

Management Discussion & Analysis Report

2 February 2026

A background image showing a city skyline at night, with the Burj Khalifa prominently featured. Overlaid on the skyline is a complex data visualization consisting of numerous vertical bars of varying heights, some in black and some in orange, with thin lines and dots connecting them, suggesting a financial or performance chart. The entire scene is reflected in a body of water in the foreground.

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Mashreq Delivers an Exceptional 2025 with Record 32% Loan Growth, 27% Deposit Expansion, 20% ROE and ₪12.6 Billion in Operating Income

Dubai, February 2026 – Mashreq, one of the leading financial institutions in the MENA region, has delivered exceptional results for the full year 2025, marked by transformational international expansion, record loan and deposit growth, and a strategic repositioning as the connector bank for emerging trade corridors spanning Asia, the Middle East, Europe and North America.

₪8.3

Billion
Net Profit Before Tax

₪12.6

Billion
Revenue

₪8.7

Billion
Operating Profit



32%

YoY Loans & Advances Growth



27%

YoY Customer Deposits Growth
(CASA 62%)



20%

Return on Equity



2.3%

Return on Assets



3.1%

Net Interest Margin



31%

Cost to Income Ratio



14.5%

Capital Adequacy Ratio



1.0%

NPL to Gross Loan Ratio



263%

NPL Coverage Ratio

Note: Figures may not add up due to rounding differences

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Operating income reached **₹ 12.6 billion**, while net profit before tax totaled **₹ 8.3 billion**, reflecting resilient performance and disciplined execution in a softer rate and higher-tax environment.

Performance in 2025 was driven by strong balance-sheet expansion, with customer loans growing 32% year-on-year, customer deposits increasing 27%, and total assets rising 25% to **₹ 335 billion**, as Mashreq scaled its digital-first operating model and captured increased trade and capital flows across key global corridors.

Mashreq maintained strong efficiency, with a cost-to-income ratio of 31%, supported by a structurally strong funding profile underpinned by a CASA ratio of 62%. Asset quality remained industry-leading, with a non-performing loan ratio of 1.0% and a coverage ratio of 263%, underpinned by strong portfolio performance and sustained credit discipline across geographies.

The year also marked a milestone in Mashreq's institutional standing, with its designation as a Domestic Systemically Important Bank (D-SIB) by the Central Bank of the UAE, reflecting the Bank's scale, systemic relevance and robust risk governance as it continues to expand its global footprint.

Revenues and Income Generation

Strong operating income reflecting the scalability of Mashreq's diversified, globally connected franchise, underpinned by strong balance-sheet growth and expanding trade and transaction flows.

- **Operating income** reached **₹ 12.6 billion** in 2025, up **3%** year-on-year on an adjusted basis excluding one-off gain resulting from the IDFAA partial divestment in 2024, supported by higher origination volumes and stronger income contribution across Mashreq's franchises.
- **Net interest margin (NIM)** remained resilient at **3.1%** for the full year, despite cumulative policy rate cuts of 175 basis points since H2 2024, supported by disciplined repricing and a stable low-cost funding base, with **Current Account Savings Account (CASA)** at **62%**.
- **Non-interest income** increased **16%** year-on-year (excluding one-off gain from partial divestment of IDFAA), driven by a **53%** increase in **investment income** and a **30%** increase in **other income** (excluding one-offs), reflecting higher transaction intensity and reinforcing the shift toward a more balanced and fee-accretive earnings mix.
- **Cross-sell ratio** rose to **35%**, up approximately **400 basis points** year-on-year (excluding one-offs), demonstrating a step-up in multi-product adoption across core client relationships and reinforcing the durability and diversification of the income mix.

Expenses and Efficiency

Mashreq delivered a strong and resilient efficiency outcome in 2025, maintaining a healthy cost profile while executing international expansion and accelerating investment in digital and AI capabilities.

- **Operating expenses** increased by **5%** year-on-year, reflecting targeted investments in digital platforms, AI capabilities and international build-out, while maintaining disciplined cost management amid materially higher business volumes.
- **Cost-to-income** ratio stood at **31%**, remaining healthy and competitive in a year marked by elevated investment activity and geographic expansion, underscoring the scalability of Mashreq's operating model.
- Significant investment during the year focused on AI deployment, digital onboarding, credit decisioning and transaction processing capabilities, enhancing straight-through processing, reducing manual intervention and strengthening operational resilience across retail, SME and wholesale businesses.

