

**Mashreqbank PSC Group**

**Condensed consolidated interim  
financial information for the period from  
1 January 2025 to 30 June 2025**

## **Mashreqbank PSC Group**

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## REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**The Board of Directors  
Mashreqbank PSC  
Dubai  
United Arab Emirates**

### ***Introduction***

We have reviewed the accompanying condensed consolidated interim statement of financial position of **Mashreqbank PSC** (the "Bank") and its subsidiaries (together referred to as the "Group") as at 30 June 2025 and the related condensed consolidated interim statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

### ***Scope of review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**Deloitte & Touche (M.E.)**




Musa Ramahi  
Registration No.: 872  
29 July 2025  
Dubai  
United Arab Emirates

**Condensed consolidated interim statement of financial position  
as at 30 June 2025**

	Notes	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
<b>ASSETS</b>			
Cash and balances with central banks		46,095,714	40,592,508
Loans and advances to banks		63,047,147	52,271,604
Financial assets measured at fair value	5	20,027,035	26,327,534
Securities measured at amortised cost	6	16,379,624	9,797,117
Loans and advances to customers	7	111,943,507	103,080,846
Islamic financing and investment products	8	22,176,912	21,677,551
Acceptances		4,117,712	3,495,184
Reinsurance contract assets		2,826,922	3,379,148
Investment in associate		296,878	296,878
Investment properties	9	150,020	151,620
Property and equipment	10	1,317,156	1,339,360
Intangible assets	10	368,411	374,333
Other assets		4,887,770	4,669,475
<b>Total assets</b>		<b>293,634,808</b>	<b>267,453,158</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Deposits and balances due to banks	11	48,534,114	43,374,316
Repurchase agreements with banks		3,658,803	2,075,517
Customers' deposits	12	158,221,802	143,564,793
Islamic customers' deposits	13	19,423,075	17,374,901
Acceptances		4,117,712	3,495,184
Medium-term loans	14	1,534,165	2,071,501
Subordinated debt	29	1,831,027	1,831,027
Sukuk issued	30	1,836,500	-
Insurance and Investment contract liabilities		5,860,675	6,187,190
Other liabilities		11,621,128	9,698,535
<b>Total liabilities</b>		<b>256,639,001</b>	<b>229,672,964</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Issued and paid up capital	15	2,006,098	2,006,098
Tier 1 capital notes	28	2,938,400	2,938,400
Other reserve	15	(211,918)	(359,453)
Retained earnings		31,143,144	32,127,720
Equity attributable to owners of the Parent including noteholders of the Group		35,875,724	36,712,765
Non-controlling interests	16	1,120,083	1,067,429
<b>Total equity</b>		<b>36,995,807</b>	<b>37,780,194</b>
<b>Total liabilities and equity</b>		<b>293,634,808</b>	<b>267,453,158</b>

To the best of our knowledge, the condensed consolidated interim financial information 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

**Condensed consolidated interim statement of profit or loss  
for the period from 1 January 2025 to 30 June 2025**

	Notes	For the three month period ended 30 June		For the six month period ended 30 June	
		2025	2024	2025	2024
		(Unaudited) AED '000	(Unaudited) AED '000	(Unaudited) AED '000	(Unaudited) AED '000
Interest income		3,425,566	3,626,670	6,766,856	7,245,051
Income from Islamic financing and investment products		464,430	409,492	885,106	789,898
Total interest income and income from Islamic financing and investment products		3,889,996	4,036,162	7,651,962	8,034,949
Interest expense		(1,760,145)	(1,790,438)	(3,422,183)	(3,492,462)
Distribution to depositors - Islamic products		(135,272)	(163,998)	(268,437)	(316,643)
<b>Net interest income and income from Islamic products net of distribution to depositors</b>		<b>1,994,579</b>	<b>2,081,726</b>	<b>3,961,342</b>	<b>4,225,844</b>
Fee and commission income		1,690,793	1,105,321	3,388,456	2,461,017
Fee and commission expense		(1,394,819)	(769,511)	(2,744,635)	(1,576,966)
<b>Net fee and commission income</b>		<b>295,974</b>	<b>335,810</b>	<b>643,821</b>	<b>884,051</b>
Net investment income		100,330	69,620	212,624	136,815
Other income, net		676,174	498,914	1,369,686	880,744
<b>Operating income</b>		<b>3,067,057</b>	<b>2,986,070</b>	<b>6,187,473</b>	<b>6,127,454</b>
General and administrative expenses	17	(948,149)	(834,490)	(1,866,232)	(1,673,151)
<b>Operating profit before impairment</b>		<b>2,118,908</b>	<b>2,151,580</b>	<b>4,321,241</b>	<b>4,454,303</b>
Allowances for impairment, net		(143,705)	82,719	(244,780)	44,881
<b>Profit before tax</b>		<b>1,975,203</b>	<b>2,234,299</b>	<b>4,076,461</b>	<b>4,499,184</b>
Tax expense	27	(295,052)	(222,988)	(604,126)	(446,745)
<b>Profit for the period</b>		<b>1,680,151</b>	<b>2,011,311</b>	<b>3,472,335</b>	<b>4,052,439</b>
<b>Attributable to:</b>					
Owners of the Parent		1,648,022	1,995,309	3,403,996	4,002,626
Non-controlling interests		32,129	16,002	68,339	49,813
		1,680,151	2,011,311	3,472,335	4,052,439
<b>Earnings per share</b>	18	<b>7.89</b>	<b>9.95</b>	<b>16.41</b>	<b>19.72</b>

