (51%)
- Risk related policies (12%)
- Compliance updates (9%)
- Sustainability & climate risk updates (10%)
- Operational resilience updates (including cyber & technology) (18%)



Committee Activities and Discharge of Responsibilities in 2025

During 2025, the Committee met six times and considered a broad range of risk, compliance, ESG, and resilience matters. A key focus throughout the year was the oversight of sustainability and climate-related risks, reflecting their increasing relevance to the Bank’s risk profile and strategic direction. The Committee reviewed sustainability and climate risk updates, including developments in responsible financing and climate change risk management.

The Committee also devoted significant attention to operational risk and resilience, including cyber resilience, technology resilience, and cyber insurance. Regular updates were received on operational resilience frameworks, cyber security posture, and information security risk profiles, enabling the Committee to assess preparedness against evolving threats and operational disruptions.

The Committee reviewed and approved the Group Risk Appetite Statement and received comprehensive updates on the Group’s risk profile, covering areas such as credit risk, market risk, interest rate risk in the banking book (IRRBB), model risk management, fraud risk, information security risk, and Shari’ah non-compliance status. The Committee also reviewed the results of the 2025 CBUAE stress testing exercise and ICAAP updates and outcomes.

During the year, the Committee further strengthened the depth and quality of risk reporting and analysis presented for oversight. This included the introduction of comparative analysis between stress testing outcomes arising from the ICAAP exercise and Market and Counterparty Credit Risk assessments, enhancing the Committee’s ability to assess consistency and risk sensitivity across methodologies. The Bank-wide Credit Profile was enhanced to include quarter-on-quarter analysis of exposures by business group and industry, as well as concentration metrics covering the top ten customers. In addition, quarter-on-quarter trend analysis was introduced across all key elements of the Bank-wide Credit Profile to support improved trend monitoring and forward-looking risk assessment. The Committee also received updates on feedback arising from the performance of the FI Model discussed at the Board Credit Committee level, supporting alignment across Board Committees and continuous model governance enhancement.

Compliance oversight remained a core responsibility, with the Committee reviewing compliance updates and key policies, including those relating to FATCA and CRS, regulatory compliance, and the prevention of market abuse. The Committee also reviewed annual business banking and financial crime risk updates.

Statement from the BRCESGC Chairperson

Dear Shareholders,

I am pleased to present the report of the Board Risk, Compliance & ESG Committee (BRCESGC) for the year ended 31 December 2025.

The Committee has overall non-executive responsibility for overseeing the Bank’s risk management, compliance, sustainability, and ESG matters, as well as the principal risks impacting Mashreq and the wider Group. In fulfilling this mandate, the Committee supports the Board in ensuring that risks are identified, assessed, monitored, and managed in a manner consistent with the Bank’s strategy, regulatory obligations, and long-term objectives.

During the year, the Committee further strengthened the depth and quality of risk reporting and analysis presented for oversight.

Board Committees | Board Risk, Compliance & ESG Committee (BRCESGC) continued

During the year, the Committee reviewed and approved amendments to a wide range of risk, compliance, ESG, and resilience frameworks and policies, including the Group Risk Management Framework, stress testing and ICAAP policies, climate change and responsible financing policies, credit risk frameworks, operational resilience frameworks, IFRS 9 governance, Islamic banking risk management, and third-party risk management. These updates ensured continued alignment with regulatory requirements and evolving best practices.

Compared to previous years, the Committee's mandate expanded, resulting in broader oversight responsibilities across ESG, climate risk, cyber and technology resilience, and operational resilience, and a deeper level of engagement across these areas.

Governance, Mandate, and Committee Effectiveness

In 2025, the Committee's charter was reviewed and amended in line with applicable regulatory requirements. This review expanded the Committee's responsibilities, particularly in relation to ESG, sustainability, and resilience oversight, strengthening governance and clarity of accountability.

The Committee evaluates its effectiveness through an internal Board Committee evaluation conducted by all Committee members. This process supports continuous improvement and ensures that the Committee continues to operate effectively and in line with its mandate.

2026 Priorities

Looking ahead to 2026, the Committee will continue to prioritise the oversight of sustainability and climate-related risks, as well as operational, cyber, and technology resilience. The Committee will maintain a strong focus on the integrity of the risk management framework, compliance with regulatory requirements, and the continued enhancement of ESG practices and reporting across the Group.

The Committee remains committed to supporting the Board in safeguarding Mashreq's resilience, sustainability, and long-term value creation in an increasingly complex risk environment.

As Chairperson of the Board Risk, Compliance & ESG Committee, I confirm my responsibility for ensuring that the Committee fulfils its mandate effectively and operates in accordance with its approved charter.

Ms. Mariam Ghobash
Chairperson, Risk, Compliance and ESG Committee

Insider Trading Monitoring and Oversight

Oversight of insider trading matters is embedded within the Bank's overall governance and control framework and is conducted in accordance with applicable laws and regulatory requirements.

Arrangements are in place to identify individuals classified as insiders, to maintain appropriate records, and to ensure that required regulatory submissions are made to the relevant authorities. Individuals classified as insiders are subject to disclosure obligations and restrictions on dealing in securities while in possession of confidential or inside information.

During 2025, the insider trading register was maintained and updated on a regular basis, and the required submissions were completed in accordance with applicable laws and regulations.

The Committee evaluates its effectiveness through an internal Board Committee evaluation conducted by all Committee members.



Senior Management

EXCO Responsibilities and Other Management Committees

Mashreq’s Corporate Governance Framework ensures a clear division of responsibilities between the Board and the Bank’s Senior Management. While the Board provides strategic oversight, Senior Management is responsible for the day-to-day operations of the Bank.

To facilitate the effective management of the Bank’s affairs, various management committees have been established by the Board, each operating under a formal charter. These charters clearly outline the responsibilities and authority delegated to each committee, enabling them to discharge their duties effectively and in alignment with Mashreq’s overall governance principles.

The charters of these management committees are subject to regular review, ensuring they remain up to date and reflective of evolving regulatory, operational, and strategic requirements.

To facilitate the effective management of the Bank’s affairs, various management committees have been established by the Board, each operating under a formal charter.

Introduction to Committees

The Executive Committee plays an important role in supporting the CEO and the Board by providing both advisory and executional support across the Bank’s organisational priorities. Its mandate spans critical areas, ensuring alignment with Mashreq’s strategic vision and governance principles. Key responsibilities include:

- Upholding Mashreq’s values, vision, and mission, ensuring their adherence across the organisation while maintaining the Bank’s integrity, brand, and reputation.
- Advising on strategic direction and business plans, supported by comprehensive research and analysis, to inform decisions on investments, divestments, risks, opportunities, and challenges.
- Overseeing the implementation of strategic plans, policies, and governance frameworks, ensuring consistency with the Bank’s mission and values. This includes tracking KPIs and performance metrics against targets for all business groups and enabling units.
- Providing unified leadership to enable proactive, timely, and collaborative decision-making on key areas such as brand, people, customers, profitability, risk management, and corporate governance.

Delegation of Authority

Mashreq’s Senior Management operates within a transparent and structured delegation of authority framework, encompassing administrative, financial, and operational matters. This framework is underpinned by well-defined policies and manuals, ensuring consistency and accountability across the organisation.

Delegation of authority is carefully assigned, considering factors such as individual experience, performance, track record, and roles within the Bank. To uphold the highest standards of governance, internal audits and reviews are conducted regularly to identify potential misuse of authority or negligence.

In cases where issues are identified, escalation is determined based on the severity of the matter. Significant concerns are promptly brought to the attention of the Board for oversight and resolution, reinforcing Mashreq’s commitment to transparency and accountability.

Employee Remuneration and Reward Scheme

Mashreq’s remuneration policy is grounded in the principles of competitiveness, equitability, and pay for performance, supporting the Bank’s strategic objectives while fostering a culture of effective risk management, motivation, and high performance.

The Bank’s ‘Pay for Performance’ approach is supported by robust, incentive-based performance management systems, with compensation packages reviewed annually across all countries of operation to ensure alignment with current market practices.

Mashreq’s reward framework features:

- **Variable Pay Programmes:** These include product-specific incentive schemes for sales teams and long-term incentive plans for Senior Management.
- **Bonus-based Systems:** Designed for non-incentivised employees, ensuring rewards are distributed equitably across the organisation.
- **Clawback Mechanisms:** These safeguards mitigate excessive risk-taking, promoting ethical behaviour and alignment with Mashreq’s values.

The Bank’s remuneration strategy aims to reward employees who embody Mashreq’s values while aligning the interests of customers, employees, and shareholders.

In 2025, the total salaries and benefits paid to the Bank’s Senior Management amounted to AED 82.87 Mn, reflecting Mashreq’s commitment to competitive and fair compensation practices.

How We Monitor Culture

Committee	Number of Meetings	Responsibilities
Executive Committee (EXCO)	12	The EXCO is the most senior management committee, overseeing all of Mashreq’s businesses and operations.
Assets & Liabilities Committee (ALCO) & Islamic ALCO	11	The primary objective of ALCO is to manage the liquidity of the Bank, ensuring timely payment of obligations, and to oversee interest rate risk management. The Islamic ALCO focuses on the Bank’s Islamic division and Shari’ah aspects, with objectives aligned with the Group ALCO.
Investment Committee (IC)	4	The IC formulates strategies, policies, and limits for the Bank’s investments, approves bank-wide securities investments in UAE and international locations, and periodically reviews and monitors the performance of the Bank’s investment portfolios.
Compliance Risk Management Committee (CRMC)	11	The CRMC assists Senior Management in monitoring regulatory compliance, including Anti-Money Laundering (AML), Terrorism Financing, Know Your Customer (KYC), sanctions, and Anti-Bribery and Corruption Matters (excluding fraud risk). It also considers reputational risks linked to Mashreq’s customers, jurisdictions, and products/services.
Group Risk Committee (GRC)	5	The GRC formulates the Bank’s approach to risk management, communicates it across the organisation, and develops the overall risk strategy, governance framework, and Risk Appetite Statement (RAS) for approval by the Board Risk, Compliance & ESG Committee. It also oversees day-to-day risk management and ensures compliance with the Bank’s established risk framework and limits.
Sustainability Executive Committee (SEC)	2	Established in late Q3 2023, the SEC supports Mashreq’s commitment to sustainability and sustainability-linked finance initiatives, covering Environmental, Social, and Corporate Governance (ESG) responsibilities relevant to the Group.
Technology Steering Committee (TSC)	4	The TSC is the most senior management committee overseeing Mashreq’s technology strategy and execution, providing governance and operational oversight.
Information Security Committee (ISC)	4	The ISC is the highest-level committee responsible for governing information security across the entire Bank.

Risk Management and Internal Controls

Overview

Mashreq’s Risk Management and Internal Controls framework is designed to support the achievement of the Bank’s strategic objectives while maintaining strong governance, regulatory compliance, and operational resilience.

The framework enables the identification, assessment, monitoring, and mitigation of risks across the Group and ensures that internal controls operate effectively across business activities.

In 2025, the Board placed strong emphasis on strengthening resilience, enhancing information security, and refining risk appetite governance. These priorities were driven by evolving regulatory expectations, the rapid pace of digital transformation, and the changing risk landscape in which Mashreq operates.

Resilience became a top priority of the Board, enabling deeper oversight and extensive discussion on progress made across this critical area.

The Board focused on ensuring that the resilience of critical services remains aligned with strategic objectives and serves as a growth accelerator that enables innovation in a safe and controlled manner. Operational resilience was further strengthened through enhancements to information security and data privacy capabilities to support the Bank’s growth aspirations, ensuring that digital products and strategy are designed within a robust framework that embeds information security and data privacy as core pillars.

At the same time, ESG and Climate Risk received enhanced focus, including the completion of separate Climate Risk stress testing in line with CBUAE mandates.

The Bank also launched a five-year Information Security enhancement programme aimed at strengthening Mashreq’s ability to identify, assess, and mitigate risks through enhanced global delivery support, robust security controls, and improved methodologies, tools, and consistency.

In addition, the Group Risk Appetite Statement (GRAS) was enhanced and approved by the Board, incorporating both quantitative and qualitative metrics.

Risk Oversight

The Board exercises overall oversight of risk management through its committees, with the BRCEGSC responsible for oversight of key risk and compliance matters, as well as emerging ESG risks. The Committee makes recommendations to the Board on the Group’s compliance status and on the risk appetite framework, as recommended by the Group Risk Committee (GRC).

During 2025, the Board further strengthened its oversight of resilience, enabling enhanced monitoring of progress and alignment of resilience initiatives with the Bank’s strategic objectives.

The Board also expanded oversight of ESG and Climate Risk. Separate Climate Risk stress testing was conducted in line with regulatory expectations.

Risk appetite governance was strengthened through enhancements to the Group Risk Appetite Statement (GRAS), incorporating both quantitative and qualitative measures, supported by peer benchmarking and formal Board approval.

Risk Governance Framework

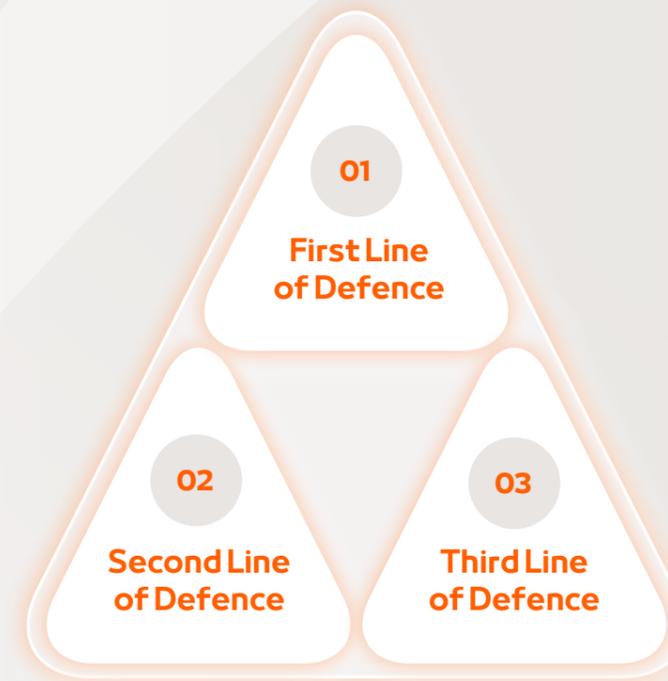
Mashreq operates a structured risk governance model based on the Three Lines of Defence (3LOD) approach:

The Three Lines of Defence model establishes a clear distinction between the functions that own and manage risks, the functions that oversee risks, and the functions that provide independent assurance.

Roles and Responsibilities

The Board retains overall responsibility for the establishment and oversight of the Group Risk Management Framework and is supported by a tiered governance structure comprising:

- Level 1:** Board Committees
- Level 2:** Management Committees
- Level 3:** Functional Committees



01

The First Line of Defence manages and identifies risks within business lines’ activities, ensures that activities are within the Bank’s Risk Appetite, Risk Management policies, and limits, and designs, implements, and maintains effective internal controls, and monitors and reports on business line risks.

02

The Risk Management and Compliance functions set the Bank’s risk capacity/tolerances and operating boundaries. They provide guidance to and challenge first-line processes and risks and, where appropriate, support any operational efficiencies, aligned to the Bank’s Risk Appetite Statement and the Group Risk Management Framework.

03

The Third Line of Defence independently assesses the effectiveness and efficiency of the internal controls, risk management, and governance systems and processes, as well as the effectiveness of Business Line Management in fulfilling their mandates and managing risk.

Risk Management and Internal Controls continued

Key Governance Roles Include:

Board Risk, Compliance & ESG Committee (BRCESGC)

Responsible for oversight of key risk and compliance matters, emerging ESG risks, and making recommendations to the Board on risk appetite and compliance status.

Board Audit Committee (BAC)

Assists the Board in reviewing financial reporting, monitoring the integrity and accuracy of financial statements, and overseeing the effectiveness of internal controls. The Committee ensures the independence of the Internal Audit function, reviews and approves the Internal Audit plan, reviews quarterly Internal Audit reports, and oversees the remediation and tracking of identified deficiencies.

Senior Management

Responsible for establishing and reinforcing the risk culture communicated by the Board and ensuring consistent communication regarding risk-taking and risk avoidance across the organisation.

Internal Control

Mashreq's internal control system is embedded within the Three Lines of Defence model and is structured around a robust governance framework that ensures risks are identified, assessed, monitored, and effectively mitigated across the Group.

Anchored in a strong control environment that emphasises clear accountability, ethical conduct, and well-defined authority structures, the system integrates comprehensive risk assessment processes, including the maintenance of detailed risk registers and periodic control evaluations. Effective control activities are consistently applied across business units to safeguard the integrity of operations, supported by centralised systems for incident, control, and risk data and timely escalation through established information and communication channels. Continuous monitoring is achieved through first-line supervision, second-line oversight by Risk and Compliance functions, and independent assurance by Internal Audit, ensuring the appropriateness and effectiveness of controls.

As the Third Line of defence, the Internal Audit function operates under the direct oversight of the Board Audit Committee (BAC) and is governed by the Internal Audit Charter. Internal Audit provides independent and objective assurance and consulting services to support the achievement of Mashreq's strategic and operational objectives.

Internal Audit applies a systematic and disciplined approach to evaluating the effectiveness of governance, risk management, and internal controls. A comprehensive risk-based audit plan is developed annually using the Global Risk Assessment Model (GRAM), incorporating input from Senior

Mashreq's internal control system is embedded within the Three Lines of Defence model and is structured around a robust governance framework.

Management and the BAC. The model focuses on identifying auditable entities within the Audit Universe and performing probability and impact assessments to rank risks as High, Medium, or Low, supporting the determination of a risk-based audit cycle.

Audit engagements are conducted in accordance with the Bank's audit methodology and the Global Internal Audit Standards, with a focus on evaluating the design and operating effectiveness of internal controls. A robust tracking and escalation process is maintained to ensure the timely and effective implementation of management actions.

In 2025, a total of 100 Internal Audit reports covering the Group head office and overseas branches were issued and submitted to the Board Audit Committee (BAC). These reports supported the Committee's ongoing oversight of control effectiveness and governance maturity across the Group.

Where internal audit reviews identified material internal control issues during the year, management implemented corrective action plans, which were monitored through established tracking and escalation processes and overseen by the Board Audit Committee to ensure timely and effective remediation.

Together, these components form an integrated, resilient internal control ecosystem that supports sound risk management, regulatory compliance, and sustainable operational excellence across the Bank.

Risk Identification, Assessment, and Mitigation

Universe of Risks/Risk Taxonomy

Mashreq's Risk Universe illustrates the key risk categories considered under the Group Risk Management Framework.



Risk Management and Internal Controls continued

Mashreq identifies, assesses, and manages its principal risks through its Group Risk Management Framework and the application of structured risk assessment methodologies. Risks are evaluated based on their potential impact and likelihood, with mitigation actions aligned to approved policies, frameworks, regulatory requirements, and established governance and oversight mechanisms.

The principal risks outlined below are managed through the Bank's enterprise-wide Risk Management Framework and the application of the Three Lines of Defence model, with clearly defined roles and responsibilities across the organisation. The table summarises the Bank's key risk categories, the nature of each risk, how the risks are managed, emerging factors, and key changes during the year.

Our Principal Risks

The Group is exposed to the following financial and non-financial risks:

Credit Risk

Credit Risk is the risk of financial loss arising should any of the Bank's customers fail to fulfil their contractual obligations to the Group. Credit Risk arises mainly from loans and advances, loan commitments arising from such lending activities, trade finance, and treasury activities, but may also arise from financial guarantees, letters of credit, endorsements, and acceptances. The Bank is also exposed to other Credit Risks arising from investments in debt instruments, derivatives, and settlement balances with market counterparties.

Market and Counterparty Credit Risk

Market Risk is the risk of losses in on- and off-balance sheet positions arising from movements in market prices. These include (a) in the trading book of the Bank, risks pertaining to interest rate-related instruments and equities; and (b) across the Bank, risks pertaining to foreign exchange and commodities.

Operational Risk & Resilience

Operational Risk is defined within the Bank as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Liquidity Risk

Liquidity Risk is the risk that the Bank's entities, across various locations and currencies, may be unable to meet financial obligations to customers, creditors, or investors as they fall due.

Model Risk

Model Risk is the risk of potential losses arising from decisions based on incorrect or misused models. Model Risk may result in financial loss, poor business and strategic decision making, or damage to the Bank's reputation.

Shari'ah Non-Compliance Risk

Mashreq conducts Islamic business under a fully embedded Islamic Banking Window ("Islamic window"), offering a comprehensive suite of Shari'ah-compliant products and solutions. Islamic banking requires strict adherence to Shari'ah principles across all products, activities, and operations. Perceptions regarding compliance with Shari'ah principles are critical to sustainability and stakeholder confidence. Accordingly, Shari'ah compliance is regarded as a high-priority risk category within the Bank's overall risk framework.

Reputational Risk

Reputational Risk is a critical component of the Bank's overall Risk Management strategy. Maintaining a positive reputation cannot be overstated, as it directly influences customer trust, investor confidence, and regulatory relationships.

Compliance and Regulatory Risk

Compliance Risk is the risk of legal or regulatory sanctions, material financial loss, or reputational damage that the Bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct governing its banking activities.

Environmental, Social and Governance Risk

Environmental, Social and Governance (ESG) Risk encompasses risks related to environmental, social, and governance matters, including climate change, sustainability, social responsibility, and governance practices such as Board oversight, succession planning, compensation, diversity, equity, and inclusion. Managing ESG Risk involves considering these factors in lending and investment decision-making and assessing the potential financial impact of ESG-related events.

Strategic Risk

Strategic Risk is the risk of loss arising from ineffective formulation of strategy or business plans, or from their implementation in a manner that is inconsistent with internal factors and the external environment. Crystallisation of Strategic Risk may result in reduced earnings, adverse impacts on financial resources (capital and funding), and loss of viability of the business.

Interest Rate Risk in Banking Book (IRRBB)

IRRBB refers to the current or prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates that affect the Bank's banking book positions. Changes in interest rates affect the present value and timing of future cash flows, thereby impacting the underlying value of a bank's assets, liabilities, and off-balance sheet items and hence its economic value. Interest rates movements also affect earnings by altering interest rate-sensitive income and expenses, affecting its net interest income (NII). Excessive IRRBB may pose a significant threat to a bank's current capital base and/or future earnings if not managed appropriately.

Continuous Improvement and Regulatory Alignment

The Bank continues to strengthen its risk management and internal control framework through ongoing enhancement initiatives and proactive alignment with evolving regulatory requirements. During the year, Mashreq commenced its path towards compliance with the Central Bank of the UAE (CBUAE) Credit Risk Management Standards (CRMS) and Climate Risk Principles. Risk management processes, governance arrangements, and internal controls are being progressively upgraded to ensure full regulatory compliance and sustainable implementation.

These initiatives reflect the Bank's commitment to maintaining a robust, forward-looking risk framework that supports resilience, transparency, and disciplined growth.

2026 Outlook

Looking ahead, the Bank's key Risk Management and Internal Controls priorities for the coming year include:

- Strengthening operational resilience by enhancing resilience frameworks, supporting expansion into new jurisdictions, and further raising information security standards to enable growth and digital transformation.
- Improving data management capabilities, including data quality and availability, to optimise the use of data across projects and initiatives.
- Rolling out a bank-wide artificial intelligence strategy, including Generative AI.
- Maintaining a continued focus on regulatory compliance across all risk domains and geographies.

Board Statement on Internal Controls

The Board of Directors is responsible for establishing and maintaining an effective system of internal controls across the Group. The Board has reviewed the design and operating effectiveness of the internal control framework during the year, supported by regular reporting from management, oversight by the relevant Board Committees, and independent assurance provided by Internal Audit.

Based on this review, the Board is satisfied that the Bank's internal control system remains appropriate, effective, and proportionate to the nature, scale, and complexity of its operations, and continues to support sound risk management, regulatory compliance, and the achievement of the Bank's strategic objectives.

Violations, Causes, and Remedial Actions

During the financial year ended 31 December 2025, Mashreq recorded a limited number of regulatory compliance breaches relating to certain regulatory obligations in the UAE and selected overseas jurisdictions. These matters resulted in two minor financial penalties and one formal warning issued by the relevant regulators.

The underlying causes were promptly identified and addressed through corrective actions, including the strengthening of internal controls, enhanced monitoring processes, and targeted awareness and training initiatives to reinforce regulatory compliance across the organisation. The matters were reported to Senior Management and the relevant Board Committees and were monitored through established governance and oversight mechanisms.

Management continues to reinforce a strong compliance culture and to implement ongoing improvements to prevent recurrence. Further details are available to regulators upon request.

Innovation-Related Projects and Initiatives

During 2025, Mashreq continued to advance a number of innovation initiatives aimed at enhancing digital capabilities, operational efficiency, customer experience and data-driven decision-making. Key initiatives implemented during the year included the rollout of an enterprise-wide data governance framework that drives compliance and innovation under the Mashreq One Data and Analytics, strengthening data quality, regulatory compliance, analytics enablement and innovation across the organisation. This initiative was recognised through the Middle East Enterprise AI Tech Awards 2025, where Mashreq received the award for Strategic Data Governance Initiative of the Year, and the Group's data leadership was further acknowledged with the Best Data Leader of the Year 2025 award.

These initiatives support the Bank's strategic objectives and alignment with regulatory expectations, digital transformation priorities and evolving market requirements.

Cash and In-Kind Contributions to the Local Community and Environmental Initiatives

Mashreq remains committed to supporting the communities in which it operates through responsible banking practices, stakeholder engagement, and initiatives that contribute to sustainable economic and social development.

During the financial year ended 31 December 2025, Mashreq did not make any material cash or in-kind contributions to local community or environmental initiatives requiring disclosure under SCA governance reporting requirements.