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Earnings and Profitability

Strong profitability and superior returns delivered in a year marked by record balance-sheet growth, disciplined execution and a structurally higher tax environment.

- **Net profit before tax** reached **₹8.3 billion** in 2025, with **net profit after tax** of **₹7.0 billion**, reflecting the Bank's ability to translate scale, diversification and operating discipline into strong earnings despite the introduction of corporate income taxation.
- **Return on equity** remained strong at **20%**, with **return on assets** at **2.3%**, underscoring Mashreq's ability to generate high-quality returns through disciplined capital deployment, stable margins and a diversified income base.
- **Impairment charges** remained low at **₹444 million**, equivalent to a **cost of credit** of **27 basis points**, demonstrating strong portfolio performance and credit discipline across geographies despite rapid loan growth.
- **Tax expense** increased to **₹1.3 billion** in 2025 from **₹869 million** in 2024, with the effective tax rate rising to **15.63%** from **8.79%**, primarily reflecting the introduction of the UAE Domestic Minimum Top-Up Tax (DMTT) and the application of Pillar Two rules; notwithstanding this structural step-up, profitability and returns remained firmly strong.

Asset Quality and Risk Management

Industry-leading asset quality sustained through a year of exceptional balance-sheet expansion, underpinned by strong portfolio performance and disciplined credit execution across geographies.

- Mashreq delivered the lowest **non-performing loan ratio** in the sector at **1.0%** as at 31 December 2025, improving from **1.4%** a year earlier, despite **32%** year-on-year growth in customer loans.
- Coverage ratio strengthened to a robust **263%**, providing a substantial buffer against potential downside risk and reinforcing balance-sheet resilience as activity levels and transaction volumes expanded.
- Strong asset quality outcomes were supported by disciplined credit selection, portfolio steering and sustained credit discipline across geographies, enabling Mashreq to scale lending activity while preserving best-in-class credit metrics.

Balance Sheet Strength

Balance-sheet momentum accelerated in 2025, driven by strong client demand, disciplined balance-sheet deployment and continued expansion across Mashreq's core franchises.

- **Total assets** increased **25%** year-on-year to **₹335 billion** as at 31 December 2025, reflecting broad-based balance-sheet growth across the UAE franchise and selective expansion aligned with client activity.
- **Total lending** across **customers and banks** grew **30%** year-on-year to **₹230 billion**, supported by strong origination across wholesale, retail and financial institution portfolios and higher transaction and financing volumes.
- **Customer deposits** rose **27%** year-on-year to **₹205 billion**, underpinned by continued growth in granular retail and corporate balances, with a **CASA ratio** of **62%** providing a stable, low-cost funding base.

Capital and Liquidity Position

Strategic capital and liquidity management in 2025 reinforced Mashreq's ability to fund growth, absorb volatility and support expanding client activity across markets.

- Liquidity metrics remained comfortably above regulatory requirements, with a **liquid assets ratio** of **28%**, **loan-to-deposit ratio** of **80%** and **liquidity coverage ratio** of **158%**, supporting elevated lending and transaction activity.
- Funding resilience was further strengthened through two highly successful and oversubscribed transactions in 2025: a **USD 2 billion syndicated loan facility** and a debut **USD 500 million Sukuk issuance**, underscoring strong investor demand and confidence in Mashreq's credit profile.
- Capitalisation remained among the strongest in the sector, with a **capital adequacy ratio** of **14.5%**, **Tier 1 ratio** of **13.4%** and **CET1 ratio** of **12.3%**, supported by solid internal capital generation and best-in-class asset quality.

H.E. Abdul Aziz Al Ghurair

Chairman of Mashreq

As we reflect on 2025, Mashreq's progress is defined by resilience, disciplined growth, and a clear commitment to our purpose as a trusted enabler of financial advancement across borders. In a year that tested global markets and accelerated the shift toward a digital-first economy, Mashreq delivered a strong performance, achieving a net profit before tax of **₹ 8.3 billion**.