**Condensed consolidated interim statement of other comprehensive income  
for the period from 1 January 2025 to 30 June 2025**

	For the three month period ended 30 June		For the six month period ended 30 June	
	2025 (Unaudited) AED '000	2024 (Unaudited) AED '000	2025 (Unaudited) AED '000	2024 (Unaudited) AED '000
Profit for the period	1,680,151	2,011,311	3,472,335	4,052,439
<b>Other comprehensive income/(loss)</b>				
<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	35,977	354	77,329	24,331
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Changes in currency translation reserve, net of tax	14,356	3,631	21,813	(1,735)
Changes in fair value of financial assets measured at fair value through other comprehensive income (debt instruments), net of tax	(14,748)	(59,684)	24,713	(180,514)
Changes in insurance finance income and expenses reserve	(101)	(220)	(2,094)	529
<b>Total other comprehensive income/(loss) for the period</b>	<b>35,484</b>	<b>(55,919)</b>	<b>121,761</b>	<b>(157,389)</b>
<b>Total comprehensive income for the period</b>	<b>1,715,635</b>	<b>1,955,392</b>	<b>3,594,096</b>	<b>3,895,050</b>
<b>Attributable to:</b>				
Owners of the Parent	1,673,046	1,942,566	3,508,778	3,840,378
Non-controlling interests	42,589	12,826	85,318	54,672
	<b>1,715,635</b>	<b>1,955,392</b>	<b>3,594,096</b>	<b>3,895,050</b>

**Condensed consolidated interim statement of changes in equity  
for the period from 1 January 2025 to 30 June 2025**

	Issued and paid up capital AED'000	Tier 1 capital notes AED'000	Other reserve 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 period	-	-	-	4,002,626	4,002,626	49,813	4,052,439
Other comprehensive (loss)/income	-	-	(162,248)	-	(162,248)	4,859	(157,389)
Total comprehensive (loss)/income for the period	-	-	(162,248)	4,002,626	3,840,378	54,672	3,895,050
Issuance of Tier 1 Capital	-	1,836,500	-	-	1,836,500	-	1,836,500
Payment of dividends (Note 15)	-	-	-	(3,711,282)	(3,711,282)	(32,675)	(3,743,957)
Coupon payment to Tier 1 note holders	-	-	-	(46,832)	(46,832)	-	(46,832)
Transfer from investment revaluation reserve to retained earnings	-	-	10,373	(10,373)	-	-	-
Transfer from Impairment reserve to retained earnings	-	-	(22,000)	22,000	-	-	-
Transaction with non-controlling interests	-	-	-	(362)	(362)	(3615)	(3977)
Balance at 30 June 2024 (Unaudited)	2,006,098	2,938,400	393,373	26,913,890	32,251,761	1,002,813	33,254,574
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 period	-	-	-	3,403,996	3,403,996	68,339	3,472,335
Other comprehensive income	-	-	104,782	-	104,782	16,979	121,761
Total comprehensive income for the period	-	-	104,782	3,403,996	3,508,778	85,318	3,594,096
Payment of dividends (Note 15)	-	-	-	(4,232,867)	(4,232,867)	(32,549)	(4,265,416)
Coupon payment to Tier 1 note holders	-	-	-	(112,256)	(112,256)	-	(112,256)
Transfer from investment revaluation reserve to retained earnings	-	-	58,552	(58,552)	-	-	-
Transfer from Impairment reserve to retained earnings	-	-	(10,000)	10,000	-	-	-
Other movements	-	-	(5,799)	5,103	(696)	(115)	(811)
Balance at 30 June 2025 (Unaudited)	2,006,098	2,938,400	(211,918)	31,143,144	35,875,724	1,120,083	36,995,807