General Assembly Meetings Held in 2025

Mashreq’s General Assembly Meetings (GAMs) provide shareholders with a platform to engage through a hybrid meeting format, enabling them to exercise their rights to attend and participate in real-time discussions.

These meetings primarily serve as a forum for shareholders with voting rights to make decisions on the Bank’s high-level matters. GAMs are convened by the Board within four months following the end of the fiscal year. Shareholders who are unable to attend in person have the option to vote by proxy. The meetings are also attended by a representative of the Bank’s regulator, the Securities and Commodities Authority (SCA), as well as the Bank’s external auditor.

In 2025, the General Assembly Meetings were chaired by the Chairman of the Board, with the Group Company Secretary serving as rapporteur. The resolutions and results of these meetings were disclosed to the Dubai Financial Market (DFM), with signed minutes provided to the Securities and Commodities Authority (SCA). Outcomes were also made available on the Bank’s website.

During 2025, Mashreq held the following General Assembly Meetings:

General Assembly Meeting	Date	Meeting Method	Special Resolution(s)	Attendance
Annual General Assembly	27 February 2025	Hybrid	Yes	90.91%

Special Resolutions Approved in 2025

At the Annual General Assembly held on 27 February 2025, shareholders approved a special resolution authorising the Bank to undertake capital markets funding and liability management activities, including:

- The update of the Bank’s USD 5 billion Euro Medium Term Note (EMTN) Programme and USD 2.5 billion Sukuk Programme;
- The issuance of debt instruments under the programmes up to an aggregate amount of USD 4 billion;
- The issuance of standalone conventional and Shari’ah-compliant instruments up to USD 3 billion, including up to USD 1.5 billion for regulatory capital purposes, in accordance with applicable UAE Central Bank requirements;
- The undertaking of liability management exercises in respect of existing or future issuances, including consent solicitations, exchange offers and tender offers; and
- The establishment of special purpose vehicles, where required, to facilitate such issuances and transactions.

Shareholders further authorised the Board of Directors, and any persons duly authorised or delegated by the Board, to adopt any resolution, or take any action, or undertake any activities, deemed appropriate or necessary to implement the approved resolution.

Shari’ah Governance

Islamic Banking Governance Framework and Internal Shari’ah Supervision Committee (ISSC) Membership

Mashreq provides a comprehensive range of Islamic Banking products and services through its Islamic window, branded as Mashreq Al Islami, catering to Retail, Wholesale, and Treasury clients.

The Bank operates under the regulatory framework of the UAE Central Bank (CBUAE) and the Higher Shari’ah Authority (HSA) of the CBUAE, ensuring compliance with AAOIFI standards. Oversight of Islamic Banking at Mashreq is exercised through an independent Internal Shari’ah Supervision Committee (ISSC), which offers guidance on all Shari’ah-related matters.

Primary Functions of the ISSC:

- Supervise all business activities, products, services, contracts, documents, and the Bank’s code of conduct.
- Issue binding Shari’ah pronouncements and resolutions for the Bank.
- Review and approve corrective and preventive measures to address and mitigate Shari’ah non-compliance risks.
- Approve profit distribution management and annual financial statements.
- Issue an annual report on the Bank’s adherence to Islamic Shari’ah requirements, which is submitted to the CBUAE and the AGM.
- Monitor ongoing compliance with Islamic Shari’ah through the Internal Shari’ah Controls Division and the Internal Shari’ah Audit Division.
- Discharge the responsibilities and authorities as set out in the ISSC Charter.

Shari’ah Governance Framework:

Mashreq’s Shari’ah Governance Framework adheres to a ‘three lines of defence’ approach as outlined by CBUAE standards and regulations:

- **First Line of Defence:** The business line is responsible for implementation and ensuring initial compliance with Shari’ah requirements.
- **Second Line of Defence:** An independent Internal Shari’ah Controls Division oversees and implements Shari’ah governance under the ISSC guidance.
- **Third Line of Defence:** A separate and independent Internal Shari’ah Audit Division conducts audits of Islamic products and services to validate adherence to Shari’ah guidelines.

To maintain complete independence, the Heads of Internal Shari’ah Controls and Internal Shari’ah Audit report directly to the Board or its committees regarding performance appraisal, promotions, bonuses, and removal.

The Bank maintains strict segregation of its Islamic operations from its conventional banking activities. This includes a dedicated branch for Islamic banking, separate product codes, and distinct account classes for Islamic transactions.

To maintain complete independence, the Heads of Internal Shari’ah Controls and Internal Shari’ah Audit report directly to the Board or its committees.

Shari'ah Governance continued

ISSC Membership Profiles

The Internal Shari'ah Supervision Committee (ISSC) consists of distinguished scholars and experts in Islamic jurisprudence and finance, recognised globally for their contributions.



Sheikh Abdullah Bin Sulaiman Al Meneea – Chairman

Sheikh Abdullah Al Meneea has served as the founding Chairman of Mashreq's Shari'ah Board since its inception in 2006. His credentials include:

- Member of the Saudi Forum of Senior Shari'ah Scholars, advising the Kingdom of Saudi Arabia's government and public on religious matters.
- Senior Judge in Saudi courts and Chair at the court in the western region of KSA.
- Member of the Shari'ah Board of the Global Research and standard-setting body AAOIFI.
- Serves on the Shari'ah Boards of numerous financial institutions globally.



Prof. Dr. Mohammad Abdulrahim Sultan Alolama – Deputy Chairman

- Member of the Grand Islamic Scholars Body in Dubai.
- Serves on the Shari'ah Boards of several financial institutions, including Dubai Islamic Bank, Emirates Islamic Bank, National Bonds, and Mawarid Finance Company.
- Author of various books and articles on jurisprudential topics, particularly Islamic Banking.
- Holds a PhD in Comparative Islamic Law from Umm Al Qura University, Makkah Al Mukarramah, Saudi Arabia.



Dr. Ahcene Lahsasna – Executive Member

- Registered Shari'ah Advisor at Bank Negara (Central Bank of Malaysia) and the Securities Commission Malaysia.
- Serves on the Shari'ah Boards of Standard Chartered Malaysia and Etiqa General Takaful Berhad, Malaysia.
- Author of more than 20 books on diverse topics and issues in Islamic finance.
- Holds a PhD in Islamic Law and Islamic Jurisprudence from the International Islamic University, Malaysia.



Dr. Mohamed Karrat – Member

- Holds a double PhD in Comparative Jurisprudence and Western Philosophy from Al Qarawiyyin University, Morocco, and in Islamic Finance from Sidi Mohamed Ben Abdellah University, Morocco.
- Member of the Shari'ah Sub-Committee at AAOIFI, Bahrain, and the Saudi General Authority for Awqaf.
- Author of more than 20 books and research papers on Islamic jurisprudence and Islamic finance.



Dr. Abdulrahman Al Hammadi – Member

- Director of Zakat Resources and Media Department at the UAE Zakat Fund.
- Author of various research articles on jurisprudential topics.
- Holds a PhD in Comparative Jurisprudence from the Faculty of Graduate Studies, University of Sharjah, UAE.
- Completed the Excellence Expert Diploma under the UAE Government Leaders Programme.

Annual Report of the Internal Shari'ah Supervision Committee of Mashreq Al Islami (Islamic Window of Mashreqbank PSC)

Issued on: 30th January 2026

To: Shareholders of Mashreqbank PSC ("the Institution")

After greetings, Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee of the Institution ("ISSC") presents to you the ISSC's Annual Report regarding Shari'ah compliant businesses and operations of the Institution for the financial year ending on 31 December 2025 ("Financial Year").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

- undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("Institution's Activities") and issue Shari'ah resolutions in this regard, and
- determine Shari'ah parameters necessary for the Institution's Activities, and the Institution's compliance with Islamic Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ("HSA") to ascertain compliance of the Institution with Islamic Shari'ah.

The senior management is responsible for compliance of the Institution with Islamic Shari'ah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shari'ah") in all Institution's Activities, and the Board bears the ultimate responsibility in this regard.

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Institution's activities by reviewing those activities, and monitoring them through the internal Shari'ah control division and the internal Shari'ah audit division, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

- Convening 07 meetings during the year 2025. Four for Internal Shariah Control and Three for Internal Shariah Audit.
- Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.
- Monitoring compliance of policies, procedures, business charters, accounting standards, product structures, contracts, documentation, and other documentation submitted by the Institution to the ISSC for approval. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
- Supervision through the internal Shari'ah controls division and the internal Shari'ah audit division, of the Institution's Activities including supervision of executed transactions and adopted procedures on the basis of random samples selected from executed transactions, and reviewing reports submitted in this regard. Providing guidance to relevant parties in the Institution – to rectify (where rectification was necessary) incidents cited in the reports prepared by the internal Shari'ah control division and the internal Shari'ah audit division – during the year, there were no such instances of non-compliance identified, and hence it was not required to set aside revenue from any transaction during the current year. The ISSC approved to collect an amount from delaying customers due to late payment and then to dispose it towards charitable purposes, and approved the entities eligible for receiving the charity amount.

Shari'ah Governance continued

- e. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- f. A statement of Zakat amount due per share of the Institution.
- g. Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with Islamic Shari'ah.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Shari'ah.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah Compliance Status of the Institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measures in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Dr. Abdulrahman Al Hammadi
Member

Dr. Mohamed Karrat
Member

Dr. Ahcene Lahsasna
Executive Member

Prof. Dr. Mohammad Abdulrahim Sultan Alolama
Deputy Chairman

Sheikh Abdullah Bin Sulaiman Al Meneea
Chairman

Stakeholder Engagement and Investor Relations

Mashreq is committed to maintaining the highest standards of transparency, disclosure, and engagement with the investment community.

The Bank seeks to provide shareholders, fixed-income investors, analysts, and other stakeholders with timely, accurate, and decision-useful information to support a clear understanding of its strategy, performance, risk profile, and long-term value creation.

During 2025, Mashreq further strengthened its investor communications through consistent disclosures across multiple channels. These included regular financial reporting, market announcements, and proactive engagement on key topics such as business strategy, financial performance, risk management, and governance.

During the period, Mashreq maintained active engagement with the investment community through targeted investor meetings and roadshows, supporting transparent dialogue on the Bank's strategy, performance, and capital position. The Bank also successfully accessed the capital markets, executing funding transactions that further diversified its funding base and reinforced balance sheet strength.

Mashreq also places importance on internal alignment, ensuring that employees are kept informed of material developments to support consistency in messaging and execution across the organisation.

All investor-related announcements, financial results, and disclosures are available in the Investor Relations section of Mashreq's website, as well as on the Dubai Financial Market website. For Investor Relations inquiries, please contact:

Sahel Al Mazrouei, Head of Investor Relations

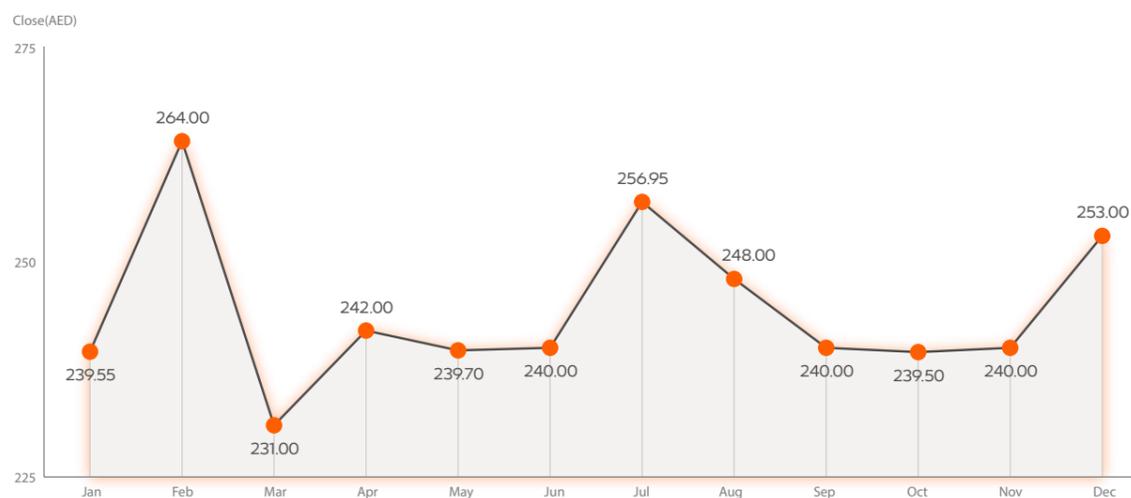
T: +971 4 207 7543
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W: www.mashreq.com/en/uae/about-us/investor-relations



During 2025, Mashreq further strengthened its investor communications through consistent disclosures across multiple channels.

Stakeholder Engagement and Investor Relations continued

Share Price Performance and Trading Volume



	Open (AED)	Close (AED)	MoM Change	MoM % Change	High (AED)	Low (AED)
January	218.00	239.55	21.55	10%	243.00	210.00
February	225.00	264.00	39.00	17%	269.00	225.00
March	264.00	231.00	-33.00	-13%	265.00	230.00
April	246.95	242.00	-4.95	-2%	250.00	219.60
May	241.90	239.70	-2.20	-1%	242.00	230.00
June	250.00	240.00	-10.00	-4%	275.00	220.00
July	242.00	256.95	14.95	6%	270.00	238.00
August	256.00	248.00	-8.00	-3%	262.00	245.00
September	248.40	240.00	-8.40	-3%	251.00	220.00
October	240.00	239.50	-0.50	0%	240.00	225.00
November	239.45	240.00	0.55	0%	251.45	227.00
December	240.00	253.00	13.00	5%	265.00	237.00

Statement of Mashreq's comparative performance with the DFM index during 2025

	Dec 2025 close	Dec 2024 close	% Change
Mashreq	253	218	16.1%
DFM	6047.09	5158.67	17.2%
MSCIEM Banks	1404.37	1075.48	30.6%

Shareholder Ownership Structure

Statement of the shareholders' ownership distribution as at 31 December 2025 (individuals, companies, governments) classified as follows: Local, Gulf, Arab and Foreign.

Shareholder Classification	% of Owned Shares			Total
	Individuals	Companies	Government	
Local	3.69%	94.36%	0	98.05%
Arab	0.02%	0.00%	0	0.02%
Foreign	0.82%	1.10%	0	1.92%
Total	4.53%	95.46%	0	100.00%

Note: Arab countries include Kuwait, Bahrain, Saudi Arabia, Oman, Qatar, Lebanon, Syria and Egypt

Statement of how shareholders are distributed according to the volume of property as at 31 December 2025

Share(s) Ownership	Number of Shareholders	Number of Owned Shares	Percentage of Owned Shares of Mashreq's Capital
Less than 50,000	796	1,000,927	0.49
From 50,000 to less than 500,000	28	5,910,878	2.95
From 500,000 to less than 5,000,000	6	7,652,923	3.81
More than 5,000,000	5	186,045,102	92.74

The following represents shareholders owning 5% or more of Mashreq's capital as at 31 December 2025

Name of Shareholder	Number of Owned Shares	Percentage of Owned Shares of the Company's Capital
Saif Al Ghurair Investment Group Company LLC	83,754,142	41.7%
Abdulla Ahmed Al Ghurair Investment Co	62,389,304	31.1%
Massar Investment Ltd	25,574,961	12.7%

2025 Mashreq's Governance Report was signed off by the Chairman of the Board, the Chairperson of the Board Audit Committee, the Chairperson of the Nomination Compensation Committee and the Group Chief of Internal Audit.



H.E. Abdul-Aziz Al Ghurair
Chairman of the Board of Directors



Saeed Al Ghurair
Chairperson of the Board Nomination
Compensation Committee



John Iossifidis
Chairperson of the Board
Audit Committee



Hassan Ali
Group Chief of Internal Audit

Financial Statements

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Board of Director's Report

The Board of Directors has pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2025.

Registered Offices

Mashreqbank PSC was incorporated in the Emirate of Dubai in 1967 under a decree issued by The Ruler of Dubai. The address of the registered office is P.O. Box 1250, Dubai, United Arab Emirates.

Principal Activities

The principal activities of the Bank are retail banking, commercial banking, investment banking, Islamic banking, brokerage and asset management. These activities are carried out through its branches in the United Arab Emirates, Bahrain, Kuwait, Oman, Egypt, Hong Kong, India, Pakistan, Qatar, the United Kingdom and the United States of America.

Financial Position and Results

The financial position and results of the Group for the year ended 31 December 2025 are set out in the accompanying consolidated financial statements.

Dividend

The Board of Directors has proposed a cash dividend of 102% for the year ended 31 December 2025 at the meeting held on 02 February 2026.

Directors

The following are the Directors of the Bank as at 31 December 2025:

Chairman: Abdul Aziz Abdulla Al Ghurair
 Vice Chairman: Ahmad Ali Al Khallafi
 Directors: Rashed Saif Ahmed Al Ghurair
 John Gregory Iossifidis
 Iyad Mazher Saleh Malas
 Saeed Saif Ahmed Majid Al Ghurair
 Mariam Saeed Ghobash

Auditors

The consolidated financial statements for the year ended 31 December 2025 have been audited by Deloitte & Touche (M.E.).

By order of the Board of Directors

Abdul Aziz Abdulla Al Ghurair
Chairman

02 February 2026

Independent Auditor's Report

The Shareholders
Mashreqbank PSC
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Mashreqbank PSC** ("the Bank"), and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code) together with the other ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances at amortised cost	
<p>The Group's loans and advances at amortised cost (which comprises of loans and advances to customers and Islamic financing and investment products) are carried in the consolidated statement of financial position at AED 164.3 billion as at 31 December 2025. The expected credit loss ("ECL") allowance was AED 2.5 billion as at this date, which comprises an allowance of AED 1 billion against Stage 1 and 2 exposures and an allowance of AED 1.5 billion against exposures classified under Stage 3.</p> <p>The corporate portfolio of loans and advances at amortised cost is assessed individually for the significant increase in credit risk ("SICR") and measurement of ECL. This requires management to make a reasonable and supportive assessment to capture all qualitative and quantitative forward-looking information while assessing SICR or while assessing credit-impaired criteria for the exposure. Management judgement is also applied in manually overriding stages in accordance with the Group's accounting policies.</p> <p>The measurement of ECL for exposures classified as Stage 1 and Stage 2 is carried out collectively by the ECL models with limited manual intervention or overrides. It is important that these ECL models and their parameters (Probability of Default (PD), Loss Given Default (LGD), Exposure At Default (EAD) and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation/monitoring process by an independent reviewer. However, the accuracy of the results produced from these ECL models is dependent on using reasonable parameters and up to date inputs to the PD, LGD, EAD and macroeconomic adjustments, which are relevant for the reporting period.</p>	<p>We performed the following audit procedures on the computation and reasonableness/ appropriateness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2025:</p> <p>We obtained a detailed business process understanding of the Group's loans and advances measured at amortised cost, including a review of the post model adjustments and management overlays in order to assess the reasonableness of these adjustments, along with the other critical accounting estimates and judgments that management had applied. We have involved our subject matter experts to assist us in auditing the ECL models as of 31 December 2025.</p> <p>We assessed the relevant controls in the above mentioned business process to determine if they had been appropriately designed and implemented, and, where applicable, also tested the operating effectiveness of those controls.</p> <p>We understood and evaluated the theoretical soundness of the ECL model by involving our subject matter experts to ensure its compliance with the requirements of IFRS Accounting Standards. We tested the mathematical integrity of the ECL model by performing recalculations on a sample basis. We assessed the consistency and reasonableness of various inputs and assumptions used by the Group's management to determine ECL.</p> <p>For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology to determine the allowance, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the management. We assessed the appropriateness of the Group's determination of a significant increase in credit risk and the resultant basis for classification of exposures into various stages. For a sample of exposures, we checked the appropriateness of the Group's staging criteria, including the basis for movement between stages.</p>

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances at amortised cost	
<p>The exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms.</p> <p>Impaired loans and advances at amortised cost for corporate portfolio are measured on the basis of the present value of estimated future cash flows (which in the case of stage 3 exposures also includes an assessment of the fair value and recoverability of the collateral). The impairment loss is calculated based on the shortfall between the carrying value of loans and advances at amortised cost compared to the net present value of future estimated cash flows discounted using the original effective interest rate. The factors considered when determining impairment losses on individually assessed impaired accounts include the customer's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts.</p> <p>The audit of the impairment of loans and advances measured at amortised cost is a key area of audit focus because of its size (representing 49% of total assets) and due to the significance and complexity of the estimates and judgments that were used in classifying these loans and advances at amortised cost into various stages and determining the ECL allowance as well as the level of audit effort required.</p> <p>Refer to Note 3 of the consolidated financial statements for the accounting policy, Note 4 for critical accounting judgements and estimates and Note 43 for disclosures on credit risk.</p>	<p>For loans tested collectively, we also evaluated the design and implementation of relevant controls over the modelling process, including model inputs, monitoring, validation and approval. We challenged key assumptions, inspected the calculation methodology and traced a sample back to source data.</p> <p>We selected samples of loans and advances measured at amortised cost and assessed the accuracy of the EAD, appropriateness of the PD and calculations of the LGD used by management in their ECL calculations.</p> <p>We assessed, on a sample basis, that reported exceptions to policies and procedures as outlined in the Board risk appetite statement were approved by the Board / Board Committee and the approval process was formally documented.</p> <p>For a sample of new / renewed corporate credit facilities, we checked that reported exceptions to limits, as set out in the Board approved delegation of authority matrix, were approved by the Board / Board Credit Committee or its approved delegate and the approval process was formally documented.</p> <p>For exposures determined to be individually impaired, we assessed on a sample basis,</p> <ul style="list-style-type: none"> the estimated future discounted cash flows used in the measurement of ECL, including the discount rates used and the probable scenario analysis; and the valuation and enforceability of collateral, including the underlying key assumptions, <p>We also assessed the accuracy of disclosures in the consolidated financial statements to determine if they were in compliance with the requirements of IFRS Accounting standards.</p>
IT systems and controls over financial reporting	
<p>We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and are not operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of changes to an application or underlying data.</p>	<p>Our audit approach relies on automated controls, and therefore, the following procedures were designed to test access and control over the relevant IT systems:</p> <p>We obtained an understanding of the applications relevant to the financial reporting business process and the IT infrastructure supporting those applications.</p> <p>We tested the general IT controls relevant to the identified automated controls and the Information Produced by the Entity (IPE) by covering access security, program changes, data centre and network operations.</p> <p>We examined certain Information Produced by the Entity (IPE) used in the financial reporting process from relevant applications and key controls over their report logics.</p> <p>We performed testing on the relevant automated controls for key IT applications relevant to the financial reporting business processes.</p>

Independent Auditor's Report continued

Other Information

The Directors are responsible for the other information. The other information comprises the Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the integrated report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information, and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the integrated report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended, and UAE Federal Decree Law No. (6) of 2025 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Decree Law No. (32) of 2021, as amended we report that for the year ended 31 December 2025:

- We have obtained all the information we considered necessary for the purposes of our audit.
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended;
- The Group has maintained proper books of account.
- The financial information included in the Board of Directors' report is consistent with the Group's books of account;
- Note 7 to the consolidated financial statements of the Group discloses its investments in shares during the financial year ended 31 December 2025;
- Note 37 to the consolidated financial statements of the Group discloses material related party transactions, the terms under which they were conducted;
- Note 32 to the consolidated financial statements discloses social contributions made during the financial year ended 31 December 2025; and
- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended or of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2025.