This outcome reflects the strength of our strategy, the trust of our clients, and the enduring relevance of our role in the UAE's evolving financial landscape. Being recognised as a Domestic Systemically Important Bank by the Central Bank of the UAE is not only an honor but also a responsibility, one that underscores our position as a foundational pillar in the country's continued rise as a regional and global financial hub.

Looking ahead, we remain focused on advancing innovation, expanding our international reach, and embedding sustainability into our long-term agenda. With a strong foundation and a forward-looking vision, Mashreq will continue to empower clients, communities, and economies through inclusive, human-centric and technology-enabled banking.



Ahmed Abdelaal

Group Chief Executive Officer

2025 marked another pivotal year in Mashreq's journey as a digitally advanced, globally connected bank serving clients across some of the world's most dynamic trade and investment corridors. In a year of continued transformation and growth, we delivered operating income of ₹ 12.6 billion, expanded our total assets by 25% to ₹ 335 billion, and achieved a return on equity of 20%, all while maintaining a cost-to-income ratio of 31%, among the best in the industry.

This performance reflects our ability to scale strategically, remain agile in a changing economic environment, and deliver value through a diversified business model. Our expansion across strategic markets such as Türkiye, India, Egypt, and the US, the launch of our fully digital bank in Pakistan, and the continued development of Mashreq NEO platforms have enabled us to serve clients across retail, SME, and institutional segments with speed, intelligence and consistency.

As the only US dollar clearing bank based in the region, we have strengthened our role as a critical hub for cross-border trade, capital markets, and settlement infrastructure. Our wholesale banking and capital markets franchises continued to grow, and we were proud to support regional clients in accessing global investors and liquidity through innovative financing solutions.

Digital transformation remains central to our operating model. In 2025, we accelerated the deployment of AI tools across lending, onboarding, credit decisioning, and fraud prevention.

Our in-house digital studios played a vital role in building scalable platforms and journeys that deliver real-time experiences while ensuring operational resilience and regulatory compliance.

We also deepened our focus on sustainability. By year-end, we facilitated significant volumes of sustainable finance, expanded our range of green retail offerings, and advanced our environmental commitments through high-efficiency operations and certified buildings across key markets.

Above all, it is our people who drive this transformation. We continued to invest in leadership development, inclusion, and nationalization, while supporting flexible work models and continuous learning through platforms such as WERise and WELearn. Across the organisation, our colleagues have shown exceptional commitment to our shared purpose.

Looking to the future, we will continue to deliver responsible growth, deepen our international footprint, and lead with technology and purpose. Our ambition remains to shape the future of banking by empowering clients, communities, and our people to thrive in an increasingly connected world. With resilience and purpose, we are well-positioned to navigate the opportunities and complexities of the year ahead.



Year-End 2025 Financial Highlights

Quarterly Trend

Income statement Highlights (AED mn)	12M '25	12M '24	ΔYoY%	12M '24 ⁽¹⁾	ΔYoY% ⁽¹⁾	4Q '25	3Q '25	4Q '24	ΔQoQ%	ΔYoY%	4Q '24 ⁽¹⁾	ΔYoY% ⁽¹⁾
Net Interest Income & Income from Islamic Financing	8,141	8,388	(3%)	8,388	(3%)	2,061	2,119	2,054	(3%)	0%	2,054	0%
Fees & Commission	1,333	1,465	(9%)	1,465	(9%)	301	388	301	(22%)	0%	301	0%
Investment Income	350	229	53%	229	53%	39	99	21	(60%)	89%	21	89%
Insurance, FX & Other Income	2,752	3,335	(17%)	2,124	30%	785	597	1,941	32%	(60%)	730	8%
Non Interest Income	4,435	5,028	(12%)	3,817	16%	1,126	1,083	2,263	4%	(50%)	1,052	7%
Total Operating Income	12,576	13,416	(6%)	12,205	3%	3,187	3,202	4,317	0%	(26%)	3,106	3%
Operating Expenses	(3,871)	(3,696)	5%	(3,696)	5%	(990)	(1,015)	(1,155)	(3%)	(14%)	(1,155)	(14%)
Operating Profit	8,705	9,720	(10%)	8,509	2%	2,197	2,187	3,162	0%	(31%)	1,951	13%
Impairment Allowance	(444)	166	(367%)	166	(367%)	(78)	(121)	239	(35%)	(133%)	239	(133%)
Net Profit before Tax	8,261	9,886	(16%)	8,675	(5%)	2,119	2,066	3,402	3%	(38%)	2,191	(3%)
Tax	(1,291)	(869)	49%	(869)	49%	(329)	(357)	(225)	(8%)	46%	(225)	46%
Net Profit After Tax	6,970	9,017	(23%)	7,806	(11%)	1,790	1,708	3,177	5%	(44%)	1,966	(9%)
Non-Controlling Interest	(131)	(100)	30%	(100)	30%	(39)	(23)	(34)	66%	16%	(34)	16%
Profit attributable to Owners of the Parent	6,840	8,917	(23%)	7,706	(11%)	1,751	1,685	3,143	4%	(44%)	1,932	(9%)
EPS (AED)	33.0	43.7	(24%)	37.6	(12%)	8.4	8.2	15.4	4%	(45%)	9.3	(10%)