**Condensed consolidated interim statement of cash flows  
for the period from 1 January 2025 to 30 June 2025**

	30 June 2025 (Unaudited) AED '000	30 June 2024 (Unaudited) AED'000
<b>Cash flows from operating activities</b>		
Profit before taxation for the period	4,076,461	4,499,184
Adjustments for:		
Depreciation and amortisation	139,137	134,103
Allowances for impairment, net	244,780	(44,881)
(Gain)/loss on disposal of property and equipment	(1,746)	1,113
Unrealised gain on other financial assets held at FVTPL	(7,143)	(10,887)
Net realized gain from sale of other financial assets measured at FVTPL	(59,398)	(57,262)
Dividend income from other financial assets measured at FVTOCI	(56,736)	(44,557)
Net realised gain from sale of debt instruments measured at FVTOCI and amortised cost	(88,617)	(23,943)
Unrealised gain on derivatives	(4,761)	(22,873)
Loss from disposal of investment properties	50	33,157
Fair value adjustments of investment properties	-	(13,073)
<b>Operating cash flows before tax paid and changes in operating assets and liabilities</b>	<b>4,242,027</b>	<b>4,450,081</b>
Tax paid	(73,649)	(58,431)
<b>Changes in operating assets and liabilities</b>		
Increase in deposits with central banks	(1,931,984)	(3,696,779)
Increase in loans and advances to banks maturing after three months	(11,335,989)	(3,764,392)
Increase in Loans and advances to customers	(8,939,670)	(1,087,566)
Increase in Islamic financing and investment products	(483,006)	(2,328,277)
Decrease/(increase) in reinsurance assets	552,226	(719,524)
Increase in other assets	(228,865)	(840,081)
(Increase)/decrease in financial assets carried at FVTPL	(843,187)	285,692
Decrease in repurchase agreements with banks	1,583,286	46,406
Increase in customers' deposits	14,657,009	5,473,648
Increase in Islamic customers' deposits	2,048,174	2,258,257
Increase in deposits and balances due to banks	5,159,798	4,086,141
(Decrease)/increase in insurance contract liabilities	(326,514)	905,613
Increase in other liabilities	1,288,146	1,091,286
<b>Net cash generated from operating activities</b>	<b>5,367,802</b>	<b>6,102,074</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(60,223)	(67,579)
Purchase of intangible assets	(62,681)	(28,720)
Proceeds from sale of property and equipment and intangible assets	13,295	17,288
Purchase of financial assets measured at fair value or amortised cost	(15,326,931)	(30,130,919)
Proceeds from sale of financial assets measured at fair value or amortised cost	16,133,694	26,570,554
Dividend income from other financial assets measured at FVTOCI	56,736	44,557
Proceeds on disposal of Investment property	1,550	218,358
<b>Net cash generated/(used) in investing activities</b>	<b>755,440</b>	<b>(3,376,461)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(4,265,416)	(3,743,957)
Coupon payment to Tier 1 note holders	(112,256)	(46,832)
Medium term notes redeemed	(537,336)	(3,010,407)
Medium term notes issued	-	624,377
(Expenses on Issue)/Issuance of Tier 1 Capital notes	(1,065)	1,836,500
Transaction with non-controlling interest	(106)	(3,977)
Issuance of Islamic Sukuk	1,836,500	-
<b>Net cash used in financing activities</b>	<b>(3,079,679)</b>	<b>(4,344,296)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,043,563</b>	<b>(1,618,683)</b>
Net foreign exchange difference	21,813	(1,735)
Cash and cash equivalents at beginning of the period	38,950,366	38,106,460
<b>Cash and cash equivalents at end of the period (Note 19)</b>	<b>42,015,742</b>	<b>36,486,042</b>



## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 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 operates through its branches and Subsidiaries 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.