Further, as required by UAE Federal Decree Law No. (6) of 2025, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Musa Ramahi

Registration No.: 872
02 February 2026
Dubai
United Arab Emirates

Consolidated Statement of Financial Position

as at 31 December 2025

	Notes	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
ASSETS					
Cash and balances with central banks	5	33,532,283	9,129,399	40,592,508	11,051,595
Loans and advances to banks	6	65,721,062	17,893,020	52,271,604	14,231,311
Financial assets measured at fair value	7	21,457,498	5,841,954	26,327,534	7,167,856
Securities measured at amortised cost	7	28,906,304	7,869,944	9,797,117	2,667,334
Loans and advances to customers	8	138,070,975	37,590,791	103,080,846	28,064,483
Islamic financing and investment products	9	26,277,704	7,154,289	21,677,551	5,901,865
Acceptances		10,372,108	2,823,879	3,495,184	951,588
Reinsurance contract assets	20	3,222,503	877,349	3,379,148	919,997
Investment in associate		260,380	70,890	296,878	80,827
Investment properties	11	183,935	50,078	151,620	41,280
Property and equipment	12	1,350,125	367,581	1,339,360	364,650
Intangible assets	13	423,331	115,255	374,333	101,915
Other assets	10	4,855,663	1,321,989	4,669,475	1,271,297
Total assets		334,633,871	91,106,418	267,453,158	72,815,998
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and balances due to banks	14	38,922,265	10,596,860	43,374,316	11,808,962
Repurchase agreements with banks	15	7,136,046	1,942,839	2,075,517	565,074
Customers' deposits	16	178,891,181	48,704,378	143,564,793	39,086,521
Islamic customers' deposits	17	26,004,253	7,079,840	17,374,901	4,730,439
Acceptances		10,372,108	2,823,879	3,495,184	951,588
Borrowings	19	13,473,859	3,668,353	3,902,528	1,062,491
Insurance and Investment contract liabilities	20	6,501,987	1,770,212	6,187,190	1,684,506
Sukuk Issued	48	1,836,500	500,000	-	-
Other liabilities	18	10,919,117	2,972,806	9,698,535	2,640,494
Total liabilities		294,057,316	80,059,167	229,672,964	62,530,075
EQUITY					
Capital and reserves					
Issued and paid up capital	21	2,006,098	546,174	2,006,098	546,174
Tier 1 capital notes	46	2,938,400	800,000	2,938,400	800,000
Other reserves	21	669,832	182,366	(359,453)	(97,863)
		33,759,840	9,191,353	32,127,720	8,746,997
Retained earnings					
Equity attributable to owners of the Parent including noteholders of the Group		39,374,170	10,719,893	36,712,765	9,995,308
Non-controlling interests	22	1,202,385	327,358	1,067,429	290,615
Total equity		40,576,555	11,047,251	37,780,194	10,285,923
Total liabilities and equity		334,633,871	91,106,418	267,453,158	72,815,998

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial condition, results of operation and cashflows of the Group as of, and for, the periods presented therein:

Abdul Aziz Abdulla Al Ghurair
Chairman

Ahmed Abdelaal
Group Chief Executive Officer

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss

for the year ended 31 December 2025

	Notes	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
Interest income	24	13,959,584	3,800,595	14,271,348	3,885,475
Income from Islamic financing and investment products	25	1,906,055	518,937	1,666,868	453,816
Total interest income and income from Islamic financing and investment products		15,865,639	4,319,532	15,938,216	4,339,291
Interest expense	26	(7,140,971)	(1,944,179)	(6,892,160)	(1,876,439)
Distribution to depositors – Islamic products	27	(583,322)	(158,814)	(657,945)	(179,130)
Net interest income and income from Islamic products net of distribution to depositors		8,141,346	2,216,539	8,388,111	2,283,722
Fee and commission income	28	5,269,686	1,434,709	4,560,133	1,241,528
Fee and commission expense	28	(3,936,650)	(1,071,781)	(3,095,628)	(842,806)
Net fee and commission income		1,333,036	362,928	1,464,505	398,722
Net investment income	29	350,437	95,409	228,576	62,231
Other income, net	30	2,751,595	749,141	3,334,511	907,844
Operating income		12,576,414	3,424,017	13,415,703	3,652,519
General and administrative expenses	32	(3,871,265)	(1,053,979)	(3,695,864)	(1,006,225)
Operating profit before impairment		8,705,149	2,370,038	9,719,839	2,646,294
Net impairment (charge)/reversal	31	(444,165)	(120,927)	166,065	45,212
Profit before tax		8,260,984	2,249,111	9,885,904	2,691,506
Tax expense	45	(1,290,791)	(351,427)	(868,527)	(236,463)
Profit for the year		6,970,193	1,897,684	9,017,377	2,455,043
Attributable to:					
Owners of the Parent		6,839,622	1,862,134	8,917,202	2,427,770
Non-controlling interests		130,571	35,550	100,175	27,273
		6,970,193	1,897,684	9,017,377	2,455,043
Earnings per share	33	AED 32.98	USD 8.98	AED 43.66	USD 11.89

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income for the year ended 31 December 2025

	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
Profit for the year	6,970,193	1,897,684	9,017,377	2,455,043
Other comprehensive income/(loss)				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets measured at fair value through other comprehensive income (equity instruments), net of tax	148,310	40,378	46,908	12,771
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Changes in currency translation reserve, net of tax (Note 21(d))	(53,149)	(14,470)	(242,447)	(66,008)
Changes in fair value of financial assets measured at fair value through other comprehensive income (debt instruments) net of tax	220,855	60,129	(279,751)	(76,163)
Changes in insurance finance income and expenses reserve	(3,875)	(1,055)	(1,137)	(310)
Total other comprehensive income/(loss) for the year	312,141	84,982	(476,427)	(129,710)
Total comprehensive income for the year	7,282,334	1,982,666	8,540,950	2,325,333
Attributed to:				
Owners of the Parent	7,114,708	1,937,029	8,421,662	2,292,856
Non-controlling interests	167,626	45,637	119,288	32,477
	7,282,334	1,982,666	8,540,950	2,325,333

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2025

	Issued and paid up capital AED'000	Tier 1 capital notes AED'000	Other reserves AED'000	Retained Earnings AED'000	Equity attributable to owners of the Parent AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2024	2,006,098	1,101,900	567,248	26,658,113	30,333,359	984,431	31,317,790
Profit for the year	-	-	-	8,917,202	8,917,202	100,175	9,017,377
Other comprehensive loss	-	-	(495,540)	-	(495,540)	19,113	(476,427)
Total comprehensive income for the year	-	-	(495,540)	8,917,202	8,421,662	119,288	8,540,950
Issue of tier 1 Capital	-	1,836,500	-	(8,022)	1,828,478	-	1,828,478
Payment of dividends (Note 21(f))	-	-	-	(3,711,282)	(3,711,282)	(32,675)	(3,743,957)
Transfer from investment revaluation reserve to retained earnings	-	-	(3,556)	3,556	-	-	-
Transfer between retained earnings impairment reserve	-	-	365,000	(365,000)	-	-	-
Coupon payment to Tier 1 note holders	-	-	-	(159,089)	(159,089)	-	(159,089)
Transaction with non-controlling interests	-	-	-	(363)	(363)	(3,615)	(3,978)
Other movements (Note 21(d))	-	-	(792,605)	792,605	-	-	-
Balance at 31 December 2024	2,006,098	2,938,400	(359,453)	32,127,720	36,712,765	1,067,429	37,780,194
Balance at 1 January 2025	2,006,098	2,938,400	(359,453)	32,127,720	36,712,765	1,067,429	37,780,194
Profit for the year	-	-	-	6,839,622	6,839,622	130,571	6,970,193
Other comprehensive income	-	-	275,086	-	275,086	37,055	312,141
Total comprehensive income for the year	-	-	275,086	6,839,622	7,114,708	167,626	7,282,334
Coupon payment to Tier 1 note holders	-	-	-	(224,512)	(224,512)	-	(224,512)
Payment of dividends (Note 21(f))	-	-	-	(4,232,867)	(4,232,867)	(32,549)	(4,265,416)
Transfer from investment revaluation reserve to retained earnings	-	-	44,227	(44,227)	-	-	-
Transfer between retained earnings and impairment reserve	-	-	711,000	(711,000)	-	-	-
Other movements	-	-	(1,028)	5,104	4,076	(121)	3,955
Balance at 31 December 2025	2,006,098	2,938,400	669,832	33,759,840	39,374,170	1,202,385	40,576,555

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2025

	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
Cash flows from operating activities				
Profit before taxation for the year	8,260,984	2,249,111	9,885,904	2,691,506
Adjustments for:				
Depreciation and amortisation	294,556	80,195	277,708	75,608
Allowances for impairment, net	444,165	120,927	(166,065)	(45,212)
Gain on disposal of property and equipment	(1,858)	(506)	(12,857)	(3,500)
Loss on disposal of investment properties	50	14	7,897	2,150
Unrealised gain on other financial assets held at FVTPL	(14,223)	(3,872)	(16,077)	(4,377)
Fair value adjustments of investment properties	(33,915)	(9,234)	(10,426)	(2,839)
Net realized gain from sale of financial assets measured at FVTPL	(115,521)	(31,451)	(107,720)	(29,327)
Dividend income from financial assets measured at FVTOCI	(86,369)	(23,515)	(65,926)	(17,949)
Net realised gain from sale of financial assets measured at FVTOCI and securities measured at amortised cost	(133,309)	(36,294)	(38,023)	(10,352)
Impairment allowance on investment in associate	36,498	9,937	-	-
Unrealised loss/(gain) on derivatives	4,767	1,298	(17,248)	(4,696)
Gain on sale/bargain purchase	-	-	(1,211,017)	(329,708)
Gain on revaluation of Forex	-	-	(167,589)	(45,627)
Operating cash flows before tax paid and changes in operating assets and liabilities	8,655,825	2,356,610	8,358,561	2,275,677
Tax paid	(906,088)	(246,689)	(138,346)	(37,666)
Changes in operating assets and liabilities				
Increase in deposits with central banks	(3,327,470)	(905,927)	(4,574,606)	(1,245,469)
Increase in loans and advances to banks with original maturity after three months	(10,224,077)	(2,783,577)	(6,541,729)	(1,781,032)
Increase in loans and advances to customers	(35,322,750)	(9,616,866)	(9,652,081)	(2,627,847)
Increase in Islamic financing and investment products	(4,582,324)	(1,247,570)	(4,670,555)	(1,271,591)
Increase/(decrease) in reinsurance assets	156,645	42,648	(622,285)	(169,421)
Increase in other assets	(206,302)	(56,167)	(612,548)	(166,770)
(Increase)/Decrease in financial assets carried at FVTPL	(1,626,969)	(442,954)	712,508	193,985
Increase in repurchase agreements with banks	5,060,529	1,377,764	1,012,526	275,667
Increase in customers' deposits	35,326,388	9,617,857	10,955,102	2,982,603
Increase in Islamic customers' deposits	8,629,353	2,349,402	3,752,418	1,021,622
(Decrease)/Increase in deposits and balances due to banks	(4,452,051)	(1,212,102)	6,039,268	1,644,233
Increase in Insurance and Investment contract liabilities	314,797	85,706	852,232	232,026
Increase in other liabilities	657,910	179,121	1,096,849	298,625
Net cash (used in)/generated from operating activities	(1,846,584)	(502,744)	5,967,314	1,624,642
Cash flows from investing activities				
Purchase of property and equipment	(184,203)	(50,151)	(167,298)	(45,548)
Purchase on intangible assets	(192,310)	(52,358)	(149,055)	(40,581)
Proceeds from sale of property and equipment	24,053	6,549	37,927	10,326
Purchase of other financial assets measured at fair value or amortised cost	(60,838,398)	(16,563,680)	(57,027,475)	(15,526,130)
Proceeds from sale of other financial assets measured at fair value or amortised cost	48,899,915	13,313,345	56,104,272	15,274,781
Dividend income from other financial assets measured at FVTOCI	86,369	23,515	65,926	17,949
Proceeds from sale of investment properties	1,550	422	352,956	96,095
Disposal of subsidiary	-	-	845,800	230,275
Net cash (used in)/generated from investing activities	(12,203,024)	(3,322,358)	63,053	17,167

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows continued for the year ended 31 December 2025

	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
Cash flows from financing activities				
Transaction with NCI	(112)	(30)	(3,978)	(1,083)
Dividends paid	(4,265,416)	(1,161,289)	(3,743,957)	(1,019,319)
Medium term notes issued	2,991,087	814,344	933,476	254,145
Medium term notes redeemed	(765,756)	(208,482)	(4,020,676)	(1,094,657)
Sukuk issued	1,836,500	500,000	-	-
Syndicated borrowings	7,346,000	2,000,000	-	-
Tier 1 notes issued	(1,065)	(290)	1,828,478	497,816
Coupon payment to Tier 1 note holders	(224,512)	(61,125)	(159,089)	(43,313)
Net cash generated/(used in) financing activities	6,916,726	1,883,128	(5,165,746)	(1,406,411)
Net (decrease)/increase in cash and cash equivalents	(7,132,882)	(1,941,974)	864,621	235,398
Net foreign exchange difference	(58,948)	(16,049)	(20,715)	(5,640)
Cash and cash equivalents at beginning of the year	38,950,366	10,604,509	38,106,460	10,374,751
Cash and cash equivalents at end of the year (Note 35)	31,758,536	8,646,486	38,950,366	10,604,509

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2025

1. General information

Mashreqbank PSC (the "Bank") was incorporated in the Emirate of Dubai in 1967 under a decree issued by The Ruler of Dubai. The Bank carries out retail banking, commercial banking, investment banking, Islamic banking, brokerage and asset management activities through its branches in the United Arab Emirates, Oman, Bahrain, Kuwait, Egypt, Hong Kong, India, Pakistan, Qatar, the United Kingdom and the United States of America. The address of the Bank's registered office is P.O. Box 1250, Dubai, United Arab Emirates.

The accompanying consolidated financial statements combine the activities of the Bank and its subsidiaries (collectively the "Mashreqbank PSC Group" or "Group"), as listed in Note 36.

2. Application of new and revised International Financial Reporting Standards ("IFRS Accounting Standards")

2.1 New and revised IFRS adopted in the consolidated financial statements

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

2.2 New and revised IFRS in issue but not yet effective and not early adopted

New and revised IFRS	Effective for annual periods beginning on or after
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11 (IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Statement of Cash Flows)	1 January 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	1 January 2027
IFRS 18 Presentation and Disclosures in Financial Statements IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	1 January 2027
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Translation to a Hyperinflationary Presentation Currency The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.	1 January 2027

The Group is currently assessing the impact of these standards, interpretations and amendments on the future consolidated financial statements and intends to adopt these, if applicable, when they become effective.

3. Material accounting policies

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by International Accounting Standards Board ("IASB") and also complies with the applicable requirements of the laws in the U.A.E including the UAE Federal Law No. 32 of 2021 on Commercial Companies and the Decretal Federal Law No. 14 of 2018.

On 8 September 2025, the UAE Federal Decree Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business was issued and came into effect on 16 September 2025 which repealed the UAE Federal Law No. 14 of 2018. The Company/ Bank/Group must within a period not exceeding (1) one year from the date of the enforcement of its provisions from 16 September 2025 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No. (6) of 2025.

3.2 Basis of preparation

The consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments, including derivatives, investment properties and reserves for unit linked policies which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements are presented in Arab Emirates Dirham (AED) and all values are rounded to the nearest thousands AED, except where otherwise indicated.

The accounting policies used in the preparation of this consolidated financial statements are consistent with those audited annual consolidated financial statements for the year ended 31 December 2024.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

3.3 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank and its subsidiaries made up to 31 December each year. Control is achieved when the Bank:

- has power over an investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights raising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control over the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

3.3 Basis of consolidation continued

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss of each component of other comprehensive income is attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control is accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Parent.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Investment in associate and joint venture

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Under the equity method of accounting, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

If there is objective evidence that the group's net investment in an associate or joint venture is impaired, the requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 Investments in Associates and Joint Ventures (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

3.4 Revenue recognition

(a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision) and are recognised within 'interest income' and 'interest expense' in the consolidated statement of profit or loss.

(b) Income from Islamic financing and investments products

The Group's policy for recognition of income from Islamic financing and investments products is described in Note 3.18 (iii).

(c) Fee and commission income and expenses

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- i) Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit-related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.
- ii) Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(d) Dividend income

Dividend income from investments is recognised in the consolidated statement of profit or loss when the Group's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of Income can be measured reliably).

(e) Gain or loss from redemption of medium-term loans

Gain or loss from redemption of medium-term loans represents the difference between the amount paid and the carrying amount of the liability on the date of redemption.

(f) Rental income

Rental income from investment property which are leased under operating leases are recognised on a straight-line basis over the term of the relevant lease.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

3.5 Leasing

The Group leases various branches, offices and premises for ATMs. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The group assesses whether a contract is, or contains, a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

3.6 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in UAE Dirham (AED), which is the functional currency of the Bank, and the presentation currency for the consolidated financial statements.

The presentation currency of the Group is the UAE Dirham (AED); however, for presentation purposes only, additional columns for US Dollar (USD) equivalent amounts have been presented in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows and certain notes to the consolidated financial statements using a fixed conversion rate of USD 1.00 = AED 3.673.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in AED using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's Currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Bank losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Bank losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Goodwill and fair value arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting)
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset affects profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further

excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

3.7 Borrowing costs continued

Taxation continued

Deferred tax continued

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.8 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the profit or loss in the period of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes.

3.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land and capital work in progress are not depreciated.

Depreciation is recognised so as to write off the cost of assets or valuation of assets (other than land and capital work in progress), less their residual values over their useful lives, using the straight-line method, over the estimated useful lives of the respective assets, as follows:

	Years
Properties for own use	20 - 50
Furniture, fixtures, equipment and vehicles	4 - 15
Improvements to freehold properties and others	5 - 10

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Capital work-in-progress are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3.10 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.11 Intangible assets

Intangible assets consists of software which are stated at cost less amortisation and any accumulated impairment losses. Amortisation is charged on a straight lines over the estimated useful lives of 5 to 10 years. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

3.13 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the consolidated statement of profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVTOCI, as described in Note 43, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

i) Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'. Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds.

Debt instruments:

Debt instruments, including loans and advances and Islamic financing and investments products, are measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest/profit on the principal amount outstanding.

All other financial assets except for debt instruments carried at amortized cost are subsequently measured at fair value.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at fair value through profit or loss (FVTPL), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 43.
- Fair value through other comprehensive income (FVTOCI):** financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVTOCI. Movements in carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instruments' amortised cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'Net Investment Income'.
- Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss within 'Net investment income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they were presented separately in 'Net investment income'.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and an interest rate that is consistent with basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and there were no material reclassification during the year.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. On disposal of these equity investments, any related balance within the FVTOCI reserve is reclassified to retained earnings. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Amortised cost and effective interest method

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using original effective interest rate. Any changes are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

3.13 Financial instruments continued

i) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVTOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 43 provides more detail of how the expected credit loss allowance is measured.

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. Where this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share / equity based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in the derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownerships, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retain a subordinated residual interest.

3.13.2 Financial liabilities

Classification and subsequent measurement

Financial liabilities (including deposits and balances due to banks, repurchase agreements with banks, medium term loans, subordinated debt and customer deposits) are initially recognised as fair value and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such on initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the change in fair value due to credit risk) and partially profit or loss (the remaining amount of change in the fair value of the liability).
- This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition whereby for financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

When replacing an existing debt with a new debt from a new lender, the existing debt would be de-recognized in the financial statements, with the difference between the carrying amount and the fair value of the consideration paid recognized in profit or loss. However, when modifying or exchanging a debt while keeping the original lender, the International Financial Reporting Standards (IFRS Accounting Standards) have specific guidance on whether the transaction results in a de-recognition or is accounted for differently. This analysis is driven by the question whether the modification is "substantial" or whether the original debt has been replaced by another debt with "substantially" different terms.

3.13.3 Financial guarantee contracts and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument. Loan commitments are irrevocable commitments to provide credit under pre-specified terms and conditions.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognized in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in Note 43).

3.13.4 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in the consolidated statement of profit or loss;
- for financial assets that are monetary items and designated as at FVTOCI, any foreign exchange component is recognized in consolidated statement of profit or loss;
- for financial assets that are non-monetary items and designated as at FVTOCI, any foreign exchange component is recognised in the consolidated statement of comprehensive income; and
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the consolidated statement of profit or loss.

3.14 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognised amounts or when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

3.15 Derivative financial instruments

The Group deals with derivatives such as forward foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options (both written and purchased). Further details of derivatives financial instruments are disclosed in Note 41. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statement of profit or loss depends on the nature of the hedge relationship. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Fair values are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate.

Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 41.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the group has both a legally enforceable right and intention to offset.

(a) Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 Financial Instruments (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3.16 Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 41 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in consolidated statement of profit or loss, and is included in the other income line item.

Amounts previously recognised in the consolidated statement of comprehensive income and accumulated in equity are reclassified to consolidated statement of profit or loss in the periods when the hedged item affects in the recognition of a non-financial assets or a non-financial liability, the gains and losses previously recognised in consolidated statement of comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in the consolidated statement of comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated statement of profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cumulative translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the cumulative translation reserve are reclassified to the consolidated statement of profit or loss on the disposal of the foreign operation.

3.17 Insurance contracts

To allocate individual insurance contracts to groups of contracts, an entity first needs to define portfolios which include contracts with similar risks and that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts. IFRS 17 consists of 3 measurement models:

- The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin (CSM).
- The variable fee approach (VFA) is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate insurance contracts with direct participating features.
- The premium allocation approach is an optional simplified approach for the measurement of the liability for remaining coverage. An entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

The Group applies the premium allocation approach (PAA) to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less. The Group performed PAA eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the assessment performed, the Group expects all of its contracts to be eligible for PAA measurement model, except for long term individual life business which will be measured under the GMM. The Group plans to apply the GMM for long term individual life insurance policies and the (VFA) for unit linked insurance policies.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

Insurance revenue and insurance service expenses are recognised in the statement of comprehensive income based on the concept of services provided during the period. The standard requires losses to be recognised immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions.
- Initial stages of a new business acquired where the underlying contracts are onerous.
- Any other strategic decisions the board considers appropriate.

Insurance acquisition cash flows

The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Group estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money

For all contracts measured under the PAA, there is no allowance as the premiums are expected to be received within one year of the coverage period.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

3.17 Insurance contracts continued

Liability for Incurred Claims ("LIC") adjusted for time value of money

The LIC is discounted and adjusted for the time value of money.

Insurance finance income and expenses

For contracts measured under the PAA, The Group applies the changes in discount rates and other financial changes within OCI. For contracts measured under the GMM and VFA, the Group includes all insurance finance income or expenses for the period in profit or loss.

Disaggregation of risk adjustment

The Group disaggregates changes in the risk adjustment for non financial risk between insurance service result and insurance finance income or expenses.

Discount rates

The Group uses the bottom-up approach for the groups of contracts measured under PAA and GMM and the top-down approach for the groups of contracts measured under VFA to derive the discount rates.

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundaries of each contract in a group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - i. The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - ii. The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

Reinsurance contracts held

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss. Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group aggregates contracts for which there is a net gain at initial recognition, if any, contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently, and remaining contracts in the portfolio, if any.

Modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.18 Islamic financing and investment products

In addition to conventional banking products, the Group offers its customers a variety of non-interest based banking products, which are approved by its Internal Shari'ah Supervision Committee.

Any conventional terminologies that are used only for reasons of legal requirement, explanation and/or clarity will be considered as replaced with its Shari'ah compliant equivalent and will not impact the Islamic products or documentation in terms of their Shari'ah compliance.

All Islamic banking products are accounted for in conformity with the accounting policies described below:

(i) Definitions

The following terms are used in Islamic financing:

Murabaha

Murabaha is a sale of goods with an agreed upon profit mark-up on the cost.

The arrangement is referred to as a Murabaha to the Purchase Orderer where the company sells to a customer a commodity or an asset, which the company has purchased and acquired, based on a promise received from customer.

Commodity Murabaha

Commodity Murabaha is a financing transaction based on purchase and sale, whereby the bank purchases a commodity from a broker and sells it to the customer through the Murabaha agreement with a disclosed cost and profit. After signing the Murabaha agreement, the Customer sells the commodity to another broker through the bank, which acts as the Customer's messenger.

Ijarah

Ijarah is a contract, or part of contractual agreement, that transfers the usufruct of an asset (the underlying asset) for a period of time in exchange for an agreed consideration, from lessor (the owner of underlying asset i.e. the company) to a lessee (the customer).

This may involve a hybrid Ijarah arrangement (known as Ijarah Muntahia Bittamleek) which, in addition to the Ijarah contract, includes a promise (by the company) resulting in transfer of the ownership of the underlying asset to the lessee (the customer) through a sale or gift – independent of Ijarah Contract.

Istisna'

Istisna' is a contract of sale of specified items to be manufactured or constructed, with an obligation on part of the manufacturer or builder (contractor) to deliver them to the customer upon completion.

Under this arrangement, the Group provides funds to a customer for construction of a real estate and/or manufacturing of any other assets. Istisna' requires properly specifying the finished product. The customer is required to arrange/employ all the resources required to produce the specified asset(s).

Mudarabah

Mudarabah is a partnership in profit whereby one party provides capital (Rab al-Mal) and the other party provides labour (Mudarib). The Mudarib is responsible for investing such funds in a specific enterprise or activity in return for a pre-agreed percentage of the Mudarabah profit. In case of loss, the same is borne by Rab-al-Mal. The Mudarib is not liable for losses except in case of misconduct in respect to Mudarabah fund, negligence and breach of the terms of Mudarabah contract.

Wakalah

Wakalah is an act of one party (principal) delegating another party (the agent) to perform a permissible activity on his behalf. This may involve Al-Wakalah Bi Al-Istithmar, in which the Company appoints another person an agent to invest its funds with an intention to earn profit, in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakalah.

Notes to the Consolidated Financial Statements continued

3. Material accounting policies continued

3.18 Islamic financing and investment products continued

(ii) Accounting policy

Islamic financing and investment products are measured at amortised cost, using the effective profit method, less any amounts written off, allowance for doubtful accounts and unearned income. The effective profit rate is the rate that exactly discounts estimated future cash flow through the expected life of the financial asset or liability, or, where appropriate, a shorter period. Allowance for impairment is made against Islamic financing and investment products when their recovery is in doubt taking into consideration IFRS requirements. Islamic financing and investment products are written off only when all possible courses of action to achieve recovery have proved unsuccessful.

(iii) Revenue recognition policy

Income from Islamic financing and investing assets are recognised in the consolidated statement of profit or loss using the effective profit method.

The calculation of the effective profit rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective profit rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

Murabaha

Murabaha income is recognised on effective profit rate basis over the period of the contract based on the balance outstanding.

Commodity Murabaha

Murabaha income is recognised on effective profit rate basis over the period of the contract based on the balance outstanding.

Ijarah

Ijarah income is recognised on effective profit rate basis over the lease term.

Mudarabah

Income or losses on Mudarabah financing are recognised on an accrual basis if they can be reliably estimated. Otherwise, income is recognised on distribution by the Mudarib, whereas the losses are charged to income on their declaration by the Mudarib.

Wakalah

Estimated income from Wakalah is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

(iv) Islamic customers' deposits and distributions to depositors

Islamic customers' deposits are initially measured at fair value which is normally consideration received net of directly attributable transaction costs incurred, and subsequently measured at their amortised cost using the effective profit method.

Distributions to depositors (Islamic products) are calculated according to the Group's standard procedures and are approved by the Group's Internal Shari'ah Supervision Committee.