Key Metrics (%)	12M '25	12M '24	Δbps YoY	12M '24 ⁽¹⁾	ΔYoY% ⁽¹⁾	4Q '25	3Q '25	4Q '24	Δbps QoQ	Δbps YoY	4Q '24 ⁽¹⁾	ΔYoY% ⁽¹⁾
Cost to Income Ratio	31%	28%	323	30%	50	31%	32%	27%	(66)	431	37%	(612)
Return on Assets	2.3%	3.5%	(125)	3.0%	(75)	2.3%	2.4%	5.0%	(3)	(261)	3.0%	(66)
Return on Equity	20%	29%	(943)	25.0%	(542)	20%	20%	41%	18	(2,086)	24.8%	(482)

- Net Interest Income** impacted by 175bps rate since H2 2024, with 50bps rate cut in 4Q'25 alone resulting in **3%** year-on-year decline; partially offset by double-digit **loan and investments** growth with **NIM** of **3.1%** in 2025.
- Non-Interest Income** rose **16%**¹ year-on-year in 2025 to **₹ 4.4 billion** driven by **53%** year-on-year growth in investment income and **30%**¹ year-on-year growth in **other income**; overall contributing **35%** of Total Operating Income.
- Continued double-digit expansion in **loans and advances** and **non-interest income** resulted in **3%** year-on-year increase in **Total Operating Income** (excluding one-off) to **₹12.6 billion** in 2025.
- We continued to invest significantly in digital platforms, Gen-AI-led initiatives and strategic business expansion, **Operating expenses** grew by just **5%** year-on-year, reflecting cost discipline and the first effects of efficiency gains resulting from increased scalability due to digitalisation.
- With double-digit growth in loans and investments, **Impairment allowances** remained low at **₹444 million** in 2025 (**cost of credit** of **27bps**), driven by strong asset quality, quality underwriting and a benign macroeconomic environment in the key UAE market.
- Income tax expense** of **₹1.3 billion** in 2025, up by **49%** year-on-year, impacted the **net profit after tax**, which saw a decline of **23%** to reach **₹7.0 billion** (decline of **11%** year-on-year, excluding one-off), with a strong **ROE** of **20%**.

Note: Figures may not add up due to rounding differences

(1) Adjusted for one-off gain of ₹1,211 mn from strategic partial sale of IDFAA

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Balance Sheet Highlights (AED mn)	Dec '25	Dec'24	ΔYoY%	Dec'25	Sep'25	Dec '24	ΔQoQ%	ΔYoY%
Loans to Customers	164,349	124,758	32%	164,349	143,085	124,758	15%	32%
Loans to Banks	65,721	52,272	26%	65,721	65,380	52,272	1%	26%
Investments	50,624	36,422	39%	50,624	47,789	36,422	6%	39%
Cash & Due from Central Bank	33,532	40,593	(17%)	33,532	31,402	40,593	7%	(17%)
Other Assets	20,224	13,258	53%	20,224	17,658	13,258	15%	53%
Investments in Properties	184	152	21%	184	150	152	23%	21%
Total Assets	334,634	267,453	25%	334,634	305,464	267,453	10%	25%
Customer Deposits	204,895	160,940	27%	204,895	187,167	160,940	9%	27%
Balances due to banks	38,922	43,374	(10%)	38,922	41,123	43,374	(5%)	(10%)
Loans and Sukuk	15,310	3,903	292%	15,310	6,267	3,903	144%	292%
Other Liabilities	27,793	19,381	43%	27,793	26,438	19,381	5%	43%
Repo	7,136	2,076	244%	7,136	5,546	2,076	29%	244%
Minority Interest	1,202	1,067	13%	1,202	1,153	1,067	4%	13%
Total Equity	39,374	36,713	7%	39,374	37,771	36,713	4%	7%
Total Liabilities	334,634	267,453	25%	334,634	305,464	267,453	10%	25%