At 30 June 2025 and 31 December 2024, 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
<b>Subsidiary</b>			
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
Al Taqania Employment Services One Person Company LLC*	United Arab Emirates	100.00%	Employment services
Al Kafaat Employment Services One Person Company LLC*	United Arab Emirates	100.00%	Employment services
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

\* Under liquidation.

As at 30 June 2025 and 31 December 2024, Bank had the following associates and joint venture:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest (%)	Principal activity
<b>Associate</b>			
Emirates Digital Wallet LLC	United Arab Emirates	23.61%	Digital wallet service
<b>Joint venture</b>			
Noon Digital Pay LLC	United Arab Emirates	51.00%	Digital wallet service

### 2. Application of new and revised International Financial Reporting Standards ("IFRS")

#### 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.

#### 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.

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 2. Application of new and revised International Financial Reporting Standards ("IFRS") (continued)

#### 2.2 New and revised IFRS in issue but not yet effective and not early adopted

<u>New and revised IFRS</u>	<u>Effective for annual periods beginning on or after</u>
<b>Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments</b>	1 January 2026
The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 <i>Financial Instruments</i> .	
<b>IFRS 19 Subsidiaries without Public Accountability: Disclosures</b>	1 January 2027
IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	
<b>IFRS 18 Presentation and Disclosures in Financial Statements</b>	1 January 2027
IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	

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. Summary of material accounting policy information

#### 3.1 Basis of preparation

This condensed consolidated interim financial information of the Group is prepared under 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. This condensed consolidated interim financial information is prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34"), issued by the International Accounting Standard 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.

The accounting policies used in the preparation of this condensed consolidated interim financial information is consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2024. This condensed consolidated interim financial information does not include all the information and disclosures required in full consolidated financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2024. In addition, results for the period from 1 January 2025 to 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

As required by the Securities and Commodities Authority of the U.A.E. ("SCA") Notification No. 2624/2008 dated 12 October 2008, accounting policies relating to financial assets, cash and cash equivalents, Islamic financing and investing assets and investment properties have been disclosed in the condensed consolidated interim financial information.

#### 3.2 Basis of consolidation

This condensed consolidated interim financial information incorporates the financial information of the Bank and entities controlled by the Bank. Control is achieved where the Bank has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

The condensed consolidated interim financial information comprises the financial information of the Bank and of the subsidiaries as disclosed in Note 1. The financial information of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

#### 3.3 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

For financial assets or financial liabilities not at fair value through profit or loss, at initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus transactions costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fee and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance ('ECL') is recognized for financial assets measured at amortised cost and investment in debt instruments measured as FVTOCI, which results in an accounting loss being recognized in profit or loss when an asset is newly originated.

##### *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, 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.

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 3. Summary of material accounting policy information (continued)

#### 3.3 Financial assets (continued)

##### *Classification of financial assets (continued)*

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.
- 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).

##### *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.

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 3. Summary of material accounting policy information (continued)

#### 3.3 Financial assets (continued)

##### ii) 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.

##### iii) 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.

These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- Has no obligation to make payments unless it collects equivalent amounts from the assets;
- Is prohibited from selling or pledging the assets; and
- Has an obligation to remit any cash it collects from the assets without material delay.

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.

#### 3.4 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.

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 3. Summary of material accounting policy information (continued)

#### 3.5 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.

#### 3.6 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.

#### 3.7 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) *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.

##### ii) *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.

##### iii) *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.

##### iv) *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 smoothening 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.

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 3. Summary of material accounting policy information (continued)

#### 3.8 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including property 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 measured at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair value of investment properties are included in the condensed consolidated statement of profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the condensed consolidated profit or loss in the period in which the property is derecognised.

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 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 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.

#### 3.10 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 condensed consolidated interim statement of financial position.

### 4. Risk management

#### 4.1 Credit risk

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 BRCESGC, 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, BRCESGC 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.