(v) Profit calculation, asset allocation, mechanics of equalization of returns investment account holders

- The Group has invested all the funds generated from Investment Account Holders in the Financing done by way of Shari'ah compliant structures including Murabaha, Commodity Murabaha, Wakala & Ijarah, and the returns are managed by the Bank in a central profit pool. Subsequently the profits are allocated to Investment Account Holders using the Internal Shariah Supervisory Committee approved profit allocation mechanism for Investment Account Holders.
- Profit Equalization Reserve: The Bank maintains a Profit Equalization Reserve (PER) for the purpose of smoothing the returns to the Mudarabah account holders. The PER is deducted from Mudarabah income before deduction of the Bank's share.
- Investment Risk Reserve: The Bank maintains an Investment Risk Reserve (IRR) for the purpose of protecting the Mudarabah account holders from any investment losses in the future. The IRR is deducted from Mudarabah income after deduction of the Bank's share.

3.19 Provision for employees' end of service indemnity

Provision is made for the employees' end of service indemnity in accordance with the UAE labour law for their periods of service up to the financial position date. In addition, in accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at the reporting date, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. The expected liability at the date of leaving the service has been discounted to net present value using an appropriate discount rate based on management's assumption of average annual increment/promotion costs. The present value of the obligation as at 31 December 2025 is not materially different from the provision computed in accordance with the UAE Labour Law.

The provision arising is disclosed as 'provision for employees' end of service indemnity' in the consolidated statement of financial position under 'other liabilities' (Note 18).

Pension and national contribution for UAE citizens are made by the Group in accordance with Federal Law No. 7 of 1999 and no further liability exists.

3.20 Acceptances

Acceptances are recognised as a financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

3.21 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and other balances with the UAE Central Bank (excluding statutory reserve) and money market placements which are maturing within three months from the value date of the deposit or placement. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

4.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring Expected Credit Loss (ECL) is further detailed in Note 43.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL, including measurement of ECL for default exposures;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4.2 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Notes to the Consolidated Financial Statements continued

4. Critical accounting judgements and key sources of estimation uncertainty continued

4.3 Derivative financial instruments

Subsequent to initial recognition, the fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models, recognised market accepted pricing models and from counterparty statements. When prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

4.4 The ultimate liability arising from claims made under insurance contracts

The estimation of ultimate liability arising from the claims made under insurance contracts is the Group's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. Estimates have to be made at the end of the reporting period for both the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

4.5 Classification of the Equity Tier 1 instrument under IAS 32

The Bank has issued Additional Tier 1 (AT1) capital securities listed on the Luxembourg Stock Exchange, which have been classified as equity in accordance with IAS 32: Financial Instruments – Classification. The key features of the instruments are as follows:

- no fixed date of maturity;
- payment of interest and/or capital is solely at the discretion of the Bank;
- the instruments are subordinated and rank just above the ordinary shareholders; and
- these securities also allow the Bank to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of CBUAE.

The determination of equity classification of these instruments requires significant judgement as certain clauses, particularly the "Events of Default", require interpretation. The Directors, after factoring in the clauses relating to the write-down, non-payment and subordination in the instrument offering document consider that the Bank will not reach the point of insolvency before a write-down is affected due to a non-viability event. Accordingly, such clauses were assessed for the purpose of determining the debt vs equity classification and appropriate independent advice was obtained in forming judgement around this matter.

5. Cash and balances with central banks

a) The analysis of the Group's cash and balances with central banks is as follows:

	2025 AED'000	2024 AED'000
Cash on hand	1,864,835	1,762,079
<i>Balances with central banks:</i>		
Current accounts and other balances	13,129,777	23,620,228
Statutory deposits	18,137,671	14,810,201
Certificates of deposit	400,000	400,000
	33,532,283	40,592,508

b) The geographical analysis of the cash and balances with central banks is as follows:

	2025 AED'000	2024 AED'000
Within the UAE	25,819,057	23,209,145
Outside the UAE	7,713,226	17,383,363
	33,532,283	40,592,508

c) The Group is required to maintain statutory deposits with various central banks on demand, time and other deposits as per the statutory requirements. The statutory deposits are not available for use in the Group's day-to-day operations. Cash on hand and current account

6. Loans and advances to banks

a) The analysis of the Group's Loans and advances to banks is as follows:

	2025 AED'000	2024 AED'000
Demand	3,627,109	5,067,842
Time	62,182,977	47,322,099
	65,810,086	52,389,941
Less: Allowance for impairment	(89,024)	(118,337)
	65,721,062	52,271,604

b) The above represent loans and advances to:

	2025 AED'000	2024 AED'000
Banks within the UAE	9,991,392	6,669,039
Banks outside the UAE	55,818,694	45,720,902
	65,810,086	52,389,941
Less: Allowance for impairment	(89,024)	(118,337)
	65,721,062	52,271,604

c) Allowance for impairment movement:

	2025 AED'000	2024 AED'000
At beginning of the year	118,337	139,399
Reversal during the year (Note 31)	(29,516)	(16,553)
Exchange and other adjustments	203	(4,509)
At end of the year	89,024	118,337

Notes to the Consolidated Financial Statements continued

7. Other financial assets

a) The analysis of the Group's other financial assets is as follows:

Financial assets measured at fair value

i) Financial assets measured at fair value through profit and loss (FVTPL):

	2025 AED'000	2024 AED'000
Debt securities	2,651,274	895,716
<i>Equities</i>		
Quoted	1,005	23,689
Unquoted	1,101	1,032
Funds	1,349,908	1,326,137
	4,003,288	2,246,574

ii) Financial assets measured at fair value through other comprehensive income (FVTOCI):

	2025 AED'000	2024 AED'000
Debt securities	15,912,709	23,012,440
<i>Equities</i>		
Quoted	933,929	755,933
Unquoted	87,544	79,946
Funds	524,652	243,418
	17,458,834	24,091,737
Less: Allowance for Impairment	(4,624)	(10,777)
Total financial assets measured at fair value (A)	21,457,498	26,327,534

iii) Securities measured at amortised cost:

	2025 AED'000	2024 AED'000
Debt securities	28,924,027	9,827,791
Less: Allowance for impairment	(17,723)	(30,674)
Total securities measured at amortised cost (B)	28,906,304	9,797,117
Total other financial assets (A) + (B)	50,363,802	36,124,651

b) The geographical analysis of other financial assets is as follows:

	2025 AED'000	2024 AED'000
Within the UAE	18,911,578	21,354,085
Outside the UAE	31,474,571	14,812,017
	50,386,149	36,166,102
	(22,347)	(41,451)
Less: Allowance for impairment	50,363,802	36,124,651

c) The analysis of other financial assets by industry sector is as follows:

	2025 AED'000	2024 AED'000
Government and public sector	29,098,830	15,301,030
Commercial and business	6,405,954	2,314,148
Financial institutions	14,881,365	18,550,924
Total	50,386,149	36,166,102
Less: Allowance for impairment	(22,347)	(41,451)
	50,363,802	36,124,651

d) The movement of the allowance for impairment of other financial assets measured at amortised cost and other comprehensive income during the year was as follows:

	2025 AED'000	2024 AED'000
At the beginning of the year	41,451	54,152
Reversal during the year (Note 31)	(19,078)	(12,687)
Exchange and other adjustments	(26)	(14)
At end of the year	22,347	41,451

- e) The fair value of securities measured at amortised cost amounted to AED 29 billion as of 31 December 2025 (31 December 2024: AED 9.54 billion) (Note 43).
- f) At 31 December 2025, certain financial assets measured at amortized cost, financial assets measured at fair value included debt securities with an aggregate carrying value of AED 6,903 million (fair value of AED 7,025 million) 31 December 2024: Carrying value of AED 1,279 million (fair value of AED 1,310 million) which were collateralized as at that date against repurchase agreements with banks ("Repo") of AED 5,981 million (31 December 2024: AED 1,169 million).
- g) During the year ended 31 December 2025, the Group has reviewed its portfolio and sold certain other financial assets measured at amortized cost, resulting in a gain of AED 28 million (31 December 2024: Gain of AED 0.26 million) on the sale.
- h) As of 31 December 2025, there are no significant concentrations of credit risk for debt securities measured at amortised cost. The carrying amount reflected above represents the Group's maximum exposure for credit risk for such assets.
- i) During the year ended 31 December 2025, dividends received from financial assets measured at FVTOCI amounting to AED 86 million (31 December 2024: AED 66 million) were recognized as net investment income in the consolidated statement of profit or loss (Note 29).
- j) As of 31 December 2025, change in fair value of other financial assets measured at FVTPL resulted in gain of AED 14 million (31 December 2024: gain of AED 16 million) and was recognized as investment income in the consolidated statement of profit or loss (Note 29).
- k) As of 31 December 2025, change in fair value of other financial assets measured at FVTOCI resulted in a gain of AED 369 million (31 December 2024: loss of AED 233 million) and was recognised in the consolidated statement of comprehensive income. The realised gain in respect of FVTOCI debt securities was AED 106 million during the year 2025 (31 December 2024: 38 million) and was recognised in consolidated statement of profit and loss.
- l) During the year ended 31 December 2025, the Group purchased and disposed equity shares amounting to AED 469 million (31 December 2024: AED 522 million) and AED 289 million (31 December 2024: AED 489 million), respectively.

Notes to the Consolidated Financial Statements continued

8. Loans and advances to customers

a) The analysis of the Group's loans and advances to customers is as follows:

	2025 AED'000	2024 AED'000
Loans	129,043,280	96,996,669
Overdrafts	6,434,080	4,024,512
Credit cards	4,091,438	3,666,857
Others	976,813	893,460
Total	140,545,611	105,581,498
Less: Allowance for impairment	(2,474,636)	(2,500,652)
	138,070,975	103,080,846

b) The analysis of loans and advances to customers by industry sector is as follows:

	2025 AED'000	2024 AED'000
Manufacturing	29,718,606	23,133,877
Construction	11,860,829	8,906,290
Trade	26,674,301	21,960,671
Services	21,265,724	15,632,555
Financial institutions	12,290,713	4,953,676
Personal	14,438,889	10,859,373
Residential mortgage	14,231,620	11,089,651
Government and related enterprises	10,064,929	9,045,405
Total	140,545,611	105,581,498
Less: Allowance for impairment	(2,474,636)	(2,500,652)
	138,070,975	103,080,846

c) In certain cases, the Group continues to carry certain classified doubtful debts and delinquent accounts on its books which have been fully provided. Interest is accrued on most of these accounts for litigation purposes only. As at 31 December 2025 and 2024, legal proceedings are pursued for some of these accounts by the Group in the normal course of business.

d) The movements in the allowance for impairment and suspended interest on loans and advances to customers are as follows:

	2025 AED'000	2024 AED'000
At beginning of the year	2,500,652	2,624,687
Charge for the year (Note 31)	82,455	58,683
Exchange and other adjustments	11,521	44,032
Written off during the year	(119,992)	(226,750)
At end of the year	2,474,636	2,500,652

e) The allowance for impairment includes a specific provision of AED 1,470 million for stage 3 loans of the Group as at 31 December 2025 (31 December 2024: AED 1,585 million).

9. Islamic financing and investment products

a) The analysis of the Group's Islamic financing and investment products is as follows:

	2025 AED'000	2024 AED'000
Financing		
Murabaha	22,705,013	17,473,960
Ijarah	3,710,087	3,639,102
	26,415,100	21,113,062
Investment		
Wakalah	2,476,539	2,898,718
Total	28,891,639	24,011,780
Less: Unearned income	(2,536,440)	(2,259,031)
Allowance for impairment	(77,495)	(75,198)
	26,277,704	21,677,551

b) The analysis of Islamic financing and investment products by industry sector is as follows:

	2025 AED'000	2024 AED'000
Manufacturing	5,828,328	3,291,508
Construction	4,886,808	1,905,384
Trade	1,405,820	1,192,918
Services	4,775,126	5,631,988
Financial institutions	893,288	1,214,657
Personal	6,143,713	6,532,409
Residential mortgage	1,230,694	1,035,913
Government and related enterprises	3,727,862	3,207,003
Total	28,891,639	24,011,780
Less: Unearned income	(2,536,440)	(2,259,031)
Allowance for impairment	(77,495)	(75,198)
	26,277,704	21,677,551

c) The movement in the allowance for impairment of Islamic financing and investment products are as follows:

	2025 AED'000	2024 AED'000
At beginning of the year	75,198	349,088
Reversal of impairment allowance for the year (Note 31)	(5,233)	(249,032)
Exchange and other adjustment	7,530	(24,858)
At end of the year	77,495	75,198

d) The allowance for impairment includes a specific provision of AED 35 million for stage 3 Islamic financing and investment exposure of the Group as at 31 December 2025 (31 December 2024: AED 34 million).

Notes to the Consolidated Financial Statements continued

10. Other assets

	2025 AED'000	2024 AED'000
Interest receivable	508,056	212,699
Prepayments	234,193	201,573
Positive fair value of derivatives (Note 41)	1,683,994	2,297,670
Credit card related receivables	449,498	395,285
Taxes paid in advance	262,616	207,333
Commission/income receivable	27,860	56,112
Advances to suppliers/vendors	453,443	308,477
Others	1,236,003	990,326
	4,855,663	4,669,475

11. Investment properties

	2025 AED'000	2024 AED'000
At fair value		
At beginning of the year	151,620	502,047
Purchases	-	-
Change in fair value during the year (Note 30)	33,915	10,426
Sale of investment property	(1,600)	(360,853)
At end of the year	183,935	151,620

All of the Group's investment properties are freehold properties and located in the U.A.E these were classified as level 3 in the fair value hierarchy.

Valuation processes

The Group has complied with the requirements of the Insurance Authority Board Decision No. (25) of 2014 with regards to the valuation of the investment properties and were accounted accordingly for the purpose of financial reporting. The Group's investment properties were valued as at 31 December 2025 by independent external professionally qualified valuers who hold recognized relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value is in accordance with relevant appraisal and valuation standards issued by the Royal Institute of Chartered Surveyors ("RICS").

Valuation techniques underlying management's estimation of fair value

Valuation of the Group's investment properties was determined using either of Discounted Cash Flow ("DCF"), Income capitalization method, and sales comparison methods based on the available inputs.

The DCF method involves forecasting future cash flows from the property based on precisely stated market-based assumptions by adopting an appropriate discount rate and capitalization rate. Income capitalization method considers a market rent that may be achieved based on the comparable evidence and deducting appropriate maintenance and vacancy rates to derive the Net Rent achievable which then capitalized at an appropriate risk yield to derive the Fair Value of the subject property. Sales comparison method considers the value of comparable properties in proximity adjusted for differences in key attributes such as property size and quality of interior fittings.

12. Property and equipment

	Properties for own use AED'000	Furniture, fixtures, equipment and vehicles AED'000	Improvements to freehold properties and others AED'000	Right-of-use assets AED'000	Capital work-in-progress AED'000	Total AED'000
Cost						
At 31 December 2023	1,190,954	437,018	274,969	157,901	88,773	2,149,615
Additions during the year	-	57,486	27,732	64,819	17,427	167,464
Transfers	-	8,033	1,272	-	(9,305)	-
Disposals/write-offs/elimination	(59,692)	(43,735)	(88,262)	(45,013)	-	(236,702)
At 31 December 2024	1,131,262	458,802	215,711	177,707	96,895	2,080,377
Additions during the year	13	73,179	47,949	41,665	21,399	184,205
Transfers	-	1,373	78	-	(1,451)	-
Disposals/write-offs/elimination	(2,586)	(45,309)	(15,976)	(32,144)	-	(96,015)
At 31 December 2025	1,128,689	488,045	247,762	187,228	116,843	2,168,567
Accumulated depreciation and impairment						
At 31 December 2023	310,788	259,677	103,930	93,485	-	767,880
Charge for the year (Note 32)	28,839	53,046	34,553	39,005	-	155,443
Disposals/write-offs/elimination	(34,837)	(37,908)	(65,144)	(44,417)	-	(182,306)
At 31 December 2024	304,790	274,815	73,339	88,073	-	741,017
Charge for the year (Note 32)	26,664	56,378	28,741	40,207	-	151,990
Disposals/write-offs/elimination	(2,493)	(43,679)	(7,972)	(20,421)	-	(74,565)
At 31 December 2025	328,961	287,514	94,108	107,859	-	818,442
Carrying amount						
At 31 December 2025	799,728	200,531	153,654	79,369	116,843	1,350,125
At 31 December 2024	826,472	183,987	142,372	89,634	96,895	1,339,360

13. Intangible assets

	Software AED'000
Cost	
At 31 December 2023	657,321
Additions during the year	149,054
Disposals/write-offs/elimination	(66,026)
At 31 December 2024	740,349
Additions during the year	192,310
Disposals/write-offs/elimination	(72,636)
At 31 December 2025	860,023
Accumulated depreciation and impairment	
At 31 December 2023	296,710
Charge for the year (Note 32)	122,265
Disposals/write-offs/elimination	(52,959)
At 31 December 2024	366,016
Charge for the year (Note 32)	142,566
Disposals/write-offs/elimination	(71,890)
At 31 December 2025	436,692
Carrying amount	
At 31 December 2025	423,331
At 31 December 2024	374,333

Notes to the Consolidated Financial Statements continued

14. Deposits and balances due to banks

a) The analysis of deposits and balances due to banks is as follows:

	2025 AED'000	2024 AED'000
Time	26,100,698	28,230,111
Demand	7,827,983	9,289,142
Overnight	4,993,584	5,855,063
	38,922,265	43,374,316

b) The above represent deposits and balances due to banks from:

	2025 AED'000	2024 AED'000
Banks within the UAE	7,297,268	9,554,641
Banks outside the UAE	31,624,997	33,819,675
	38,922,265	43,374,316

15. Repurchase agreements with banks

	2025 AED'000	2024 AED'000
Repurchase agreements	7,136,046	2,075,517

The above repurchase agreements with banks are at an average interest rate of 4.22% (2024: 5.01%) per annum. Collateral provided as security against these Repo borrowings are disclosed in Note 7(f) to the consolidated financial statements.

16. Customers' deposits

a) The analysis of customers' deposits is as follows:

	2025 AED'000	2024 AED'000
Current and other accounts	97,803,841	86,176,336
Saving accounts	21,692,457	11,204,167
Time deposits	59,394,883	46,184,290
	178,891,181	143,564,793

b) Analysis by industry sector:

	2025 AED'000	2024 AED'000
Government and public sector	16,265,397	12,778,569
Commercial and business	104,358,890	87,186,913
Personal	50,636,411	37,249,561
Financial institutions	7,314,076	6,198,823
Other	316,407	150,927
	178,891,181	143,564,793

17. Islamic customers' deposits

a) The analysis of Islamic customers' deposits is as follows:

	2025 AED'000	2024 AED'000
Current and other accounts	7,692,619	8,267,801
Saving accounts	470,336	523,524
Time deposits	17,841,298	8,583,576
	26,004,253	17,374,901

The amount under time deposits include AED 16.5 million relating to Investment risk reserve (31 December 2024: AED 15.5 million).

b) Analysis by industry sector:

	2025 AED'000	2024 AED'000
Government and public sector	4,976,157	3,762,282
Commercial and business	13,906,323	9,260,731
Personal	5,846,608	3,775,127
Financial institutions	1,275,165	576,761
	26,004,253	17,374,901

c) Movement in the depositors' IRR is given below:

	2025 AED'000	2024 AED'000
Balance at the beginning of the year	15,480	14,041
Profit earned on IRR (invested amount)	349	164
Addition to the IRR (Transfer)	627	1,275
Amount allocated (from IRR) to the Depositors	-	-
Balance at the end of the year	16,456	15,480

18. Other liabilities

	2025 AED'000	2024 AED'000
Interest payable	1,022,990	1,089,597
Negative fair value of derivatives (Note 41)	1,323,399	1,669,256
Accrued expenses	1,607,828	1,515,647
Income received in advance	486,059	521,473
Pay orders issued	1,127,962	857,409
Provision for employees' end of service indemnity*	323,452	306,838
Provision for taxation	1,238,512	822,54
Lease liability	67,696	79,702
Others	3,076,634	2,364,916
Allowance for impairment – off balance sheet**	644,585	471,155
	10,919,117	9,698,535

* Provision for employees' end of service indemnity included AED 277 million (2024: AED 264 million) for estimated amounts required to cover employees' end of service indemnity at the reporting date as per UAE Labour Law.

The remaining amount of provision for employees' end of service indemnity relates to overseas branches and subsidiaries outside UAE and is computed based on the local laws and regulations of respective jurisdictions.

** The allowance for impairment on off balance sheet and acceptance during the year ended 31 December 2025 amounted to AED 175 million (2024: reversal for impairment of AED 320 million). Refer to Note 31.

Notes to the Consolidated Financial Statements continued

19. Borrowings

	2025 AED'000	2024 AED'000
Medium-term notes (Note 19(a))	4,296,832	2,071,501
Subordinated Debt (Note 19(b))	1,831,027	1,831,027
Syndicated Borrowings*	7,346,000	-
	13,473,859	3,902,528

*Mashreq, on 23rd December successfully closed its \$2 billion syndicated loan with two tranches, a three-year and a five-year tranche.

a) Medium-term notes

The maturities of the medium-term notes (MTNs) issued under the programme are as follows:

Year	2025 AED'000	2024 AED'000
2025	-	699,760
2026	2,387,450	73,460
2027	60,150	96,850
2028	581,599	415,049
2029	792,377	786,382
2030	475,256	-
	4,296,832	2,071,501

	2025 AED'000	2024 AED'000
U.S. Dollars	4,104,180	1,369,125
Japanese Yen	23,420	140,340
Singapore Dollars	57,145	53,876
Chinese Yuan	112,087	477,042
South African Rand	-	31,118
	4,296,832	2,071,501

The Group established a Euro Medium Term Note (EMTN) programme for USD 5 billion (AED 18.37 billion) under an agreement dated 15 March 2010.

During the year ended 31 December 2025, medium-term notes of AED 766 million were redeemed (31 December 2024: AED 4 billion).

b) Subordinated debt

In November 2022, the Bank issued USD 500 million of subordinated Tier 2 notes. The notes, which were issued at a re-offer price and yield of 99.702 and 7.95%, respectively, and with a coupon of 7.875%, are callable after 5.25 years and have a final maturity of 10.25 years. They will rank Pari passu among themselves, rank subordinate and junior to all senior obligations and rank in priority only to all junior obligations, subject to solvency conditions.

20. Insurance and investment contract liabilities and reinsurance contract assets

	2025 AED'000	2024 AED'000
Insurance and investment contract liabilities		
Liabilities for Incurred Claims (LIC) under Premium Allocation Approach (PAA)		
Present value of their future cashflows	3,775,315	3,786,799
Risk adjustment for non-financial risk	225,157	263,538
	4,000,472	4,050,337
Liabilities for Incurred Claims (LIC) not under Premium Allocation Approach (PAA)	7,894	4,782
Liabilities for Remaining Coverage (LRC)		
Excluding loss component	1,535,255	1,122,024
Loss component	19,147	22,700
	1,554,402	1,144,724
Investment contract liabilities	939,219	987,347
	6,501,987	6,187,190
Reinsurance contract assets		
Incurred claims for contracts under Premium Allocation Approach (PAA)		
Present value of future cashflows	2,679,264	2,932,498
Risk adjustment for non-financial risk	167,480	208,584
	2,846,744	3,141,082
Remaining coverage excluding loss-recovery component	363,147	229,028
Remaining coverage loss recovery component	6,173	5,365
Incurred claims for contracts not under PAA	6,439	3,673
	3,222,503	3,379,148

Notes to the Consolidated Financial Statements continued

21. Issued and paid-up capital and other reserves

(a) Issued and paid-up capital

As at 31 December 2025, 200,609,830 ordinary shares of AED 10 each (2024: 200,609,830 ordinary shares of AED 10 each) were fully issued and paid up.

Other reserves:

The movement in these reserves is as follows:

	Statutory and legal reserve AED'000	General reserve AED'000	Insurance finance income and expenses reserve AED'000	Impairment reserve - General* AED'000	Currency translation reserve AED'000	Investment revaluation reserve AED'000	Total AED'000
2024							
As at 1 January	1,027,494	312,000	8,454	1,130,000	(134,315)	(1,776,385)	567,248
Other comprehensive loss	-	-	(736)	-	(242,447)	(252,357)	(495,540)
Transfer between retained earnings and impairment reserve	-	-	-	365,000	-	-	365,000
Other movements (Note 21(d))	-	-	-	-	(792,605)	-	(792,605)
Transfer from investment revaluation reserve to retained earnings	-	-	-	-	-	(3,556)	(3,556)
As at 31 December	1,027,494	312,000	7,718	365,000	(1,169,367)	(2,032,298)	(359,453)
2025							
As at 1 January	1,027,494	312,000	7,718	1,495,000	(1,169,367)	-	(359,453)
Other comprehensive (loss)/ income	-	-	(2,510)	-	(53,149)	330,745	275,086
Transfer between retained earnings and impairment reserve	-	-	-	711,000	-	-	711,000
Other movements	-	4,771	-	-	(5,799)	-	(1,028)
Transfer from investment revaluation reserve to retained earnings	-	-	-	-	-	44,227	44,227
As at 31 December	1,027,494	316,771	5,208	(1,228,315)	(1,657,326)	669,832	

* Impairment reserve – General

Impairment reserve – General is a non-distributable reserve held to meet provision requirement under Credit Risk Management Regulation & Standards (CRMS) issued by Central Bank of UAE.

As per CRMS, in case where provision for impairment required by CB UAE (1.5% of Credit Risk Weighted Assets) exceeds the amount for Stage 1 and 2 expected credit loss under IFRS 9, the bank can transfer the excess amount as a non-distributable impairment reserve in Equity.