Key Metrics (%)	Des '25	Des' 24	Δbps YoY	Des' 25	Sep' 25	Dec '24	Δbps QoQ	Δbps YTD
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)

- **Total Assets** increased **25%** year-on-year to reach **₹ 335 billion**, driven by **32%** increase in loans to customers and **39%** increase in the investment portfolio.
- The growth in the **balance sheet** is supported by continued momentum across segments - wholesale banking grew by **30%** year-on-year to **₹ 190 billion**, and the **retail banking segment** grew by **13%** year-on-year to **₹ 36 billion**.
- **Customer Deposits** increased **27%** year-on-year to reach **₹ 205 billion** with **CASA** growth of **20%** year-on-year to **₹ 128 billion**, with **CASA** mix of **62%**.
- **NPL Ratio** remained the lowest in the industry at **1.0%**, highlighting the strong quality of the loan book.
- The Bank maintained strong capital metrics, with a **Capital Adequacy Ratio** of **14.5%**, a **CET1 ratio** of **12.3%** and a **Tier 1 ratio** of **13.4%**, all comfortably well-above regulatory requirements. The reduction in the **Capital Adequacy Ratio** from **17.5%** to **14.5%** reflects strong high-double-digit growth in loans and advances during the year.

Looking Ahead

2025 marked a defining year in Mashreq's evolution, with the Bank delivering strong financial and operational outcomes while advancing its global footprint and reinforcing its institutional standing. This performance was achieved against a complex backdrop of softer interest rates, heightened regulatory requirements and global macro uncertainty, underscoring Mashreq's ability to execute with discipline, resilience and strategic clarity. Looking to 2026, Mashreq enters the year with clear momentum and a sharpened strategic focus. The Bank is positioned to accelerate innovation-led growth through continued investment in advanced digital platforms, artificial intelligence and data-driven capabilities, strengthening scalability, decisioning and client experience across businesses. Expansion of digital propositions, deeper cross-border connectivity and continued focus on financial inclusion will further enhance Mashreq's ability to serve clients seamlessly across markets. Mashreq will continue to selectively strengthen its international presence along key UAE- and GCC-linked corridors, reinforcing its role as a globally connected banking partner supporting trade flows, capital mobility and institutional client activity.

Supported by strong capitalisation, healthy efficiency metrics and a diversified revenue base, Mashreq is well positioned to deliver sustained growth and long-term value, while continuing to build a resilient, future-ready institution that remains relevant across economic cycles and evolving client needs.

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Financial Year 2025 Awards

Mashreq received multiple prestigious awards in 2025 across the Middle East and globally, reaffirming the Bank's leadership and excellence in the industry:

- **The Banker**
- Bank of the Year – UAE
- **The Banker – Top 1000 World Banks**
- Best Performing Bank in the United Arab Emirates (third consecutive year)
- #1 in the Middle East for Return on Capital (third consecutive year)
- #1 in the Middle East for Return on Assets (second consecutive year)
- **Number 1 Listed Bank in the Middle East by S&P Market Intelligence**
- **Forbes Middle East** – Most Sustainable Projects in the Middle East
- **Gartner Eye on Innovation Award**
- Innovation in Financial Operations – Cypher
- **Euromoney Transaction Banking Awards**
- The Middle East's Best Cash Management Bank
- **Euromoney Real Estate Awards**
- Best Bank for Real Estate in the Middle East
- **Euromoney Financial Institutions Awards**
- #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 Trade Finance Survey**
- Best Trade Finance Bank in ME
- **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 Digital Banker – Global Islamic Finance Awards**
- Best Islamic Digital Bank – Middle East
- **Euromoney Private Banking Award**
- United Arab Emirates' Best for Family Office Services

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