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2025 to 30 June 2025 (continued)**

**4. Risk management (continued)**

**4.1 Credit risk (continued)**

- i) The following tables explain the changes in gross carrying amount for loans and advances to customers (including Islamic financing and investment products):

	30 June 2025 (Unaudited)			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED'000			
<b>Gross carrying amount as at 1 January</b>	<b>118,163,928</b>	<b>6,979,070</b>	<b>2,191,249</b>	<b>127,334,247</b>
Transfers				
Transfer from Stage 1 to Stage 2	(3,072,613)	3,072,613	-	-
Transfer from Stage 1 to Stage 3	(111,769)	-	111,769	-
Transfer from Stage 2 to Stage 1	3,151,796	(3,151,796)	-	-
Transfer from Stage 2 to Stage 3	-	(125,016)	125,016	-
Transfer from Stage 3 to Stage 2	-	69,843	(69,843)	-
New financial assets, net of repayments and others	11,707,181	(2,206,081)	(176,344)	9,324,756
Write-offs	-	-	(59,777)	(59,777)
<b>Gross carrying amount as at 30 June</b>	<b>129,838,523</b>	<b>4,638,633</b>	<b>2,122,070</b>	<b>136,599,226</b>

	31 December 2024 (Audited)			
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	Total
	AED'000			
<b>Gross carrying amount as at 1 January</b>	<b>105,445,340</b>	<b>5,926,382</b>	<b>1,957,532</b>	<b>113,329,254</b>
Transfers				
Transfer from Stage 1 to Stage 2	(4,621,887)	4,621,887	-	-
Transfer from Stage 1 to Stage 3	(205,777)	-	205,777	-
Transfer from Stage 2 to Stage 1	547,725	(547,725)	-	-
Transfer from Stage 2 to Stage 3	-	(619,880)	619,880	-
Transfer from Stage 3 to Stage 2	-	221,994	(221,994)	-
New financial assets, net of repayments and others	16,998,527	(2,623,588)	(143,196)	14,231,743
Write-offs	-	-	(226,750)	(226,750)
<b>Gross carrying amount as at 31 December</b>	<b>118,163,928</b>	<b>6,979,070</b>	<b>2,191,249</b>	<b>127,334,247</b>

- ii) The following tables explain the changes in the loss allowance for loans and advances to customers (including Islamic financing and investment products):

	30 June 2025 (Unaudited)			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	AED'000			
<b>Loss allowance as at 1 January</b>	<b>621,453</b>	<b>335,230</b>	<b>1,619,167</b>	<b>2,575,850</b>
Transfers				
Transfer from Stage 1 to Stage 2	(71,869)	71,869	-	-
Transfer from Stage 1 to Stage 3	(8,565)	-	8,565	-
Transfer from Stage 2 to Stage 1	91,967	(91,967)	-	-
Transfer from Stage 2 to Stage 3	-	(21,319)	21,319	-
Transfer from Stage 3 to Stage 2	-	19,662	(19,662)	-
New financial assets originated	222,126	-	-	222,126
Changes in PDs/LGDs/EADs	(252,646)	21,196	(27,942)	(259,392)
Write-offs	-	-	(59,777)	(59,777)
<b>Loss allowance as at 30 June</b>	<b>602,466</b>	<b>334,671</b>	<b>1,541,670</b>	<b>2,478,807</b>

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2025 to 30 June 2025 (continued)**

**4. Risk management (continued)**

**4.1 Credit risk (continued)**

- ii) The following tables explain the changes in the loss allowance for loans and advances to customers (including Islamic financing and investment products): (continued)

	31 December 2024 (Audited)			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
	AED'000			
Loss allowance as at 1 January	576,945	485,391	1,911,439	2,973,775
Transfers				
Transfer from Stage 1 to Stage 2	(152,813)	152,813	-	-
Transfer from Stage 1 to Stage 3	(110,802)	-	110,802	-
Transfer from Stage 2 to Stage 1	10,409	(10,409)	-	-
Transfer from Stage 2 to Stage 3	-	(126,548)	126,548	-
Transfer from Stage 3 to Stage 2	-	1,175	(1,175)	-
New financial assets originated	305,747	-	-	305,747
Changes in PDs/LGDs/EADs	(8,033)	(167,192)	(301,697)	(476,922)
Write-offs	-	-	(226,750)	(226,750)
Loss allowance as at 31 December	621,453	335,230	1,619,167	2,575,850