	2025 AED'000	2024 AED'000
Regulatory general provision – under CRMS	3,480,905	2,560,746
Aggregate expected credit loss for stage 1 and 2	1,290,709	1,252,699
Impairment reserve – General	2,206,000	1,495,000
As at 31 December	3,496,709	2,747,699

(b) Statutory and legal reserves

In accordance with UAE Federal Law No. 32 of 2021, 10% of net profit for the year is to be transferred to the statutory reserve. Such transfers to reserves may cease when they reach the levels established by the respective regulatory authorities (in the UAE, this level is 50% of the issued and paid up share capital). The legal reserve relates to the Group's foreign operations. Neither the statutory reserve nor the legal reserve is available for distribution.

(c) General reserve

The general reserve is computed pursuant to the Bank's Articles of Association and can be used for the purposes determined by the Annual General Meeting.

(d) Currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. AED), are recognised directly in consolidated statement of comprehensive income and accumulated in the Currency translation reserve. Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are included in the Currency translation reserve. Exchange differences previously accumulated in the Currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to the consolidated statement of profit or loss on the disposal or reduction of net equity via distribution of the foreign operation.

Included within other movements is an amount of AED 792.61 million relating to the cumulative impact of foreign currency translation adjustments pertaining to Mashreqbank Egypt Branch which has been accounted for during 2024.

(e) Investments revaluation reserve

Investments revaluation reserve shows the effects from the fair value measurement of financial assets measured at FVTOCI. The change in fair value for the year amounted to a gain of AED 369 million (2024: loss of AED 233 million) and was reflected in the consolidated statement of comprehensive income Note 7(k).

(f) Dividends on equity instruments

At the Annual General Meeting of the shareholders held on 27 February 2025, the shareholders approved a cash dividend of 211% for the year ended 31 December 2024 (31 December 2023: Cash dividend of 185%) of the issued and paid up capital amounting to AED 4.2 billion (31 December 2023: AED 3.7 billion).

22. Non-controlling interests

	2025 AED'000	2024 AED'000
At beginning of the year	1,067,429	984,431
Share of profit for the year	130,571	100,175
Share of other comprehensive income for the year	37,055	19,113
Dividend paid	(32,549)	(32,675)
Transaction with non-controlling interests	(121)	(3,615)
At end of the year	1,202,385	1,067,429

23. Contingent liabilities and commitments

(a) The analysis of the Group's contingent liabilities and commitments is as follows:

	2025 AED'000	2024 AED'000
Guarantees	31,121,872	23,677,271
Letters of credit	12,134,413	14,633,158
Commitments for capital expenditure	590,196	444,615
At end of the year	43,846,481	38,755,044

(b) Irrevocable undrawn credit facilities commitments as at 31 December 2025 amounted to AED 20.43 billion (2024: AED 14.70 billion).

The analysis of contingent liabilities and commitments by geographic region and industry sector is shown in Note 38 to the consolidated financial statements.

Notes to the Consolidated Financial Statements continued

24. Interest income

	2025 AED'000	2024 AED'000
Loans and advances to customers	7,353,956	7,421,609
Loans and advances to banks	3,473,505	3,309,203
Central banks	1,074,340	1,453,681
Securities measured at amortised cost	805,955	427,585
Financial assets measured at fair value	1,251,828	1,659,270
Total	13,959,584	14,271,348

25. Income from Islamic financing and investment products

	2025 AED'000	2024 AED'000
Financing		
Murabaha	1,186,867	1,071,288
Ijarah	201,438	243,861
Other	25,273	12,802
	1,413,578	1,327,951
Investment		
Wakalah	1,251,828	1,659,270
Other	13,959,584	14,271,348
	492,477	338,917
Total	1,906,055	1,666,868

26. Interest expense

	2025 AED'000	2024 AED'000
Customers' deposits	4,786,674	4,782,745
Deposits and balances due to banks	1,875,355	1,772,232
Medium-term loans	270,424	192,559
Subordinated debt	208,518	144,624
	7,140,971	6,892,160

27. Distribution to depositors – Islamic products

This represents the share of income allocated to depositors of the Group. The allocation and distribution to depositors is approved by the Group's Internal Shari'ah Supervision Committee.

28. Net fee and commission income

	2025 AED'000	2024 AED'000
Fee and commission income		
Commission income	609,609	574,580
Fees and charges on banking services	1,332,361	1,199,456
Credit card related fees	3,109,626	2,601,110
Others	218,090	184,987
Total	5,269,686	4,560,133
Fee and commission expenses		
Commission expense	(35,768)	(18,021)
Insurance commission	(826,696)	(675,041)
Credit card related expenses	(2,520,050)	(2,136,257)
Others	(554,136)	(266,309)
Total	(3,936,650)	(3,095,628)
Net fee and commission income	1,333,036	1,464,505

29. Net investment income

	2025 AED'000	2024 AED'000
Net realised gain from sale of other financial assets measured at FVTPL	115,521	107,720
Unrealised gain on other financial assets measured at FVTPL		
Note 7(j)	14,223	16,077
Dividend income from other financial assets measured at FVTPL	1,015	830
Net realised gain from sale of other financial assets measured at amortised cost/ FVTOCI	133,309	38,023
Dividend income from other financial assets measured at FVTOCI		
Note 7(i)	86,369	65,926
At end of the year	350,437	228,576

30. Other income, net

	2025 AED'000	2024 AED'000
Foreign exchange gains	1,412,879	1,093,166
Insurance related income	1,143,036	915,778
Gain on disposal of property and equipment	1,858	12,857
Unrealised (loss)/gain on derivatives	(4,767)	17,248
Unrealised gain on investment properties (Note 11)	33,915	10,426
Others*	164,674	1,285,036
	2,751,595	3,334,511

* Included within others during 2024 is a capital gain of AED 1,211 million from the sale of 65% of the Bank's direct interest in IDFAA Payment Service LLC. The Group retains significant influence in IDFAA through 35% indirect ownership via its 100% subsidiary Citrus Ventures Holding Ltd.

31. Net impairment charge/(reversal)

	2025 AED'000	2024 AED'000
Loans and advances to banks (Note 6(c))	(29,516)	(16,553)
Securities measured at amortised cost (Note 7(d))	(12,951)	(14,549)
Financial assets measured at FVTOCI (Note 7(d))	(6,127)	1,862
Loans and advances to customers (Note 8(d))	82,455	58,683
Islamic financing and investment products (Note 9(c))	(5,233)	(249,032)
Other assets	3,198	263,183
Change in impairment allowance on off-balance sheet items	174,770	(319,727)
Loans and advances to customers including Islamic financing and investment products written off	505,576	285,815
Recovery of loans and advances to customers including Islamic financing and investment products previously written off	(268,007)	(175,747)
	444,165	(166,065)

32. General and administrative expenses

	2025 AED'000	2024 AED'000
Salaries and employees related expenses	2,103,639	2,134,424
Depreciation on property and equipment (Note 12)	151,990	155,443
Amortisation on intangible assets (Note 13)	142,566	122,265
Social contribution	1,133	1,000
Others	1,471,937	1,282,732
	3,871,265	3,695,864

Notes to the Consolidated Financial Statements continued

33. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the year:

	2025 AED'000	2024 AED'000
Profit for the period attributable to owners of the Parent		
Less: Coupons paid on Tier one Capital	6,839,622	8,917,202
Net adjusted profit for the period attributable to owners of the parent	(224,512)	(159,089)
Weighted average number of shares in issue	6,615,110	8,758,113
Basic earnings per share (AED)	200,609,830	200,609,830
	32.98	43.66

34. Proposed dividends

The Board of Directors has proposed 102% cash dividend for the year ended 31 December 2025 at their meeting held on 02 February 2026.

35. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts and other balances with central banks, certificates of deposits, balances with banks and money market placements which are maturing within three months from the date of the deposit or placement, as below:

	2025 AED'000	2024 AED'000
Cash on hand	1,864,835	1,762,079
Current accounts and other balances with central banks	13,129,777	23,620,228
Certificates of deposit maturing within 3 months	400,000	400,000
Loans and advances to banks with original maturity of less than 3 months	16,363,924	13,168,059
	31,758,536	38,950,366

36. Investment in subsidiaries and associate

At 31 December 2025 Mashreqbank PSC Group (the "Group") comprises of the Bank and the following direct subsidiaries:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest (%)	Principal activity
Subsidiary			
Sukoon Insurance (PJSC)	United Arab Emirates	64.76%	Insurance & reinsurance
Mindscape FZ LLC	United Arab Emirates	100.00%	IT services
Mashreq Securities LLC	United Arab Emirates	100.00%	Brokerage
Mashreq Capital (DIFC) Limited	United Arab Emirates	100.00%	Asset and fund management
Mashreq Al Islami Finance Company (PJSC)	United Arab Emirates	99.80%	Islamic finance company
Injaz Services FZ LLC	United Arab Emirates	100.00%	Service provider
Invictus Limited	Cayman Islands	100.00%	Special purpose vehicle
Mashreq Global Network	Egypt		Employment services
Mashreq Global Services (SMC Private) Limited	Pakistan	100.00%	Employment services
Shorouq Commodities Trading DMCC	United Arab Emirates	100.00%	Trading
Osool – A Finance Company (PJSC)*	United Arab Emirates	100.00%	Finance
Mashreq Bank Pakistan Limited	Pakistan	100.00%	Banking
Neo Ventures Ltd	United Arab Emirates	100.00%	Corporate venture capital company
Citrus Ventures Holding Ltd	United Arab Emirates	100.00%	Special purpose vehicle
* Under liquidation.			

As at 31 December 2025, the Bank had the following associates

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest (%)	Principal activity
Associate			
Emirates Digital Wallet LLC	United Arab Emirates	23.61%	Digital wallet service

Notes to the Consolidated Financial Statements continued

37. Related party transactions

a) Certain related parties (such as, directors, key management personnel and major shareholders of the Group and companies of which they are principal owners) are customers of the Group in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties. Such related party transactions are disclosed below.

b) Related party balances included in the consolidated statement of financial position are as follows:

	AED'000	AED'000
Balances with major shareholders		
Loans and advances	3,806,448	2,506,660
Deposits/financial instruments under lien	2,728,359	1,647,558
Letter of credit and guarantees	2,926,918	1,576,704
Balances with directors and key management personnel		
Loans and advances	108,723	153,630
Deposits/financial instruments under lien	216,166	364,947
Letter of credit and guarantees	6,846	7,212
Balances with associates and joint venture		
Loans and advances	188,267	376,534
Deposits/financial instruments under lien	10	26,031
Letter of credit and guarantees	-	25,000
c) Profit for the period includes related party transactions as follows:		
Transactions with major shareholders		
Interest income	281,724	165,175
Interest expense	25,065	11,843
Other income	50,571	26,518
Transactions with directors and key management personnel		
Interest income	3,641	6,819
Interest expense	2,100	6,077
Other income	138	47
Transactions with associates and joint venture		
Other income	-	2

d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

e) Compensation of key management personnel comprises of salaries, bonuses and other benefits amounted in total to AED 86 million (2024: AED 83 million).

38. Concentration of assets, liabilities and off-balance sheet items

	31 December 2025			31 December 2024		
	Assets AED'000	Liabilities AED'000	Letter of credit and guarantees AED'000	Assets AED'000	Liabilities AED'000	Letter of credit and guarantees AED'000
a) <i>Geographic regions UAE</i>	161,959,107	202,274,766	29,113,414	130,570,914	156,584,922	24,647,847
Other Middle East countries	75,557,223	23,738,736	6,582,785	57,309,619	24,811,561	5,227,897
O.E.C.D.	52,867,967	34,723,834	4,118,870	44,447,288	18,370,416	3,394,240
Others	44,249,574	33,319,980	3,441,216	35,125,337	29,906,065	5,040,445
	334,633,871	294,057,31	43,256,285	267,453,158	229,672,964	38,310,429
b) <i>Industry sectors</i>						
Government and public sector	42,708,128	22,679,360	13,134	27,442,105	17,447,048	9,107
Commercial and business	120,252,368	130,059,444	32,194,585	85,125,474	101,358,788	28,311,026
Personal	35,368,596	58,225,981	472,932	28,538,597	42,411,564	610,069
Financial institutions	134,199,110	82,135,745	10,570,134	124,502,618	67,289,402	9,370,531
Others	2,105,669	956,786	5,500	1,844,364	1,166,162	9,696
As at 31 December	334,633,871	294,057,316	43,256,285	267,453,158	229,672,964	38,310,429

39. Segmental information

IFRS 8 – Operating Segments – requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Reportable segments

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's CEO (the Group's chief operating decision maker) in order to allocate resources to the segment and to assess its performance. Information reported to the Group's CEO for the purpose of resource allocation and assessment of performance is based on following strategic business units offering products and services to different markets.

The Group's reportable segments under IFRS 8 are therefore as follows:

- Wholesale segment comprises of corporate and commercial banking. It also includes global Financial Institution and international corporate business. It offers complete suite of corporate banking products such as Trade finance, contracting finance, project finance, investment banking, cash management, correspondent banking and Islamic products.
- The Retail segment includes products and services offered to individuals or small businesses within U.A.E and Egypt. The product offerings to customers include, current accounts, savings accounts, fixed deposits, investment products, "Mashreq Millionaire" deposits, personal loans, mortgage loans, business loans, credit cards with unique loyalty programs, bank assurance, overdraft, priority banking, SME, private banking, wealth management services and Islamic products.
- The Treasury & Global Markets segment consists of customer flow business and proprietary business and asset liability management. Customer flow business includes transactions for foreign exchange, derivatives, margin trading, futures, hedging, investment products, equities brokerage undertaken on behalf of customers. The customer flow revenues are housed under respective customer segment. The proprietary business includes trading in FX, fixed income, derivatives and structured credit. Asset liability management includes investments undertaken on behalf of the Group, capital market issuances and money market placements and borrowing.
- Insurance & Others consist of the insurance subsidiary, Sukoon Insurance Group whose product offerings include life, health, motor, marine cargo and hull, aviation, fire and general accident, engineering, liability and personal lines insurance. It also consists of Head office and certain investments and business lines held centrally due to their strategic significance to the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of general and administrative expenses, allowances for impairment and tax expenses.

Notes to the Consolidated Financial Statements continued

39. Segmental information continued

	31 December 2025				
	Wholesale banking AED'000	Retail AED'000	Treasury and global markets AED'000	Insurance & others AED'000	Total AED'000
Net interest income and earnings from Islamic products	3,159,136	2,878,628	1,618,404	485,178	8,141,346
Fee and commission, net investment and other income	2,030,082	1,734,670	110,555	559,761	4,435,068
Operating income	5,189,218	4,613,298	1,728,959	1,044,939	12,576,414
General and administrative expenses	(1,342,685)	(2,099,493)	(178,654)	(250,433)	(3,871,265)
Operating profit before impairment					8,705,149
Net impairment reversal					(444,165)
Profit before taxes					8,260,984
Tax expense					(1,290,791)
Profit for the year					6,970,193
Attributed to:					
Owners of the Parent					6,839,622
Non-controlling interests					130,571
					6,970,193
Segment Assets	189,601,258	36,039,901	69,097,389	39,895,323	334,633,871
Segment Liabilities	140,240,638	101,815,479	34,291,750	17,709,449	294,057,316

	31 December 2024				
	Wholesale banking AED'000	Retail AED'000	Treasury and global markets AED'000	Insurance & others AED'000	Total AED'000
Net interest income and earnings from Islamic products	3,435,161	2,844,350	1,423,641	684,959	8,388,111
Fee and commission, net investment and other income	1,694,102	1,639,344	10,642	1,683,504	5,027,592
Operating income	5,129,263	4,483,694	1,434,283	2,368,463	13,415,703
General and administrative expenses	(1,234,018)	(1,946,051)	(156,381)	(359,414)	(3,695,864)
Operating profit before impairment					9,719,839
Net impairment reversal					166,065
Profit before taxes					9,885,904
Tax expense					(868,527)
Profit for the year					9,017,377
Attributed to:					
Owners of the Parent					8,917,202
Non-controlling interests					100,175
					9,017,377
Segment Assets	145,352,620	31,958,290	59,652,552	30,489,696	267,453,158
Segment Liabilities	120,813,545	74,432,274	22,672,148	11,754,997	229,672,964

Geographical information

The Group operates in four principal geographical areas – UAE. (country of domicile), other Middle East Countries (Kuwait, Bahrain, Egypt, Qatar and Oman), O.E.C.D. (USA and UK) and other countries (India and Hong Kong).

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Operating income from external customers*		Non-current assets**	
	2025 AED'000	2024 AED'000	2025 AED'000	2024 AED'000
UAE	9,316,834	12,133,363	1,796,686	1,725,588
Other Middle East countries	2,301,541	793,086	90,693	86,711
O.E.C.D.	751,045	349,634	29,577	20,428
Other countries	206,994	139,620	40,435	32,586
	12,576,414	13,415,703	1,957,391	1,865,313

* Operating income from external customers is based on the Group's operational centres.

** Non-current assets include property & equipment, intangible assets and investment properties. The additions to non-current assets during the year relate to investment properties, property & equipment and intangible assets which has been disclosed in Note 11, 12 and 13. Refer to Note 12 and 13 for depreciation and amortisation, and Note 11 for the sale of investment property.

Revenue from major products and services

Revenue from major products and services are disclosed in Notes 24, 25, 28, 29 and 30 in the consolidated financial statements.

Information about major customers

No single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements continued

40. Classification of financial assets and liabilities

a) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2025:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and balances with central banks	-	-	33,532,283	33,532,283
Loans and advances to banks	-	-	65,721,062	65,721,062
Financial assets measured at fair value	4,003,288	17,454,210	-	21,457,498
Securities measured at amortised cost	-	-	28,906,304	28,906,304
Loans and advances to customers	-	-	138,070,975	138,070,975
Islamic financing and investment products	-	-	26,277,704	26,277,704
Acceptances	-	-	10,372,108	10,372,108
Other assets	1,683,994	-	2,201,167	3,885,161
Total	5,687,282	17,454,210	305,081,603	328,223,095

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial liabilities:				
Deposits and balances due to banks	-	-	38,922,265	38,922,265
Repurchase agreements with banks	-	-	7,136,046	7,136,046
Customers' deposits	-	-	178,891,181	178,891,181
Islamic customers' deposits	-	-	26,004,253	26,004,253
Acceptances	-	-	10,372,108	10,372,108
Borrowings	-	-	13,473,859	13,473,859
Sukuk Issued	-	-	1,836,500	1,836,500
Other liabilities	1,323,399	-	7,547,694	8,871,093
Total	1,323,399	-	284,183,906	285,507,305

b) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2024:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and balances with central banks	-	-	40,592,508	40,592,508
Loans and advances to banks	-	-	52,271,604	52,271,604
Financial assets measured at fair value	2,246,574	24,080,960	-	26,327,534
Securities measured at amortised cost	-	-	9,797,117	9,797,117
Loans and advances to customers	-	-	103,080,846	103,080,846
Islamic financing and investment products	-	-	21,677,551	21,677,551
Acceptances	-	-	3,495,184	3,495,184
Other assets	2,297,670	-	1,641,831	3,939,501
Total	4,544,244	24,080,960	232,556,641	261,181,845

Financial liabilities:				
Deposits and balances due to banks	-	-	43,374,316	43,374,316
Repurchase agreements with banks	-	-	2,075,517	2,075,517
Customers' deposits	-	-	143,564,793	143,564,793
Islamic customers' deposits	-	-	17,374,901	17,374,901
Acceptances	-	-	3,495,184	3,495,184
Borrowings	-	-	3,902,528	3,902,528
Other liabilities	1,669,256	-	6,378,425	8,047,681
Total	1,669,256	-	220,165,664	221,834,920

41. Derivatives

In the ordinary course of business, the Group utilises the following derivative financial instruments for both trading and hedging purposes. These derivative financial instruments are based on observable market inputs – i.e. Level 2:

- Swaps are commitments to exchange one set of cash flows for another. For interest rate swaps, counter-parties generally exchange fixed and floating rate interest payments in a single currency without exchanging principal. For currency swaps, fixed interest payments and principal are exchanged in different currencies. For cross-currency rate swaps, principal, fixed and floating interest payments are exchanged in different currencies.
- Credit Default Swap (CDS) is a swap contract in which the buyer of the CDS makes a series of payments to the seller and, in exchange, receives a payoff if a debt instrument goes into default and fails to pay.
- Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Foreign currency and interest rate futures are transacted in standardised amounts on regulated exchanges and changes in futures contract values are marked to market daily.
- Forward rate agreements are similar to interest rate futures, but are individually negotiated. They call for a cash settlement for the difference between a contracted interest rate and the market rate on a specified future date, on a notional principal for an agreed period of time.
- Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

The Group measures a net Credit Value Adjustment (CVA) on outstanding OTC derivative contracts to account for market value of 'credit risk' due to any failure to perform on contractual agreements by a counterparty. CVA is computed on all OTC derivatives asset classes including Foreign Exchange, Interest Rates, Equities and Commodities etc. CVA ensure derivatives transactions are priced or/and adequate reserves are built to account for expected credit losses in the derivatives portfolios. CVA is a function of our expected exposure to counterparties, probability of default and recovery rates. Internally the Group manages and monitor the exposure to this risk by defining controls and limits around a 'peak future exposure' (PFE) measure and in many cases by collateralizing facilities under Credit Support Annex (CSA).

	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Upto 3 months AED'000	3-6 months AED'000	6-12 months AED'000	1-5 years AED'000	Over 5 years AED'000
31 December 2025								
Derivatives held for trading								
Forward foreign exchange contract	468,942	455,526	108,424,292	92,116,508	9,451,410	6,615,116	241,258	-
Foreign exchange options (bought)	58,942	58,735	3,704,444	790,150	709,016	1,627,440	487,316	90,522
Foreign exchange options (sold)	-	-	3,752,117	800,221	711,293	1,638,356	512,590	89,657
Interest rate swaps	1,119,534	783,472	33,831,307	1,890,094	1,963,878	2,837,971	13,733,258	13,406,106
Credit default swaps	3,426	16,387	146,920	36,730	-	-	73,460	36,730
Currency swap	26,446	884	1,144,523	32,089	1,069,683	42,751	-	-
Futures contracts purchased (Customer)	881	44	156,417	155,629	788	-	-	-
Futures contracts sold (Customer)	-	-	627	627	-	-	-	-
Futures contracts purchased (Bank)	44	1,334	1,372,186	1,371,398	788	-	-	-
Futures contracts sold (Bank)	1,834	140	296,017	296,017	-	-	-	-
Total	1,680,049	1,316,522	152,828,850	97,489,463	13,906,856	12,761,634	15,047,882	13,623,015
Held as fair value hedge								
Interest rate swap	3,945	6,877	348,791	-	-	45,913	302,878	-
Total	1,683,994	1,323,399	153,177,641	97,489,463	13,906,856	12,807,547	15,350,760	13,623,015

Notes to the Consolidated Financial Statements continued

41. Derivatives continued

	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Up to 3 months AED'000	3-6 months AED'000	6-12 months AED'000	1-5 years AED'000	Over 5 years AED'000
<i>31 December 2024</i>								
<i>Derivatives held for trading</i>								
Forward foreign exchange contract	508,388	671,981	132,677,376	121,894,686	5,556,914	4,955,310	270,466	-
Foreign exchange options (bought)	44,618	44,617	2,228,846	535,580	792,015	901,251	-	-
Foreign exchange options (sold)	-	-	1,612,346	344,841	540,006	727,499	-	-
Interest rate swaps	1,708,548	849,055	36,570,624	2,675,038	3,942,123	3,604,238	9,362,639	16,986,586
Credit default swaps	-	4,426	55,095	-	-	-	36,730	18,365
Currency swap	6,468	3,609	1,356,105	1,356,105	-	-	-	-
Futures contracts purchased (Customer)	8,528	8,251	731,388	726,424	4,964	-	-	-
Futures contracts sold (Customer)	32	3,356	158,113	158,113	-	-	-	-
Futures contracts purchased (Bank)	8,251	8,757	811,859	806,895	4,964	-	-	-
Futures contracts sold (Bank)	3,356	32	158,113	158,113	-	-	-	-
Total	2,288,189	1,594,084	176,359,865	128,655,795	10,840,986	10,188,298	9,669,835	17,004,951
<i>Held as fair value hedge</i>								
Interest rate swap	9,481	75,172	917,289	187,744	256,136	203,828	269,581	-
Total	2,297,670	1,669,256	177,277,154	128,843,539	11,097,122	10,392,126	9,939,416	17,004,951

42. Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the consolidated statement of financial position, are:

- To comply with the capital requirements set by the Basel Committee on Banking Supervision (BCBS) and the regulators of the banking markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base and capital buffer to support the development of its business and provide adequate cushion to withstand a variety of stress scenarios and/or unforeseen risks.

Regulatory capital

On 26 June 2012, the BCBS issued the Basel III rules on the information banks must publicly disclose when detailing the composition of their capital, which set out a framework to ensure that the components of banks capital bases are publicly disclosed in standardised formats across and within jurisdictions for banks subject to Basel III.

Basel III is designed to materially improve the quality of regulatory capital and introduces a new minimum common equity capital requirement. Basel III also raises the minimum capital requirements and introduces capital conservation and countercyclical buffers to induce banks to hold capital in excess of regulatory minimums.

The Central Bank of the UAE sets and monitors capital requirements for the Group as a whole. The Parent company and overseas banking operations are directly supervised by their local regulators. In February 2017, the Central Bank of the UAE published enhanced regulatory capital rules vide notifications 52 and 60/2017 which implemented Basel III in the UAE.

The Group's regulatory capital is analysed into two tiers, in line with the Central Bank regulation:

- Tier 1 capital, split into Common equity tier 1 (CET 1) which includes issued and paid-up share capital, retained earnings, statutory and legal reserves, accumulated other comprehensive income and Additional tier 1 (AT 1) comprising of instrument issued by banks which are eligible for inclusion on AT 1 and are not included in CET 1
- Tier 2 capital, which includes collective allowance for impairment and qualifying subordinated liabilities.
- Regulatory adjustment is applied in CET 1, capital consisting mainly of goodwill and other intangibles, deferred tax assets. Additionally, threshold deduction is applied in case of exceeding the threshold limit.