- iii) The credit risk exposures relating to on-balance sheet items (excluding loans and advances and Islamic financing and investment products) are as follows:

	30 June 2025 (Unaudited)			Total
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
<b>Loans and advances to banks</b>	AED'000			
Investment-grade	27,513,974	16,098	-	27,530,072
BB+ & below	22,581,801	9,136,125	-	31,717,926
Unrated	2,384,666	1,587,949	-	3,972,615
	52,480,441	10,740,172	-	63,220,613
Loss allowance	(114,098)	(59,368)	-	(173,466)
	52,366,343	10,680,804	-	63,047,147

	31 December 2024 (Audited)			Total
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
<b>Loans and advances to banks</b>	AED'000			
Investment-grade	25,471,311	33	-	25,471,344
BB+ & below	13,924,577	6,410,677	-	20,335,254
Unrated	4,928,813	1,654,530	-	6,583,343
	44,324,701	8,065,240	-	52,389,941
Loss allowance	(79,487)	(38,850)	-	(118,337)
	44,245,214	8,026,390	-	52,271,604

Exposures of AED 8,011 million were transferred from stage 1 to 2 and exposure of AED 14 million were transferred from stage 2 to 1 during the six-month period ended 30 June 2025 (31 December 2024: Exposures of AED 6,954 million were transferred from stage 1 to 2 and exposure of AED 279 million were transferred from stage 2 to 1). There were no other transfers between stages during the period ended 30 June 2025.



**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2025 to 30 June 2025 (continued)**

**4. Risk management (continued)**

**4.1 Credit risk (continued)**

<i>Securities measured at amortised cost</i>	30 June 2025 (Unaudited)			Total
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
	AED'000			
Investment-grade	14,577,348	-	-	14,577,348
BB+ & below	1,858,612	-	-	1,858,612
	16,435,960	-	-	16,435,960
Loss allowance	(56,336)	-	-	(56,336)
Carrying amount	16,379,624	-	-	16,379,624

<i>Financial assets measured at FVTOCI (debt securities)</i>	30 June 2025 (Unaudited)			Total
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
	AED'000			
Investment-grade	14,889,580	-	-	14,889,580
BB+ & below	727,562	-	-	727,562
	15,617,142	-	-	15,617,142
Loss allowance	(10,654)	-	-	(10,654)
Carrying amount	15,606,488	-	-	15,606,488

<i>Securities measured at amortised cost</i>	31 December 2024 (Audited)			Total
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
	AED'000			
Investment-grade	7,116,912	-	-	7,116,912
BB+ & below	2,710,879	-	-	2,710,879
	9,827,791	-	-	9,827,791
Loss allowance	(30,674)	-	-	(30,674)
Carrying amount	9,797,117	-	-	9,797,117

<i>Financial assets measured at FVTOCI (debt securities)</i>	31 December 2024 (Audited)			Total
	Stage 1 12-month	Stage 2 Lifetime	Stage 3 Lifetime	
	AED'000			
Investment - grade	22,284,497	-	-	22,284,497
BB+& below	725,751	-	-	725,751
Unrated	2,192	-	-	2,192
	23,012,440	-	-	23,012,440
Loss allowance	(10,777)	-	-	(10,777)
Carrying amount	23,001,663	-	-	23,001,663

There were no transfer between stages during the period ended 30 June 2025.

The loss allowance as at 30 June 2025 on off balance sheet and acceptances amounted to AED 95 million on Stage 1, AED 47 million on Stage 2, and AED 432 million on Stage 3 (as at December 2024: AED 89 million on Stage 1, AED 47 million on Stage 2, and AED 335 million on Stage 3)

**4.2 Risk management in the current economic scenario**

The Group continues to closely monitor and manage, as required, direct and indirect exposure and impacts from the ongoing geopolitical situation and resultant market disruption. The group is cognizant of the regional economic impacts resulting from global inflationary pressures and monetary policy tightening. The macroeconomic factors used in the IFRS 9 models take into account such information.

In addition, the Group continues to review the appropriateness of ECL provisions in light of changes in macroeconomic environment, risk profile as well as any actual and expected increase in credit risk.