As per the Central bank regulation for Basel III, the Bank is required to comply with the following minimum capital requirement:

- CET1 must be at least 7% of risk weighted assets (RWA);
- Tier 1 capital must be at least 8.5% of RWA; and
- Total capital, calculated as sum of Tier 1 capital and Tier 2 capital must be at least 10.5% of RWA.
- In addition, banks are required to maintain a capital conservation buffer (CCB) of 2.5% of RWA and countercyclical buffer (CCYB), calculated based on geographic composition of the bank's portfolio of private sector credit exposures, in the form of CET 1. From 01 January 2026, this will also be applicable on UAE private sector exposures at 0.5% of credit risk weighted assets (CRWA).
- From 30 June 2026, being a Domestic systemically important bank (DSIB), the bank will be required to maintain an additional 0.5% buffer of RWA.

The Group's assets are risk-weighted as to their relative credit, market, and operational risk. Credit risk includes both on and off-balance sheet risks. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes interest rate risk, foreign exchange risk, equity exposure risk, commodity risk, and options risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

As part of its Capital Management, the Bank conducts an Internal Capital Adequacy Assessment Process (ICAAP) to demonstrate to the Central Bank of the UAE that the Bank has implemented methods and procedures to ensure adequate capital resources and action plans in stress conditions, with due attention to all material risks. The Central Bank of the UAE conducts a Supervisory Review and Evaluation Process (SREP) to assess the soundness of the Bank's ICAAP.

The Group's policy is to maintain a strong capital base so as to maintain market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. Historically the Group has followed a conservative dividend policy to increase capital from internal resources to meet future growth. To further strengthen the capital base and to ensure effective management of capital, the Group has issued medium-term floating rates notes.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

There have been no material changes in the Group's management of capital during the year.

Notes to the Consolidated Financial Statements continued

42. Capital management continued

a) The Group's regulatory capital positions as at 31 December 2025 and 31 December 2024 were as follows:

	2025 AED'000	2024 AED'000
Common equity Tier 1 capital		
Issued and paid-up capital	2,006,098	31,667,913
Statutory and legal reserve	1,027,494	1,027,494
General reserve	316,771	312,000
Currency translation reserve	(1,228,315)	(1,169,367)
Investments revaluation reserve	(1,746,661)	(2,042,235)
Retained earnings	31,707,953	27,894,851
Less: Regulatory deductions	(415,427)	(393,640)
Total (A)	31,667,913	27,635,201
Additional Tier 1 capital	2,938,400	2,938,400
Total Tier 1 capital (B)	34,606,313	30,573,601
Tier 2 capital		
Subordinated debt	1,831,027	1,831,027
Collective impairment allowance	1,074,006	1,043,916
Total	2,905,033	2,874,943
Total capital base (C)	37,511,346	33,448,544
Credit risk	232,060,365	170,716,431
Market risk	5,551,539	2,679,453
Operational risk	20,829,145	17,861,805
Total risk-weighted assets (D)	258,441,049	191,257,689
Capital adequacy ratio (C)/(D) x 100	14.51%	17.49%

The capital adequacy ratio is calculated after deduction of proposed dividend as required by the Standards for Capital Adequacy issued by UAE Central Bank.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based on the inherent risk it carries. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Finance and Risk Groups, and is subject to review by the Bank's Assets and Liabilities Committee (ALCO) as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

43. Risk management

The Risk Management Group ("RMG") is responsible for identifying, analysing, measuring, and managing risk to ensure that the Group (i) remains within its risk appetite; and (ii) generates sustainable risk-adjusted returns as mandated by the shareholders.

The Group is exposed to the following Financial and Non-Financial risks:

- Credit Risk
- Market and Counterparty Credit Risk
- Operational Risk & Resilience
- Liquidity Risk Model Risk
- Shari'ah Non-Compliance Risk
- Reputational Risk
- Compliance and Regulatory Risk
- Environmental, Social and Governance Risk
- Strategic Risk
- Information Security and Data Privacy Risk

The Group's ability to consistently foster a robust risk management culture and framework is an important factor in its financial strength and stability.

Risk Management Framework

The Board of Directors (the "Board") through the Board Risk, Compliance and Environmental Social Governance Committee ("BRCEG") has overall responsibility for establishment and oversight of the Group's risk management framework. They are assisted by various Board level and Management level committees for fulfilling their responsibilities, e.g. the Executive Management Committee ("ExCo"), Group Risk Committee ("GRC"), Assets and Liabilities Committee ("ALCO"), Compliance Risk Management Committee ("CRMC"), Information Security Committee ("ISC"), Investments Committee ("IC"), Technology Steering Committee ("TSC") and Sustainability Executive Committee ("SEC"). These committees are appointed by the Board to assist in carrying out its functions with respect to all aspects of risk management. The roles and delegated authorities of these committees are set out in their respective Terms of References (ToRs)/ Charters.

While the Board carries ultimate responsibility for overall risk management, the GRC assists the Board/Board Risk, Compliance and ESG Committee in discharging these responsibilities including functioning as a management committee, for day-to-day management of risks in-line with the approved risk framework and within the Group Risk Appetite Statement (GRAS).

The GRC has overall responsibility for oversight of risk management framework and risk appetite of the Group. The GRC is also responsible for the approval of risk management policies and procedures of the Group, to ensure adherence to the approved policies and close monitoring of different risks within the Group. The GRC also approves policy exceptions, establishes, and monitors various concentration limits (such as limits for country, industry sector etc.) as part of the risk appetite and reviews credit portfolio to manage asset quality.

The Risk Management Group ("RMG") is independent of business groups and is led by a Group Chief Risk Officer ("GCRO") with responsibility for deploying group risk management and oversight of all material risks within the Group. The RMG is primarily responsible for defining the framework for management of all material risks within the Group.

The Internal Audit Group ("IAG") acts as the third line of defence function within the Group, independent from both the business units ("first line of defence") and Risk Management and Compliance ("second line of defence"). IAG provides independent assurance to stakeholders and senior management on compliance with all risk policies and procedures in the Group and the effectiveness of the risk management processes. This is undertaken through periodic reviews of all risk-taking units within the Bank, in addition to Risk Management.

Capital Management

The Group's capital management ensures that regulatory requirements are met and that the Group's operating activities, including its branches and subsidiaries, are capitalised in line with the Group's risk appetite, target ratios and in accordance with local regulatory requirements.

The Bank's capital management approach further aims to facilitate the allocation and use of capital to generate a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of the Group's budget and forecasting process. The capital plan is tested under a range of stress scenarios as part of the Group's quarterly Internal Capital Adequacy Assessment Process. The capital management approach is set and governed primarily by the ALCO.

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Risk Appetite & Stress Testing

The key to the Group's long-term sustainable growth and profitability lies in ensuring that there is a strong link between its risk appetite and strategy.

Risk Appetite for the Group is set and approved by the BRCEGSC. The Group's risk appetite statement is disseminated down to business groups in alignment with business strategies for these groups.

Stress testing is a key management tool within the Group used to evaluate the sensitivity of current and forward risk profiles to shocks of varying nature and severity. Stress testing within the Group is governed by the Group's stress testing policy which sets out the approaches for stress testing and associated roles and responsibilities. The primary governance committee overseeing risk appetite and stress testing is the BRCEGSC.

Internal Capital Adequacy Assessment Process (ICAAP)

The purpose of the ICAAP is to ensure that the Bank assesses and maintain sufficient capital to cover their material risk and remain resilient under both normal and stressed conditions, and to inform the Board of the ongoing assessment of the bank's risks, how the bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors.

This process includes the computation of the bank's aggregated capital and the monitoring of the Group's capital adequacy under a variety of stressed scenarios to assess and report the impact upon the Group's capital buffer (measured as available capital less required risk capital) and recommending actions, as warranted. The risk assessment is approved by the BRCEGSC as part of the ICAAP submission.

Credit risk management

Credit risk is the risk of suffering financial loss as a result of any of the Group's customers failing or unwilling to fulfil their contractual obligations to the Group. Credit risk arises mainly from loan and advances, loan commitments arising from such lending activities, trade finance and treasury activities but can also arise from financial guarantees, letter of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debts instruments, derivatives as well as settlement balances with market counterparties.

The Chief Credit Officer ("CCO") of the Group is responsible for overseeing relevant aspects of credit risk management supported by a team of experienced and trained credit risk managers. The CCO and credit risk managers have delegated authority within the risk management framework to approve credit transactions and manage credit risk on an ongoing basis.

Credit risk is the single largest risk from the Group's business of extending Loans and Advances (including loan commitments, LCs and LGs) and carrying out investment in securities and debts; management therefore carefully manages its exposure to credit risk. Credit risk management and controls are centralized under the CCO function with regular governance and monitoring exercised by the BRCEGSC, Board Credit Committee ("BCC") and Group Risk Committee ("GRC").

Specifically, BCC reviews and approves credit proposals that are beyond lending authorities delegated to management by the Board of Directors. In addition, BRCEGSC and BCC monitors key elements of the Bank's credit risk profile relative to the Bank's risk appetite. The Board Committees are supported by GRC through detailed review and monitoring of credit portfolio, including exposure concentrations.

An Early Alert Committee ("EAC") is also in place to review and proactively identify potential problematic exposures within CIBG and IBG business groups and determine appropriate strategies. The EAC, along with the IFRS 9 Committee (a forum in place to oversee all aspects of Mashreq's IFRS 9 framework), plays an important role in ensuring that credit fundamentals are linked to determination of Significant Increase in Credit Risk (SICR) and staging for IFRS 9 purposes.

Loans and advances (including loan commitments, LCs and LGs)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

Under IFRS 9, bank estimates expected credit loss (ECL) based on macro adjusted PD, LGD & EAD measures. Additionally, it also captures deterioration and lifetime likelihood of defaults Over the course of 2025, the bank revamped wholesale IFRS 9 models, enhancing its ability to assess credit risk. All the IFRS 9 PD models underwent performance monitoring reviews with additional data points incorporated in alignment with the Model Monitoring Standards.

Credit risk grading

The Group uses specific internal rating models tailored to various industry segments/counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) are an input into this rating model. This is further supplemented with external data input. The credit grades are calibrated such that risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a 6 and 8 rating grade is lower than the difference in the PD between a 18 and 20 rating grade.

The risk rating system for performing assets ranges from 1 to 25, each grade being associated with a PD. Non-performing borrowers are rated 60, 70 and 80.

Below table is the rating equivalence for Mashreq Bank and UAECB.

Mashreq Rating Scale (MRS)	Mashreq Balance Sheet
MRS 20 or better	Not impaired
MRS 21-22 (Watch)	Not impaired
MRS 23-24-25 (Special Mention)	Not impaired
MRS 60 (Sub-Std.)	Impaired
MRS 70 (Doubtful)	Impaired
MRS 80 (Loss)	Impaired
MRS 99 (Write-off)	Impaired

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition of a facility as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group. Provisioning is aligned with the latest CRMS guidance issued by the CBUAE.
- If a Significant Increase in Credit Risk ("SICR") since initial recognition is identified, then the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Amongst other factors, the identification of SICR is measured via a change in one year probability of default between the date of inception of facility and the date of IFRS 9 ECL run. Other factors include restructuring and account irregularities.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial assets in Stage 1 have their ECL measured at an amount equal to lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 have their ECL measured based on expected credit losses on a lifetime basis.
- Financial assets in Stage 3 are measured at an amount equal to lifetime expected credit losses or specific provision.

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Expected credit loss measurement continued

Significant increase in credit risk (SICR)

The Group considers a financial asset to have experienced SICR when a significant change in probability of default occurs between the origination date of a specific facility and the IFRS 9 ECL run date. In addition, a range of qualitative criteria are also considered.

Quantitative criteria

Corporate loans:

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following quantitative factors:

- Operating performance
- Operating efficiency
- Debt service/covenant breaches
- Distressed restructure
- Account performance/irregularities
- Liquidity assessment
- Capital structure.

Retail:

For Retail portfolio, if the borrowers meet one or more of the following criteria:

- Adverse findings for an account/ borrower as per credit bureau data;
- Loan rescheduling before 30 Days Past Due (DPD);
- Accounts overdue between 30 and 90 days.

Treasury:

- Significant increase in probability of default of the underlying treasury instrument;
- Significant change in the investment's expected performance and behaviour of borrower (collateral value, payment holiday, payment to income ratio etc.).

Qualitative criteria:

Corporate Loans

For corporate loans, the following is also considered in determining a significant increase in probability of default:

- Net worth erosion
- Fraudulent activity
- Significant operations disruption
- Departure of key members of management
- Industry outlook
- Income stability Unavailable/inadequate financial information/financial statements
- Qualified report by external auditors
- Pending significant litigation
- Increase in operational risk
- Continued delay and non-cooperation by the borrower in providing key relevant documentation

Backstop:

A borrower that is more than 30 days past due on its contractual obligations is presumed to have a significantly increased credit risk as a backstop unless this presumption can be reasonably rebutted based on supportable forward-looking information. The borrower is also flagged in the system and is therefore subject to closer monitoring.

Definition of default and credit-impaired assets

The definition of default is proposed to be as below:

- The counterparty is classified as a non-performing asset under the extant guidelines of CBUAE.
- The exposure to the counterparty has been restructured by the bank and such exposure continues to be in the 'monitoring period'.

The following criteria which is applicable to all credit facilities and all obligors should be employed to identify an event of default. The default of obligor should be assessed after considering obligations across all Mashreq entities including in UAE and overseas.

Non-Payment:

A default is considered to have occurred when one or both of the following events have taken place:

When the obligor is past due to a period in excess of 90 days on any material obligation. A facility or a group of facilities will be considered material if their combined exposure is greater than 5% of the total funded exposure of the obligor. In case of multiple credit facilities, the days past due (DPD) counter must start from date of the first credit facility becoming past due. In other words, the DPD counter must be computed across credit facilities with a consecutive day count.

Overdrafts will be considered past due once the limit is breached or the customer has been advised of a limit which is lesser than the current outstanding. Additionally, default must be considered when outstanding balances are consistently in excess of agreed limit where consistently is defined as a period that exceeds 90 continuous days or more than 90 days in any six-month period.

Unlikelihood to pay:

This evaluation should be based on a holistic evaluation of the borrower's creditworthiness supported by factual evidence and a view on the borrower's current and future performance. Classification of an obligor as "defaulted" based on perceived unlikelihood to pay cannot be automatic and must be based on an established set of criteria as defined in the bank's Early Alert Symptoms.

The bank considers that the borrower is unlikely to pay its existing debt. For this purpose, a non-exhaustive list of indicators of unlikelihood to pay include: –

- The bank puts the credit obligation on non-accrued status.
- The bank sells a part of the credit obligation at a material credit-related economic loss.
- The bank consents to a distressed restructuring of the credit obligation, where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
- The bank has filed for the debtor's bankruptcy or a similar order in respect of the borrower's credit obligation.
- The debtor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation.
- There is evidence that full repayment based on the contractual terms, original or, when applicable, modified (e.g., repayment of principal and interest) is unlikely without the bank's realisation of collateral, regardless of whether the exposure is current or the number of days the exposure is past due.
- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The obligor is past due more than 90 days on any material credit obligation to the Banking Group.

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Measuring ECL – Explanation of inputs, assumptions, and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition of a specific facility or whether an asset is considered credit-impaired. The Group has adopted a forward exposure method for computing the ECL for each facility. The bank has opted for a monthly granular computation of PD, EAD and LGD:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above), either over the next 12 months (12MPD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expected to be owed at the time of default.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the effective interest rate or an approximation thereof.

Lifetime expected credit losses are expected credit loss resulting from all probable default events over the expected lifetime of the financial instrument. Expected credit losses are the probability-weighted average of credit losses and the weighing factor is the Probability of Default (PD) for a lifetime.

During economically challenging periods, the Group may choose to increase the scenario weightage of the pessimistic scenario under guidance from respective regulatory authorities in order to maintain higher level of ECL provisions & lower the scenario weightage of pessimistic scenario once a favourable trend is noticed in the macro economic climate.

The macroeconomic factors used in the IFRS 9 models take into account such information. The macroeconomic data for IFRS 9 PDs term structure gets refreshed every 3 months. The update was last made in September 2025.

The Group has implemented risk rating models since 2005 which has enabled the Bank to rate borrowers based on their financial and qualitative information. The bank revamped wholesale rating models, improving the bank's ability to assess credit risk and optimise decisioning. All rating models have undergone periodic performance monitoring exercise and rating models are used as an input into IFRS 9 macroeconomic models to derive a PD term structure for each rating grade in the IFRS 9 ECL computation.

In 2025, all the IFRS 9 PD models underwent performance monitoring reviews in alignment with the Model Monitoring Standards.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayments loans, this is based on the contractual repayments owed by the borrower over a 12-month period or lifetime basis.
- For revolving committed products, the exposure at default is predicted by taking current drawn balance and considering a "credit conversion factor" which allows for the expected drawdown of the remaining committed limit by the time of default.
- For contingent products like LC & LG, the exposure at default is predicted using a Credit conversion factor in line with the Basel regulatory guidelines.

The LGDs are determined based on the factors which impact recoveries made following default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set by different borrower segments (e.g. Corporates, Financial Institutions etc.) in order to reflect differences in asset structures, collection strategies and historical recovery experience.

The Group has revised the Wholesale LGD framework during 2020 in order to reflect recent recovery experience and additional admissible security types. Forward-looking economic information is also included in determining the 12-month and lifetime LGD. In 2025 all the LGD models underwent performance monitoring in alignment with the Model Monitoring Standards.

Forward looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

A formalised scenario generation process was established enables the bank to be objective and transparent in its IFRS 9 macroeconomic scenarios, which also ensures continued appropriateness and relevance of scenarios in IFRS 9 ECL computation.

For unbiased and probability-weighted ECL calculation, the Group uses probabilities of 60%, 20% and 20% for baseline, optimistic and pessimistic macro-economic scenario respectively.

Sensitivity analysis

The Group has calculated ECL sensitivity analysis for wholesale portfolio. The impact on ECL due to changes in the forecasted probabilities of default as a result of variations in significant macroeconomic variables used in IFRS 9 corporate model by +10% and -10% in each scenario would result in an ECL reduction by AED 14 million and an ECL increase by AED 12 million respectively.

Current Year Provisions (ECL)

The calculation process, the methodology, and the results for provisions have been reviewed and approved by the Committee responsible for the oversight of provisions. Accordingly, the Committee responsible has formally reviewed, as presented by the CRO, the calculation process, the methodology, and the results of the provisions. Thereafter, the provisions have been presented and approved by the delegated body of the Board", as per Article 9 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024 issued by UAE Central Bank.

Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial assets which are subject to ECL. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

Credit risk exposures relating to on balance sheet assets:	2025				2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Cash and balances with Central Bank	33,532,283	-	-	33,532,283	40,592,508	-	-	40,592,508
Loss allowance	-	-	-	-	-	-	-	-
Carrying amount	33,532,283	-	-	33,532,283	40,592,508	-	-	40,592,508

Maximum exposure to credit risk – Financial instruments subject to impairment

Loans and advances to banks	2025				2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Investment-grade	28,772,866	336,426	-	29,109,292	25,471,311	33	-	25,471,344
BB+ & below	28,662,825	3,258,478	-	31,921,303	13,924,577	6,410,677	-	20,335,254
Unrated	2,975,864	1,803,627	-	4,779,491	4,928,813	1,654,530	-	6,583,343
	60,411,555	5,398,531	-	65,810,086	44,324,701	8,065,240	-	52,389,941
Loss allowance	(61,021)	(28,003)	-	(89,024)	(79,487)	(38,850)	-	(118,337)
Carrying amount	60,350,534	5,370,528	-	65,721,062	44,245,214	8,026,390	-	52,271,604

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Loss allowance

The following tables explain the changes in the loss allowances for the year ended 31 December 2025 and 31 December 2024:

	2025			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loans and advances to banks:				
Loss allowance as at 1 January	79,487	38,850	-	118,337
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(27,446)	27,446	-	-
Transfer from Stage 2 to Stage 1	2,600	(2,600)	-	-
Net Changes in PDs/LGDs/EADs	6,380	(35,693)	-	(29,313)
Loss allowance as at 31 December	61,021	28,003		89,024

	2024			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loans and advances to banks:				
Loss allowance as at 1 January	66,007	63,655	9,737	139,399
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(35,073)	35,073	-	-
Transfer from Stage 2 to Stage 1	379	(379)	-	-
Net Changes in PDs/LGDs/EADs	48,174	(59,499)	(9,737)	(21,062)
Loss allowance as at 31 December	79,487	38,850		118,337

The following tables explain the changes in the loss allowances for the year ended 31 December 2025 and 31 December 2024 (continued):

	2025			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loans and advances to customers:				
Loss allowance as at 1 January	591,016	324,802	1,584,834	2,500,652
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(98,833)	98,833	-	-
Transfer from Stage 1 to Stage 3	(5,650)	-	5,650	-
Transfer from Stage 2 to Stage 1	94,944	(94,944)	-	-
Transfer from Stage 2 to Stage 3	-	(16,177)	16,177	-
Transfer from Stage 3 to Stage 2	-	23,168	(23,168)	-
Net Changes in PDs/LGDs/EADs	116,793	(29,699)	6,883	93,977
Write-offs	-	-	(119,993)	(119,993)
Loss allowance as at 31 December	698,270	305,983	1,470,383	2,474,636

	2024			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loans and advances to customers:				
Loss allowance as at 1 January	553,661	459,159	1,611,867	2,624,687
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(146,296)	146,296	-	-
Transfer from Stage 1 to Stage 3	(109,451)	-	109,451	-
Transfer from Stage 2 to Stage 1	10,309	(10,309)	-	-
Transfer from Stage 2 to Stage 3	-	(107,011)	107,011	-
Transfer from Stage 3 to Stage 2	-	1,175	(1,175)	-
Net Changes in PDs/LGDs/EADs	282,793	(164,508)	(15,570)	102,715
Write-offs	-	-	(226,750)	(226,750)
Loss allowance as at 31 December	591,016	324,802	1,584,834	2,500,652

	2025			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Islamic financing and investment products				
Loss allowance as at 1 January	30,437	10,428	34,333	75,198
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(987)	987	-	-
Transfer from Stage 1 to Stage 3	(2)	-	2	-
Transfer from Stage 2 to Stage 1	644	(644)	-	-
Transfer from Stage 2 to Stage 3	-	(455)	455	-
Transfer from Stage 3 to Stage 2	-	3,407	(3,407)	-
Net Changes in PDs/LGDs/EADs	7,582	(9,015)	3,730	2,297
Write-offs	-	-	-	-
Loss allowance as at 31 December	37,674	4,708	35,113	77,495

	2024			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Islamic financing and investment products				
Loss allowance as at 1 January	23,284	26,232	299,572	349,088
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(6,517)	6,517	-	-
Transfer from Stage 1 to Stage 3	(1,351)	-	1,351	-
Transfer from Stage 2 to Stage 1	100	(100)	-	-
Transfer from Stage 2 to Stage 3	-	(19,537)	19,537	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Net Changes in PDs/LGDs/EADs	14,921	(2,684)	(286,127)	(273,890)
Write-offs	-	-	-	-
Loss allowance as at 31 December	30,437	10,428	34,333	75,198

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Loss allowance continued

	2025			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Securities measured at amortised cost				
Loss allowance as at 1 January	30,674	-	-	30,674
Transfers				
Net Changes in PDs/LGDs/EADs	(12,951)	-	-	(12,951)
Loss allowance as at 31 December	17,723	-	-	17,723

	2024			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Securities measured at amortised cost				
Loss allowance as at 1 January	45,135	-	-	45,135
Transfers				
Net Changes in PDs/LGDs/EADs	(14,461)	-	-	(14,461)
Loss allowance as at 31 December	30,674	-	-	30,674

The loss allowance as at 31 December 2025 on off balance sheet and acceptances amounted to AED 96 million on Stage 1, AED 37 million on Stage 2, and AED 512 million on Stage 3 (2024: AED 89 million on Stage 1, AED 47 million on Stage 2, and AED 335 million on Stage 3)

Gross carrying amount

The following tables further explains the changes in the gross carrying amount for the year ended 31 December 2025 and 31 December 2024:

	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Cash and balances with central banks				
Gross carrying amount as at 1 January	40,592,508	-	-	40,592,508
New financial assets, net of repayments and others	(7,060,225)	-	-	(7,060,225)
Gross carrying amount as at 31 December	33,532,283	-	-	33,532,283

	2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Cash and balances with central banks				
Gross carrying amount as at 1 January	41,760,286	-	-	41,760,286
New financial assets, net of repayments and others	(1,167,778)	-	-	(1,167,778)
Gross carrying amount as at 31 December	40,592,508	-	-	40,592,508

	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to banks				
Gross carrying amount as at 1 January	44,324,701	8,065,240	-	52,389,941
Transfer from Stage 1 to Stage 2	(4,976,349)	4,976,349	-	-
Transfer from Stage 2 to Stage 1	393,949	(393,949)	-	-
New financial assets, net of repayments and others	20,669,254	(7,249,109)	-	13,420,145
Gross carrying amount as at 31 December	60,411,555	5,398,531	-	65,810,086

	2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to banks				
Gross carrying amount as at 1 January	31,885,511	7,371,183	9,737	39,266,431
Transfer from Stage 1 to Stage 2	(6,953,774)	6,953,774	-	-
Transfer from Stage 2 to Stage 1	278,858	(278,858)	-	-
New financial assets, net of repayments and others	19,114,106	(5,980,859)	(9,737)	13,123,510
Gross carrying amount as at 31 December	44,324,701	8,065,240	-	52,389,941

	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Financial assets measured at FVTOCI (debt securities) and securities measured at amortised cost				
Gross carrying amount as at 1 January	32,840,231	-	-	32,840,231
New financial assets, net of repayments and others	11,996,505	-	-	11,996,505
Write-offs	-	-	-	-
Gross carrying amount as at 31 December	44,836,736	-	-	44,836,736

	2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Financial assets measured at FVTOCI (debt securities) and securities measured at amortised cost				
Gross carrying amount as at 1 January	32,349,185	-	-	32,349,185
New financial assets, net of repayments and others	491,046	-	-	491,046
Write-offs	-	-	-	-
Gross carrying amount as at 31 December	32,840,231	-	-	32,840,231

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Gross carrying amount continued

	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to customers				
Gross carrying amount as at January	97,525,290	6,095,498	1,960,710	105,581,498
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(2,649,061)	2,649,061	1,842,657	140,545,611
Transfer from Stage 1 to Stage 3	(173,119)	-	173,119	-
Transfer from Stage 2 to Stage 1	3,443,596	(3,443,596)	-	-
Transfer from Stage 2 to Stage 3	-	(147,939)	147,939	-
Transfer from Stage 3 to Stage 2	-	62,654	(62,654)	-
New financial assets, net of repayments and others	37,045,547	(1,704,977)	(256,464)	35,084,106
Write-offs	-	-	(119,993)	(119,993)
Gross carrying amount as at 31 December	135,192,253	3,510,701	1,842,657	140,545,611

	2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to customers				
Gross carrying amount as at January	89,554,282	5,034,065	1,639,577	96,227,924
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(4,057,851)	4,057,851	-	-
Transfer from Stage 1 to Stage 3	(200,765)	-	200,765	-
Transfer from Stage 2 to Stage 1	530,651	(530,651)	-	-
Transfer from Stage 2 to Stage 3	-	(433,672)	433,672	-
Transfer from Stage 3 to Stage 2	-	221,994	(221,994)	-
New financial assets, net of repayments and others	11,698,973	(2,254,089)	135,440	9,580,324
Write-offs	-	-	(226,750)	(226,750)
Gross carrying amount as at 31 December	97,525,290	6,095,498	1,960,710	105,581,498

	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Islamic financing and investment products				
Gross carrying amount as at January	20,638,638	883,572	230,539	21,752,749
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(292,009)	292,009	-	-
Transfer from Stage 1 to Stage 3	(2,297)	-	2,297	-
Transfer from Stage 2 to Stage 1	30,246	(30,246)	-	-
Transfer from Stage 2 to Stage 3	-	(2,340)	2,340	-
Transfer from Stage 3 to Stage 2	-	12,413	(12,413)	-
New financial assets, net of repayments and others	5,350,120	(754,639)	6,969	4,602,450
Gross carrying amount as at 31 December	25,724,698	400,769	229,732	26,355,199

The following tables further explains the changes in the gross carrying amount for the year ended 31 December 2025 and 31 December 2024 (continued):

	2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Islamic financing and investment products				
Gross carrying amount as at January	15,891,058	892,317	317,955	17,101,330
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(564,036)	564,036	-	-
Transfer from Stage 1 to Stage 3	(5,012)	-	5,012	-
Transfer from Stage 2 to Stage 1	17,074	(17,074)	-	-
Transfer from Stage 2 to Stage 3	-	(186,208)	186,208	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets, net of repayments and others	5,299,554	(369,499)	(278,636)	4,651,419
Gross carrying amount as at 31 December	20,638,638	883,572	230,539	21,752,749

Write-off policy

Once a loan is fully provided for, the outstanding exposure of the borrower may be written-off. Where a loan is only partially provided for, it may be written-off to the extent provided for with approval of the relevant authority. However, it is ensured that aforesaid does not alter in any way the bank's recourse against the borrower, and the process for follow-up for recovery of exposure with the borrower remains unchanged. Group ensures that the data & MI is available, for both internal and external reporting.

The Group will not hold a Stage 3 exposure on the balance sheet for more than 5 years since the date of migration to Stage 3. After this time, such exposures will be subject to a full write-off. Any exceptions to this should be subject to appropriate sign-off and oversight, based upon robust legal or accounting justification and supported by appropriate documentation available for review by the CBUAE.

If the borrower has been in arrears for a prolonged period, full or partial write-off is performed based on realistic expectation of recovery.

For exposures under an insolvency procedure, write-off is performed if the legal expenses are expected to consume most of the recovered amount.

Partial write-off may be justified when there is evidence that the borrower is unable to repay the amount of the exposure in full and there is a reasonable expectation of recovering a part of the exposure.

Modification of financial assets

The Group modifies terms of loans provided to customers from time-to-time primarily due to ongoing client needs, commercial renegotiations or for managing distressed loans. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. The Group may determine that credit risk has significantly improved after restructuring, and such assets are moved from Stage 3 to Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only done when modified assets have performed in accordance with the new terms and after a certain time period as required by extant UAE CB guidelines. The gross carrying amounts of modified financial assets held at 31 December 2025 was immaterial.

Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Operational risk excludes strategic and reputational risk.

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Operational Risk Governance

Whilst the Group cannot eliminate all operational risks, it has developed a comprehensive framework of identifying, assessing, controlling, mitigating, monitoring and reporting Operational risk and consists of the following:

- Ownership of the risk & controls by businesses and functional units;
- Monitoring and validation by business;
- Oversight by Operational risk management team; and other second line functions; and
- Independent review by Internal Audit

Operational risk management follows three lines of defence model:

The first line of defence is the Business Line Management. The operational risk governance will recognize that Business Units (BUs) are the owners of risk and hence responsible for identifying and managing the risks, inherent in the products, services and activities, within their BUs.

The second line of defence is the Operational Risk Management function and other second line functions, the Chief Risk Officer, the Operational Risk & Resilience Committee (ORRC) and the Group Risk Committee. They are collectively responsible for designing, implementing, coordinating, reporting and facilitating effective Operational Risk Management on Group-wide basis.

The third line of defence is the Internal Audit who are responsible to independently assess the effectiveness and efficiency of the internal control, and for independently validate and provide an independent assurance to the Board Audit Committee (BAC) on the adequacy and effectiveness of the Operational Risk Management Framework.

The Board has the overall responsibility for managing operational risk at the Bank and ensure that the three line of defence approach is implemented and operated in an appropriate and acceptable manner.

The Group has adopted The Standardised Approach (TSA) to determine its operational risk capital requirements.

Operational Risk Appetite

The Group's operational risk appetite articulates the boundaries for quantitative and qualitative operational risks that the Bank is willing to take (or not take), with respect to pursuit of its strategic objectives. It helps in setting the risk culture across the Bank and facilitates an effective implementation of the Bank's Operational Risk Management Framework. The operational risk appetite is applied for decision-making and comprehending operational risk exposures across the Bank through implementation of policies, controls and operational risk tolerances

Operational Risk Management Framework

The Group's Operational Risk Management Framework ("ORMF") is a set of interrelated tools and processes that are used to identify, assess, measure, monitor and remediate operational risks. Its components have been designed to operate together to provide a comprehensive approach to managing the Group's most material operational risks. ORMF components include the setup of the three lines of defence as well as roles and responsibilities for the Operational Risk management process and appropriate independent challenge, the Group's approach to setting Operational Risk appetite and adhering to it, the Operational Risk type and control taxonomies, the minimum standards for Operational Risk management processes including tools, independent governance, and the Bank's Operational Risk capital model. Tools implemented for the identification and assessment of Operational risk include and is not limited to:

- a) Risk and Control Self-Assessment
- b) Operational Risk Event Management
- c) Key Risk Indicator Management
- d) New product & Process Approval (NPPA); and
- e) Issues and Action Management

The Bank has also implemented a comprehensive Business Continuity Management System (BCMS) aligned to national and international Standards and regulations to ensure that Mashreq has the capabilities to respond and recover within the impact appetite and the predefined recovery time objectives following any business disruption. Additionally, the Bank has developed a comprehensive Third-Party Risk Management Framework in line with regulatory expectations and industry best practices.

Incident Management

The reporting of Operational risk incidents is a critical component of the Group's Operational risk management framework. This ensures greater risk transparency across the organisation and helps to identify gaps and facilitate timely remedial action for potential risk exposures.

The Central Bank of U.A.E. published final guidelines on operational risk management in October 2018. These guidelines lay out detailed supervisory expectations relating to operational risk governance, identification and assessment, systems and reporting. ORMF is aligned to Circular No. 163/2018, the 'Operational Risk Regulation' and the 'Operational Risk Standards.

Market Risk Management

Market risk is the risk that fair value or cash flows of financial instruments held by the Group or its income may be adversely affected by movement in market factors, such as interest rates, credit spreads, foreign exchange rates, equity and commodity prices.

Market risk at the Group is governed by a comprehensive control framework as defined by the approved Market Risk Framework. This function is independent of any risk taking businesses. The Market Risk function folds under Risk Management Group and reports to the Chief Risk Officer of the Group.

Market risk arises from the Group's trading and non-trading activities. The Market Risk Management function primarily manages risks arising from its proprietary trading activities. Risk exposure arising from non-trading activities is managed by the Assets & Liabilities Committee (ALCO). Trading risks are primarily concentrated in Treasury and Global Markets (TGM) and are managed by a robust framework of market risk limits that reflect the Group's market risk appetite. Appropriate limits are placed on position sizes, stop loss levels, as well as on market factor sensitivities depending on the size and complexity of trading strategies involved.

A comprehensive risk reporting framework is in place whereby, positions are monitored daily against the established limits and monitoring reports are circulated to the Market Risk Management and the respective Business Heads. In case of a limit exception, corrective action is taken in line with the Market Risk Framework or the concerned trading desk's limits mandate.

Each trading desk has a 'permitted product list' comprising of products and structures which have been determined to be appropriate for the TGM desk to trade. Any addition to this list is made after approval from Head of TGM, Head of Market Risk and Chief Risk Officer who assess the risks associated with the product and verify that they can be controlled effectively prior to approving the product.

The bank uses Value at Risk (VaR) methodology as its core analytical tool to assess risks across proprietary trading desks. VaR is an estimate of the potential losses arising in a portfolio over a specified time horizon due to adverse changes in underlying market factors. The Bank calculates its one-day VaR at a 99% confidence interval mainly using Monte Carlo Simulations approach across its trading portfolio and open FX position. VaR results are highly dependent on assumptions around input variables used in the model and also VaR does not provide the 'worst case' possible loss.

Being a statistical technique, VaR is known to have limitations and therefore its interpretation needs to be further supplemented by other limits, sensitivity triggers or stress tests. Stress testing is conducted by generating extreme, but plausible scenarios, such as significant movements in interest rates, credit spreads, etc. and analysing their effect on the Group's trading positions.

Stress testing is conducted by generating extreme, but plausible scenarios, such as significant movements in interest rates, credit spreads, etc. and analysing their effect on the Group's trading positions.

In 2025, VaR was being calculated regularly and as of 31 December 2025, the 99% 1-day VaR was estimated at USD 3.29 million (31 December 2024: USD 0.85 million) for the bank wide market risk positions (stemming mainly from proprietary trading FX net open position). The Bank's VaR model considers FX risk in all currencies, including GCC pegged currencies except USD and AED.

The 1-day VaR looks comparable on a YoY basis.

There has been no significant change to the Group's exposure to market risks or the way these risks are managed and measured.

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Counterparty Credit Risk

Counterparty Credit Risk is one of the most significant risks in OTC derivatives trading and securities financing transaction (SFTs) related activities. These risks are further sub categorised into two forms:

i) Pre-Settlement Risk

Counterparty credit risk is defined as the risk attributable to the downgrading and/or insolvency of a counterparty on its obligations prior to the final settlement of the transaction's cash flow. Internally the Group manages and monitors the exposure to this risk by defining controls and limits around a 'peak future exposure' (PFE) measure and in many cases by collateralising facilities under Credit Support Annex (CSA). PFE is an estimate of the amount, at a 95% confidence level, a counterparty may owe over the life of a derivative transaction (or portfolio of transactions).

The Group further measures a net Credit Value Adjustment (CVA) on all outstanding OTC derivative contracts to account for market value of 'credit risk' due to any failure to perform on contractual agreements by a counterparty. CVA is a function of our expected exposure to counterparts, probability of default and recovery rates. CVA ensure derivatives transactions are priced or/and adequate reserves are built to account for expected credit losses.

ii) Settlement Risk

Settlement Risk arises when a bank, exchanges securities or cash payments to a counterparty on a value date and is unable to verify that payment or securities have been received in exchange until after it has paid or delivered its side of the transaction. The bank manages this exposure by dealing preferentially on a DvP/PvP basis or by defining control mechanism around settlement limits at a counterparty level.

Liquidity Risk

Liquidity Risk is the risk that the Bank's entities, in various locations and in various currencies, will be unable to meet financial commitment to a customer, creditor, or investor when due. The Bank has established a robust Liquidity Management Framework that is well integrated into the Bank-wide Risk Management process. The primary objective of the Liquidity Management Framework is to ensure with a high degree of confidence that the Bank is in a position to both address its daily liquidity obligations and withstand a period of liquidity stress. In addition to maintaining sound liquidity governance and management practices, the Bank also holds an adequate liquidity cushion comprised of High-Quality Liquid Assets ("HQLA") to be in a position to survive such periods of liquidity stress.

Model Risk

Model risk is the risk, which is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. During the course of usage of models, the Bank may be exposed to potential losses occurring from making decisions based on incorrect models or the inappropriate usage of models. This potential loss is referred to as Model Risk. Model risk can lead to financial loss, poor business and strategic decision-making, or damage to a bank's reputation. Models are used at Mashreq Bank (MB) for many purposes, including predicting client behaviour, valuation of financial products and the measurement and management of risk. MB follows CB UAE requirements mentioned in the Model Management Standards and Guidelines (MMSG).

Shari'ah Non-Compliance Risk

Mashreq Bank carries out Islamic business under a fully embedded Islamic Banking Window ("Islamic window") which offers clients a complete suite of Shari'ah compliant products and solutions. Islamic Banks (IBs) must be prudent towards Shari'ah compliance, and such compliance requirements must permeate throughout the organization and their products and activities. Being a licensed Islamic Financial Institution ("IFI"), the Islamic Window has to conduct its activities and businesses in accordance with the provisions of Islamic Shari'ah, as outlined by CB-UAE Notice No. 2123/2020 on Standards Re Shari'ah Governance for Islamic Financial Institutions in May 2020 and Standard Re Risk Management Requirements For Islamic Banks in February 2021.

Mashreq Bank's Board ("the Board") is ultimately responsible for the Bank's compliance with Islamic Shari'ah, where applicable, in light of the Central Bank's Standard Re. Shari'ah Governance for Islamic Financial Institutions. The CB UAE Standards on Risk Management Requirements for Islamic Banks states that an Islamic Bank (IB) must establish, implement and maintain a risk governance framework that enables it to identify, assess, monitor, mitigate and control risks. The risk governance framework consists of policies, procedures processes, systems, controls and limits. The Risk Management Framework for Islamic Banking of the Bank outlines policies and procedures within Mashreq Bank for compliance with relevant sections of these standards.

Reputational Risk

Reputational risk is recognised as a critical component of the Bank's overall Risk Management strategy. The significance of maintaining a positive reputation cannot be overstated, as it directly influences customer trust, investor confidence, and regulatory relationships. The ultimate responsibility for reputational risk management lies with the executive leadership of the Bank. The Board of Directors, CEO, and the Senior Management team comprising the Executive Committee (EXCO) members and their Direct Reports are accountable for fostering a culture of ethical conduct and ensuring that the Bank's activities align with its values and mission. Each business unit within the Bank is responsible for identifying and managing reputational risks associated with its operations. Business leaders are accountable for implementing policies and procedures that mitigate reputational risks arising from their activities. All employees play a crucial role in safeguarding the Bank's reputation. Training programs are implemented to raise awareness about reputational risk, ethical conduct, and the impact of individual actions on the Bank's standing in the market.

Compliance and Regulatory Risk

Compliance Risk is the risk of legal or regulatory sanctions, loss to reputation or material financial loss a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its banking activities. In the usual course of conduct of Business, Mashreq may be exposed to potential Compliance risks (FC and RC risks). Mashreq applies a risk-based approach to assessing, managing, monitoring and mitigating Compliance risks. The overall Compliance programme consists of key components like Risk Appetite, Risk Assessment (FCRA and Product risk assessments), Periodic and trigger-based KYC refresh, Transaction Monitoring and Unusual Activity Reporting, Investigations, STR filing and other reporting, Training and awareness, RCSAs, Issues management and escalation, 2nd and 3rd LOD assurances and audits.

Environmental, Social and Governance Risk

Environmental, Social and Governance risk encompasses the risks related to environmental, social and governance issues such as climate change, sustainability, social responsibility and governance practices like board oversight, succession planning, compensation, diversity, equity and inclusion etc. Managing environmental, social and governance risk involves considering these factors in the lending and investment decision-making process and assessing the potential financial impact of ESG-related events. ESG risks are interlinked across multiple risk classes and can potentially impact a wide range of risks throughout the organization, such as Credit Risk, Market Risk, Reputational risk, Operational risk, Model risk, Credit risk. Identification, assessment, mitigation and management of ESG Risk is achieved through the Bank's Sustainable Finance Framework and Sustainable Credit Policy.

Strategic Risk

Strategic risk is the risk of loss arising from ineffective formulation of strategy, business plans or the implementation of these in a manner that is inconsistent with internal factors and external environment. Crystallisation of Strategic risk leads to one or more of lower earnings, impact on financial resources (capital and funding) and loss of viability of the business. Specifically, Strategic risk emanates from:

- Formulating of inadequate business strategies
- Organisation not being able to react to changes in business or macroeconomic environment in a timely manner. This is also referred to as 'Business risk'; and
- Changing competitive environment due to changes in economic conditions, peer actions or other external factors (e.g. client preferences, technology).

Mashreq Bank's approach to manage Strategic Risk is elaborated upon in the Strategic Risk Management Framework (SRMF) document.

Information Security and Data Privacy Risk

Information security risk comprises the risk to an organisation and its stakeholders that could occur due to the threats and vulnerabilities associated with the operation and use of information systems and the environments in which those systems operate. The Bank's policies in respect of Information Security Risks are set out in the Group Information Security Policy Manual. The Bank has an established framework for the reporting of Risk Appetite Statement (RAS) and Security Metrics across the Technology function and Business Lines, and strict thresholds are applied to each potential risk in order to identify any potential weakness in the applied controls. The Bank conducts periodic security assessments to ensure that the controls implemented are compliant to the agreed risk tolerance, in addition the Bank also ensures compliance with all external regulators in relation to Information Security and Technology Risk related mandates.

Data privacy, sometimes also referred to as information privacy concerns the proper handling of sensitive data including, notably, personal data but also other confidential data, such as certain financial data and intellectual property data, to meet regulatory requirements as well as protecting the confidentiality and immutability of the data. The Bank has established Data Privacy and Protection Framework with comprehensive set of controls and measures to ensure compliance to data privacy regulations and protection of confidential and sensitive data within Mashreq and suppliers. Banks have data privacy management solutions to cater customer's privacy needs and rights.

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial assets and liabilities to different extents. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities repricing at different times.

The Group uses simulation-modelling tools to measure and monitor interest rate sensitivity. The results are analysed and monitored by the Assets and Liabilities Committee ("ALCO"). Since majority of the Group's assets are floating rate, deposits and loans generally are repriced within a short period of each other providing a natural hedge, which reduces interest rate risk exposure. Moreover, the majority of the Group's assets and liabilities reprice within one year, thereby further limiting interest rate risk. The Group also has a significant current and savings account balances in deposits which are largely interest free.

The impact of 50 basis points sudden movement in benchmark interest rate on net interest income over a 12-month period as at 31 December 2025 would be a decrease in net interest income by -1.7% (in case of decrease of interest rates) and would have been an increase in net interest income by +1.2% (in case of increase of interest rates) 31 December 2024: -3.1% and +3.1% respectively.

During the year ended 31 December 2025, the effective interest rate on loans and advances to banks and certificates of deposits with central banks was 4.3% (31 December 2024: 5.5%), on loans and advances measured at amortised cost 6.2% (31 December 2024: 6.9%), on customers' deposits 2.4% (31 December 2024: 2.7%) and on due to banks (including repurchase agreements) 3.5% (31 December 2024: 4.5%).

The following table depicts the interest rate sensitivity position and interest rate gap position based on contractual repricing arrangement:

Interest rate repricing analysis

31 December 2025	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	More than 1 year AED'000	Non-interest bearing items AED'000	Total AED'000
Assets						
Cash and balances with central banks	11,678,042	-	-	-	21,854,241	33,532,283
Loans and advances to banks	43,960,270	11,651,806	5,493,249	371,799	4,243,938	65,721,062
Financial assets measured at fair value	3,016,531	2,383,364	3,138,176	10,450,288	2,469,139	21,457,498
Securities measured at amortised cost	2,220,248	708,894	634,685	25,342,477	-	28,906,304
Loans and advances to customers	93,412,891	14,702,180	9,360,568	21,280,899	(685,563)	138,070,975
Islamic financing and investment products	16,044,725	1,478,352	1,138,906	7,501,239	114,482	26,277,704
Acceptances	-	-	-	-	10,372,108	10,372,108
Reinsurance contract assets	-	-	-	-	3,222,503	3,222,503
Investment in associate	-	-	-	-	260,380	260,380
Investment properties	-	-	-	-	183,935	183,935
Property and equipment	-	-	-	-	1,350,125	1,350,125
Intangible assets	-	-	-	-	423,331	423,331
Other assets	-	-	-	-	4,855,663	4,855,663
Total assets	170,332,707	30,924,596	19,765,584	64,946,702	48,664,282	334,633,871

31 December 2025	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	More than 1 year AED'000	Non-interest bearing items AED'000	Total AED'000
Liabilities and equity						
Deposits and balances due to banks	24,190,681	3,195,838	3,428,968	396,278	7,710,500	38,922,265
Repurchase agreements with banks	7,136,046	-	-	-	-	7,136,046
Customers' deposits	70,643,680	9,997,750	9,192,319	3,510,102	85,547,330	178,891,181
Islamic customers' deposits	12,618,783	2,248,593	1,684,796	3,446,896	6,005,185	26,004,253
Acceptances	-	-	-	-	10,372,108	10,372,108
Other liabilities	-	-	-	-	10,919,117	10,919,117
Borrowings	73,460	7,346,000	2,313,990	3,740,409	-	13,473,859
Sukuk issued	-	-	-	1,836,500	-	1,836,500
Insurance contract and investment liabilities	-	-	-	-	6,501,987	6,501,987
Equity attributable to shareholders of the Parent	-	-	-	-	39,374,170	39,374,170
Non-controlling interest	-	-	-	-	1,202,385	1,202,385
Total liabilities and equity	114,662,650	22,788,181	16,620,073	12,930,185	167,632,782	334,633,871
On balance sheet gap	55,670,057	8,136,415	3,145,511	52,016,517	(118,968,500)	-
Off balance sheet gap	3,148	-	-	(3,148)	-	-
Cumulative interest rate sensitivity gap	55,673,205	63,809,620	66,955,131	118,968,500	-	-

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Interest rate risk management continued

Interest rate repricing analysis continued

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	More than 1 year AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2024						
Assets						
Cash and balances with central banks	21,300,489	–	–	–	19,292,019	40,592,508
Loans and advances to banks	34,085,028	8,797,577	4,219,141	245,297	4,924,561	52,271,604
Financial assets measured at fair value	7,859,289	5,655,961	3,003,717	7,684,452	2,124,115	26,327,534
Securities measured at amortised cost	1,467,159	311,272	1,229,595	6,782,752	6,339	9,797,117
Loans and advances to customers	74,003,645	11,147,943	3,001,368	16,400,504	(1,472,614)	103,080,846
Islamic financing and investment products	13,944,693	673,456	373,193	6,595,164	91,045	21,677,551
Acceptances	–	–	–	–	3,495,184	3,495,184
Reinsurance contract assets	–	–	–	–	3,379,148	3,379,148
Investment in associate	–	–	–	–	296,878	296,878
Investment properties	–	–	–	–	151,620	151,620
Property and equipment	–	–	–	–	1,339,360	1,339,360
Intangible assets	–	–	–	–	374,333	374,333
Other assets	–	–	–	–	4,669,475	4,669,475
Total assets	152,660,303	26,586,209	11,827,014	37,708,169	38,671,463	267,453,158

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	More than 1 year AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2024						
Liabilities and equity						
Deposits and balances due to banks	27,131,429	3,893,078	1,742,648	–	10,607,161	43,374,316
Repurchase agreements with banks	2,075,517	–	–	–	–	2,075,517
Customers' deposits	53,396,330	10,232,579	6,544,853	2,052,570	71,338,461	143,564,793
Islamic customers' deposits	7,336,089	1,318,006	1,458,054	946,314	6,316,438	17,374,901
Acceptances	–	–	–	–	3,495,184	3,495,184
Other liabilities	–	–	–	–	9,698,535	9,698,535
Borrowings	296,218	252,788	150,754	3,202,768	–	3,902,528
Insurance contract and investment liabilities	–	–	–	–	6,187,190	6,187,190
Equity attributable to shareholders of the Parent	–	–	–	–	36,712,765	36,712,765
Non-controlling interest	–	–	–	–	1,067,429	1,067,429
Total liabilities and equity	90,235,583	15,696,451	9,896,309	6,201,652	145,423,163	267,453,158
On balance sheet gap	62,424,720	10,889,758	1,930,705	31,506,517	(106,751,700)	–
Off balance sheet gap	(64,844)	(16,904)	(10,018)	91,766	–	–
Cumulative interest rate sensitivity gap	62,359,876	73,232,730	75,153,417	106,751,700	–	–

Currency risk management

	31 December 2025			31 December 2024		
	Net spot position AED'000	Net Forward position AED'000	Net Position AED'000	Net spot position AED'000	Net Forward position AED'000	Net Position AED'000
US Dollars	63,882,975	(7,717,033)	56,165,942	32,927,511	(9,664,949)	23,262,562
Qatari Riyals	(192,208)	(21,349)	(213,557)	(255,321)	66,824	(188,497)
Pound Sterling	(443,070)	746,360	303,290	(780,976)	812,836	31,860
Euro	(4,732,764)	4,921,037	188,273	(8,624,012)	8,562,641	(61,371)
Bahrain Dinar	(70,615)	(11,084)	(81,699)	953,517	(801,867)	151,650
Saudi Riyal	(2,074,403)	2,237,127	162,725	53,380	(43,723)	9,657
Japanese Yen	(278,497)	272,359	(6,138)	(995,263)	1,000,602	5,339
Swiss Francs	855,103	(857,626)	(2,523)	16,146	(20,442)	(4,296)
Kuwaiti Dinar	(13,283)	(155,896)	(169,179)	9,076	(155,020)	(145,944)
Chinese Yuan	(1,510,094)	1,205,241	(304,853)	(1,581,441)	1,478,117	(103,324)
Other	1,876,621	(856,786)	1,019,835	1,782,130	(655,258)	1,126,872
Total	57,299,765	(237,650)	57,062,116	23,504,747	579,761	24,084,508

The exchange rate of AED against USD is pegged and the Group's exposure to currency risk is limited to that extent.

Most of the major positions are in currencies that are pegged to the USD; therefore, any change in their exchange rates will have insignificant sensitivity on the consolidated statement of profit or loss or consolidated statement of comprehensive income.

Liquidity risk management

Liquidity risk is the risk that the Group's entities, in various locations and in various currencies, will be unable to meet a financial commitment to a customer, creditor, or investor when due.

The Group's senior management's focus on liquidity management is to:

- better understand the various sources of liquidity risk, particularly under stressed conditions;
- ensure the Group's short term and long term resilience, as measured by the Basel III guidelines, is sufficiently robust to meet realistic adverse scenarios;
- develop effective contingency funding plans to deal with liquidity crises;
- develop liquidity risk tolerance levels within the Internal Capital Adequacy Assessment Process (ICAAP) framework; and
- demonstrate that the bank can survive the closure of one or more funding markets by ensuring that funding can be readily raised from a variety of sources.

In compliance with Basel Committee on Banking Supervision ("BCBS") document titled "Principles for Sound Liquidity Management" and CBUAE "Regulations re Liquidity at Banks" (Circular Number 33/2015) and accompanying Guidance Manual, the Group has established a robust liquidity management framework that is well integrated into the bank-wide risk management process. A primary objective of the liquidity management framework is to ensure with a high degree of confidence that the Bank is in a position to address both its daily liquidity obligations as well as withstand a period of liquidity stress. In addition to maintaining sound liquidity governance and management practices, the Bank also holds an adequate liquidity cushion comprised of High Quality Liquid Assets ("HQLA") to be in a position to survive such periods of liquidity stress.

The Bank's Liquidity Management Framework has two tiers:

1. **Board of Directors oversight** through review and approval of Liquidity Management Policy and definition of Liquidity Risk Tolerance Limits.
2. **Strategies, policies and practices developed by the ALCO** to manage liquidity risk in accordance with the Board of Directors approved risk tolerance and ensure that the bank maintains sufficient liquidity.

The Group's Board of Directors (the "Board") bears the ultimate responsibility for liquidity risk management within the Bank. The Board members hence are familiar with liquidity risk and how it is managed as well as have a thorough understanding of how other risks including credit, market, operational and reputation risks affect the bank's overall liquidity risk.

Mashreqbank's Head Office ("HO") and International Banking Group ("IBG") Asset and Liability Committees ("ALCO") are responsible for formulating policies for implementing the Board approved liquidity risk appetite. In this regard, the following policies, procedures and systems have been implemented:

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Liquidity risk management continued

a) Robust ALCO oversight through timely, pertinent information and analysis

ALCOs have a broad range of authority delegated by the Board of Directors to manage the Group's asset and liability structure and funding strategy. ALCOs meet on a regular basis to review liquidity ratios, asset and liability structure, interest rate and foreign exchange exposures, internal and statutory ratio compliance, funding and repricing gaps and general domestic and international economic and financial market conditions. ALCOs determine the structure, responsibilities and controls for managing liquidity risk and for overseeing the liquidity position at all locations. The Asset Liability Management ("ALM") function in the Group is then responsible for implementing the ALCO policies.

The Head Office ALCO comprises of the Group Chief Executive Officer, the Group Chief Financial Officer, Group Chief Risk Officer, Group Chief Credit Officer, Group Head of Retail Banking, Group Head of Corporate Banking, Group Head of International Banking and the Group Head of Treasury and Capital Markets.

The IBG ALCO comprises of Group Head of International Banking, Group Head of Retail Banking, Group Chief Risk Officer, Group Head of Treasury and Capital Markets, ALM, Finance and representatives from respective international locations.

b) Maintenance of Adequate High Quality Liquid Assets ("HQLA") cushion

The Bank holds a portfolio of HQLA aligned with the established liquidity risk tolerance of the bank, which means at a minimum it is sufficient to meet all regulatory and internal ratios under normal operating conditions, and enough to meet the liquidity needs under stressed conditions as estimated by Stress tests.

c) Gap limits

The minimum size of net placements in highly liquid money market instruments and HQLA bond portfolio is based on liquidity stress testing exercise, which takes into account the stability of deposits from different sources as well as contingent funding requirements of overseas branches. The Money Book and HQLA deployments are also required to adhere to gap limits, to ensure that the bank is in a position to meet short term and intraday liquidity needs.

d) Liquidity risk management over different time horizons and currencies

The time horizons over which the Bank manages liquidity risk range from intraday basis, day-to-day cashflow movements, fundraising capacity over short and medium-term (up to one year) as well as vulnerabilities to events, activities and strategies beyond one year that can put a significant strain on the Bank's cash generation capability.

e) Forward looking Funding Plan ensuring effective diversification in the sources and tenor of funding

Mashreqbank develops its funding plan as part of its annual planning exercise. The plan places emphasis on diversifying the funding sources and maintaining market access to different sources of funding.

The Bank has historically relied on customer deposits for most of its funding needs. Over the years, the Bank has successfully introduced various cash management products and retail savings' schemes which have enabled it to mobilise low cost, broad-based deposits. In order to diversify the funding sources, a Euro Medium Term Notes programme was launched in 2004 and, as of 31 December 2025 has an outstanding balance of AED 4.3 billion (2024: AED 2.07 billion) Note 19 in medium-term loans. The Bank also established Certificate of Deposit (CD) programmes through its London branch in 2014 and its Hong Kong Branch in 2018. Recently the Bank established a Trust Certificate (Sukuk) Issuance Programme in 2024.

f) Liquidity Stress Testing for a variety of short-term and protracted Group-specific and market-wide stress scenarios

Stress tests enable the Bank to analyse the impact of stress scenarios on its consolidated group wise liquidity position as well as on the liquidity position of individual entities. The stress scenarios have been designed to incorporate the major funding and market liquidity risks to which the Bank is exposed. ALCO and the Board reviews the bank's choice of scenarios and related assumptions as well as the results of the stress tests.

g) Contingency Funding Plan outlining the Bank's step by step response to Liquidity contingency situations of different magnitudes

Mashreqbank has a formal contingency funding plan ("CFP"), which is updated, reviewed and approved by the HO ALCO and the Board on an annual basis. The CFP provides a list of liquidity generation tools which would be used to counter liquidity stress at different stages of the contingency.

h) FTP Framework for allocating liquidity costs, benefits and risks to all business activities

Mashreqbank has a well-developed FTP policy and system that aims to create transparency in profitability and insulate Business Units from interest rate risk.

i) Regular Internal as well as CBUAE audits focused on HQLA cushion and Liquidity management policies and procedures

Mashreqbank's liquidity policies, procedures and systems are subject to end to end review by internal audit as well as by the CBUAE.

The Bank has strengthened its liquidity buffer by raising deposits in line with loan growth. Prudent liquidity management by the Bank, has helped to ensure that the Bank is able to meet its clients' banking services requirements effectively and without disruption. The Russia Ukraine war and the Israel-Hamas crisis have not significantly impacted the UAE banking sector's liquidity.

Maturity profile

The maturity profile of assets, liabilities and equity as at 31 December 2025 were as follows:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Assets						
Cash and balances with central banks	33,532,283	-	-	-	-	33,532,283
Loans and advances to banks	35,312,007	15,310,585	8,749,337	6,349,133	-	65,721,062
Financial assets measured at fair value	4,233,507	2,441,600	3,175,482	3,153,796	8,453,113	21,457,498
Securities measured at amortised cost	2,220,248	708,894	634,685	5,195,125	20,147,352	28,906,304
Loans and advances to customers	46,864,216	11,121,137	9,744,265	42,720,399	27,620,958	138,070,975
Islamic financing and investment products	14,936,361	1,630,121	802,945	3,178,512	5,729,765	26,277,704
Acceptances	7,337,675	963,201	2,055,169	9,188	6,875	10,372,108
Reinsurance contract assets	1,134,541	605,025	643,896	814,348	24,693	3,222,503
Investment in associate	-	-	-	-	260,380	260,380
Investment properties	-	-	-	-	183,935	183,935
Property and equipment	-	-	-	-	1,350,125	1,350,125
Intangible assets	-	-	-	-	423,331	423,331
Other assets	4,498,739	169,437	65,245	88,275	33,967	4,855,663
Total assets	150,069,577	32,950,000	25,871,024	61,508,776	64,234,494	334,633,871
Liabilities and equity						
Deposits and balances due to banks	32,412,259	4,565,323	1,548,405	396,278	-	38,922,265
Repurchase agreements with banks	7,136,046	-	-	-	-	7,136,046
Customers' deposits	155,206,197	10,086,664	10,017,867	3,043,262	537,191	178,891,181
Islamic customers' deposits	17,084,985	2,002,553	3,469,819	3,446,896	-	26,004,253
Acceptances	7,337,675	963,201	2,055,169	9,188	6,875	10,372,108
Other liabilities	9,527,155	389,709	397,823	496,779	107,651	10,919,117
Borrowings	73,460	-	2,313,990	1,909,382	9,177,027	13,473,859
Sukuk issued	-	-	-	1,836,500	-	1,836,500
Insurance and investment contract liabilities	1,940,106	921,459	972,696	1,708,225	959,501	6,501,987
Equity attributable to shareholders of the Parent	-	-	-	-	39,374,170	39,374,170
Non-controlling interest	-	-	-	-	1,202,385	1,202,385
Total liabilities and equity	230,717,883	18,928,909	20,775,769	12,846,510	51,364,800	334,633,871
Guarantees	5,672,866	2,463,831	2,952,670	12,230,417	7,802,088	31,121,872
Letters of credit	9,163,447	1,345,681	1,561,411	33,499	30,375	12,134,413
Total	14,836,313	3,809,512	4,514,081	12,263,916	7,832,463	43,256,285

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Maturity profile continued

The maturity profile of assets, liabilities and equity as at 31 December 2024 were as follows:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Assets						
Cash and balances with central banks	40,592,508	-	-	-	-	40,592,508
Loans and advances to banks	27,610,771	10,204,918	7,595,672	6,860,243	-	52,271,604
Financial assets measured at fair value	9,024,513	5,655,961	3,003,717	1,455,598	7,187,745	26,327,534
Securities measured at amortised cost	1,485,388	311,166	1,228,037	3,252,701	3,519,825	9,797,117
Loans and advances to customers	35,611,493	8,192,501	8,441,861	24,606,907	26,228,084	103,080,846
Islamic financing and investment products	9,120,178	2,660,699	553,149	2,987,103	6,356,422	21,677,551
Acceptances	2,636,157	462,929	347,636	48,462	-	3,495,184
Reinsurance contract assets	1,342,486	618,807	656,315	740,019	21,521	3,379,148
Investment in associate	-	-	-	-	296,878	296,878
Investment properties	-	-	-	-	151,620	151,620
Property and equipment	-	-	-	-	1,339,360	1,339,360
Intangible assets	-	-	-	-	374,333	374,333
Other assets	4,144,562	150,299	179,012	190,951	4,651	4,669,475
Total assets	131,568,056	28,257,280	22,005,399	40,141,984	45,480,439	267,453,158
Liabilities and equity						
Deposits and balances due to banks	36,184,911	4,436,682	2,385,423	367,300	-	43,374,316
Repurchase agreements with banks	2,075,517	-	-	-	-	2,075,517
Customers' deposits	123,919,233	10,241,187	7,295,629	1,781,442	327,302	143,564,793
Islamic customers' deposits	13,650,602	1,318,026	1,459,959	946,314	-	17,374,901
Acceptances	2,636,157	462,929	347,636	48,462	-	3,495,184
Other liabilities	8,582,741	482,707	379,919	153,332	99,836	9,698,535
Borrowings	296,218	252,788	150,754	1,371,741	1,831,027	3,902,528
Sukuk issued	1,846,842	830,785	927,249	1,600,863	981,451	6,187,190
Insurance and investment contract liabilities	-	-	-	-	36,712,765	36,712,765
Equity attributable to shareholders of the Parent	-	-	-	-	1,067,429	1,067,429
Non-controlling interest	189,192,221	18,025,104	12,946,569	6,269,454	41,019,810	267,453,158
Total liabilities and equity	4,889,113	2,007,709	3,853,309	5,538,554	7,388,586	23,677,271
Guarantees	11,294,171	2,148,056	1,106,965	22,355	61,611	14,633,158
Letters of credit	16,183,284	4,155,765	4,960,274	5,560,909	7,450,197	38,310,429

The following table summarises the maturity profile based on contractual undiscounted repayment obligations as at 31 December 2025:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Liabilities						
Deposits and balances due to banks	32,561,736	4,610,532	1,591,762	449,216	1,043,732	40,256,978
Repurchase agreements with banks	7,136,046	-	-	-	-	7,136,046
Customers' deposits	155,341,238	10,240,348	10,332,702	3,515,076	561,898	179,991,262
Islamic customers' deposits	17,201,602	2,076,070	3,604,531	3,862,176	-	26,744,379
Acceptances	7,337,675	963,201	2,055,169	9,188	6,875	10,372,108
Other liabilities	9,527,155	389,709	397,823	496,779	107,651	10,919,117
Borrowings	110,594	36,156	2,389,740	2,566,750	9,487,568	14,590,808
Sukuk issued	-	-	-	1,919,774	-	1,919,774
Insurance and investment contract liabilities	1,940,105	921,460	972,696	1,708,225	959,501	6,501,987
Total liabilities	231,156,151	19,237,476	21,344,423	14,527,184	12,167,225	298,432,459

The following table summarises the maturity profile based on contractual undiscounted repayment obligations as at 31 December 2024:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Liabilities						
Deposits and balances due to banks	36,268,510	4,505,404	2,432,064	439,021	-	189,565,982
Repurchase agreements with banks	2,075,517	-	-	-	-	2,075,517
Customers' deposits	124,010,829	10,431,740	7,537,152	2,063,030	374,018	144,416,769
Islamic customers' deposits	13,804,498	1,385,851	1,529,134	1,058,331	-	17,777,814
Acceptances	2,636,157	462,929	347,636	48,462	-	3,495,184
Other liabilities	8,582,741	482,707	379,919	153,332	99,836	9,698,535
Borrowings	340,888	294,443	235,641	2,055,389	2,286,192	5,212,553
Insurance and investment contract liabilities	1,846,842	830,785	927,249	1,600,863	981,451	6,187,190
Total liabilities	189,565,982	18,393,859	13,388,795	7,418,428	3,741,497	232,508,561

Compliance Risk

Compliance risk is the risk of an activity not being conducted in line with the applicable laws and regulations leading to reputational and/or financial losses. The Group manages compliance risk through a compliance function which is responsible for monitoring compliance of laws and regulations across the various jurisdictions in which the Group operates.

The Bank previously became aware that certain historical US dollar payment processing activities may have potentially breached US sanction laws in effect at the time. Accordingly, the Bank proactively cooperated with the UAE and the US regulators and appointed external legal advisors to assist in the review of these transactions, including compliance with US sanction laws as well as its own compliance processes. In 2018, the Bank formally submitted the findings of the review to the regulators in both the UAE and the US.

During the year ended 31 December 2021 the Bank reached a joint settlement with the Office of Foreign Assets Control (OFAC), the New York State Department of Financial Services (DFS) and the Federal Reserve Board of Governors (FRB). No separate financial penalty was levied by OFAC and FRB. The Bank has complied with the terms of the settlement. Another US agency that participated in the investigation is not as at current date manifesting a continued interest in the matter, but we cannot preclude that they might do so in the future. The Group, on a continuous basis, identifies and assesses such risks and recognizes provisions, in consultation with its legal counsel, in accordance with the accounting policy for provisions as disclosed in Note 3.

Notes to the Consolidated Financial Statements continued

43. Risk management continued

Fair value measurements of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability. The group measures investments in the category using various valuations techniques. These include the net assets valuation method where there is unavailability of market and comparable financial information comparable sales transactions after applying an appropriate hair cut and discounted cash flow models where appropriate

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2024.

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

	Fair value as at		Fair value hierarchy
	2025 AED'000	2024 AED'000	
Financial assets measured at FVTPL			
Quoted debt investments	1,209,981	165,624	Level 1
Quoted equity investments	1,005	23,689	Level 1
Unquoted debt investments	1,441,198	730,092	Level 2
Funds	1,349,908	1,326,137	Level 2
Unquoted equity investments	1,101	1,032	Level 3
Unquoted debt investments	95	-	Level 3
	4,003,288	2,246,574	

	Fair value as at		Fair value hierarchy
	2025 AED'000	2024 AED'000	
Financial assets measured at FVTOCI			
Quoted equity investments	933,929	755,933	Level 1
Quoted debt investments	15,908,085	23,001,663	Level 1
Unquoted equity investments	87,544	79,946	Level 2
Funds	524,652	243,418	Level 2
	17,454,210	24,080,960	
	21,457,498	26,327,534	

There were no transfers between each of the levels during the year.

Reconciliation of Level 3 fair value measurement of financial assets measured at FVTPL

	2025 AED'000	2024 AED'000
At 1 January	1,032	1,132
Purchases	8,545	344
Transfer out	(8,450)	-
Change in fair value	68	(444)
At 31 December	1,195	1,032

Reconciliation of Level 3 fair value measurement of financial assets measured at FVTOCI

	2025 AED'000	2024 AED'000
At 1 January	79,946	56,049
Purchases	5,510	38,371
Disposals/matured	(120)	(1,103)
Change in fair value	2,208	(13,371)
At 31 December	87,544	79,946

All gain and losses related to investment in unquoted equity instruments are included in consolidated statement of comprehensive and are reported as changes of investments revaluation reserve.

Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values and carry market rates of interest.

	Gross carrying amount AED'000	Fair value				Total AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000		
31 December 2025						
<i>Financial assets:</i>						
Securities measured at amortised cost	28,924,027	27,281,11	1,069,478	704,312	29,054,901	
<i>31 December 2024</i>						
<i>Financial assets:</i>						
Securities measured at amortised cost	9,827,791	7,761,200	1,108,476	668,717	9,538,393	

	Gross carrying amount AED'000	Fair value				Total AED'000
		Level 1 AED'000	Level 2 AED'000	Level 3 AED'000		
31 December 2025						
<i>Financial liabilities</i>						
Medium-term notes	4,296,832	4,358,252	-	-	4,358,252	
<i>31 December 2024</i>						
<i>Financial liabilities</i>						
Medium-term notes	2,071,501	1,970,316	-	116,950	2,087,266	

Fair value sensitivity analysis

The following table shows the sensitivity of fair values to 1% increase or decrease as at 31 December 2025 and 31 December 2024:

	Reflected in consolidated statement of profit or loss		Reflected in consolidated statement of comprehensive income	
	Favourable change AED'000	Unfavourable change AED'000	Favourable change AED'000	Unfavourable change AED'000
31 December 2025				
Financial assets measured at fair value	40,033	(40,033)	174,542	(174,542)
Derivatives	3,606	(3,606)	-	-
<i>31 December 2024</i>				
Financial assets measured at fair value	22,466	(22,466)	240,810	(240,810)
Derivatives	6,284	(6,284)	-	-

Majority of the derivative financial instruments are back-to-back; therefore, any change to the fair value of the derivatives resulting from price input changes will have insignificant impact on the consolidated statement of profit or loss or consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements continued

44. Foreign restricted assets

Net assets equivalent to AED 604 million as at 31 December 2025 (31 December 2024: AED 586 million) maintained by certain branches of the Bank, operating outside the UAE, are subject to exchange control regulations of the countries in which these branches operate.

45. Taxation

On 09 December 2022, the United Arab Emirates ("UAE") Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact the Corporate Tax ("CT") regime which became effective for accounting periods beginning on or after 1 June 2023. The entities that are in scope for the UAE CT purposes are subject to a 9% CT rate.

In order to align with OECD's Global Minimum Tax effort ("Pillar Two"), the UAE Ministry of Finance has issued Cabinet Decision No (142) of 2024 that implements a Domestic Minimum Top-up Tax ("DMTT") of 15% for Multinational Enterprises ("MNEs") that are within scope of Pillar Two based on OECD Model rules with effect from financial years starting on or after 01 January 2025. Mashreq is an MNE Group with consolidated revenue exceeding €750 million threshold, hence in scope of Pillar Two legislation as operating in certain jurisdictions that have enacted or substantively enacted Pillar Two legislation.

The Group estimates the current tax expense of AED 1,291 Mio for the period ended 31 December 2025 (31 December 2024: AED 868 Mio). The Effective Tax Rate (ETR) for the period ending 31 December 2025 is 15.63% (31 December 2024: 8.79%). The rise in the ETR compared to last year is mainly due to the introduction of DMTT in the UAE. Pillar Two rules also impacted the tax expenses of the Mashreq entities in Bahrain, Kuwait and Qatar.

Furthermore, for the period ended 31 December 2025, the Group has applied the IASB amendment to IAS 12, Income Taxes, which provides a mandatory temporary exception from recognizing or disclosing deferred taxes related to Pillar Two. The Group will continuously monitor legislative developments and will account for any potential top-up tax in compliance with the IAS 12 Amendments going forward.

a) Reconciliation of tax expense and the accounting profit multiplied by United Arab Emirates' domestic tax rate on 31 December 2025:

	2025 AED'000	2024 AED'000
Accounting profit before tax	8,260,984	9,885,904
At United Arab Emirates' statutory income tax rate of 9%	743,489	889,731
Tax effect of expenses that are not deductible in determining taxable profit	7,726	6,248
Tax effect of income not taxable in determining taxable profit	(12,931)	(151,733)
UAE pillar two taxes	342,476	-
Foreign pillar two taxes	52,803	-
Effect of different tax rates from operations in other jurisdictions	98,772	126,125
WHT in foreign jurisdictions	42,112	-
Return to Accrual Adjustment	13,219	-
Deferred tax charge / (credit) to profit and loss	3,184	-
Others	(59)	(1,844)
Income tax expense / (credit) reported in the consolidated income statement	1,290,791	868,527
Effective tax rate	15.63%	8.79%

b) OCI

	2025 AED'000	2024 AED'000
The major components of income tax expense for the period ended 31 December 2025 are:		
<i>Current income tax charge/(credit) Not to be reclassified to P&L A/c subsequently:</i>		
Related to changes in fair value of financial assets measured at fair value through other comprehensive income (equity instruments)	9,901	6,096
- Adjustment in respect of current income tax of previous year	9,901	6,096
<i>Current Deferred tax To be reclassified to P&L A/c subsequently:</i>		
- Relating to changes in fair value of financial assets measured at fair value through other comprehensive income (debt instruments)	24,579	(27,736)
- Relating to changes in currency translation reserve	(9,713)	(23,893)
Income tax expense / (credit) reported in the OCI	14,866	(51,629)

46. Additional Tier 1 capital securities

In July 2022, the Bank issued USD 300 million (AED 1,101.9 million) regulatory Additional Tier 1 (AT1) capital securities. These securities are perpetual, conditional, subordinated and unsecured and are classified as equity. These securities are issued at a coupon rate of 8.5% p.a. The Bank can elect not to pay a coupon at its own discretion and has an option to call back the securities in July 2027 subject to Central Bank approval.

In June 2024, the Bank issued USD 500 million (AED 1,836.5 million) regulatory Additional Tier 1 (AT1) capital securities. These securities are perpetual, conditional, subordinated and unsecured and are classified as equity. These securities are issued at a coupon rate of 7.125% p.a. The Bank can elect not to pay a coupon at its own discretion and has the option to call back the securities in 2029 subject to Central bank approval.

47. Comparative information

Certain comparative amounts in consolidated statement of financial position and notes to the consolidated financial statements have been adjusted to conform to the current presentation.

48. Sukuk issued

In April 2025, the Bank issued a U.S. dollar denominated senior unsecured Sukuk, amounting to USD 500 million (AED 1,836.25 million) with 5-years maturity and an expected profit rate of 5.03%. The Sukuk represents Mashreq's first Shariah compliant issuance in the international capital markets through a USD 2.5 billion Sukuk Programme.

49. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2025.

50. Approval of consolidated financial statements

The consolidated financial statements for the year ended 31 December 2025 were approved by the Board of Directors and authorised for issue on 02 February 2026.



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