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 4. Risk management (continued)

#### 4.2 Risk management in the current economic scenario (continued)

##### *Impact of current Macroeconomic environment on measurement of ECL*

The Group has robust governance in place to ensure appropriateness of the IFRS 9 framework and resultant Expected Credit Loss ("ECL") estimates at all times. Specifically, all aspects of the IFRS 9 framework are overseen by the Enterprise Risk Committee ("ERC") and a dedicated IFRS 9 committee ("the committee"). The committee is chaired by the Head of Enterprise Risk Management with participation from business, Finance, credit & risk management departments. The Group, through the forum, reviews the appropriateness of inputs and methodology for IFRS 9 ECL on an ongoing basis.

In addition, the Group continues to review the appropriateness of ECL provisions in light of changes in macroeconomic environment, risk profile as well as any actual and expected increase in credit risk.

##### *Reasonableness of ECL estimates*

The Group performs historical analysis to determine key economic variables that impact credit risk across different portfolios. Macroeconomic forecasts for these economic variables are used to estimate risk parameters (PD and LGD) on a forward-looking basis for all borrowers and instruments that are in scope of IFRS 9 ECL framework. In accordance with IFRS 9 requirements, the Group estimates these risk parameters under optimistic, base and pessimistic scenarios with representative weights used to measure ECL. The models have been refreshed with latest macro-economic data for the period ended 31<sup>st</sup> March 2025.

From a sensitivity analysis point of view, if the pessimistic scenario was changed by +10% / -10%, ECL would change by +14 / -22 million AED.

##### *LIBOR transition*

The Group has transitioned to Alternative Reference Rates (ARR) under the supervision of a cross-functional working committee, which includes representatives from Risk, Finance, Technology, Legal, Marketing and relevant business units. Group's transition program to robust Risk-Free Reference Rates is complete.

The Group do not hold any transaction linked to LIBOR

### 4.3 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].

### 4.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

### 5. Financial assets measured at fair value

i) Financial assets measured at fair value through profit and loss (FVTPL):

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
Debt securities	1,816,298	895,716
Equities		
Quoted	2,952	23,689
Unquoted	1,058	1,032
Funds	1,335,994	1,326,137
	<b>3,156,302</b>	<b>2,246,574</b>

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2025 to 30 June 2025 (continued)**

**5. Financial assets measured at fair value (continued)**

ii) Financial assets measured at fair value through other comprehensive income (FVTOCI):

	<b>30 June 2025 (Unaudited) AED'000</b>	31 December 2024 (Audited) AED'000
Debt securities	15,606,488	23,001,663
<i>Equities</i>		
Quoted	859,795	755,933
Unquoted	83,612	79,946
Funds	320,838	243,418
	<u>16,870,733</u>	<u>24,080,960</u>
<b>Total financial assets measured at fair value</b>	<u><b>20,027,035</b></u>	<u><b>26,327,534</b></u>

- a) At 30 June 2025, debt securities held at FVTOCI includes the allowance for expected credit loss amounting to AED 11 million (31 December 2024: AED 11 million) and is recorded as stage 1.
- b) During the period from 1 January 2025 to 30 June 2025, dividends received from financial assets measured at FVTOCI amounting to AED 56.7 million (period ended 30 June 2024: AED 45 million) were recognised as net investment income in the condensed consolidated statement of profit or loss.
- c) During the period, the Group has sold certain financial assets measured at fair value through other comprehensive income resulting in gain of AED 22 million (period ended 30 June 2024: gain of AED 24 million) on the sale. The Group also recognized a net fair value gain of AED 55 million resulting from the effective fair value hedge achieved towards certain debt instruments measured at FVTOCI.
- d) At 30 June 2025, certain financial assets measured at fair value included debt securities with an aggregate carrying value of AED 705 million (31 December 2024: carrying value of AED 536 million) which were collateralized as at that date against repurchase agreements with banks ("Repo") of AED 614 million (31 December 2024: AED 486 million)

**6. Securities measured at amortised cost**

	<b>30 June 2025 (Unaudited) AED'000</b>	31 December 2024 (Audited) AED'000
Debt securities	16,435,960	9,827,791
Less: Allowance for impairment	(56,336)	(30,674)
<b>Total securities measured at amortised cost</b>	<u><b>16,379,624</b></u>	<u><b>9,797,117</b></u>

- a) At 30 June 2025 certain financial assets measured at amortised cost with an aggregate carrying value of AED 2,626 million (fair value of AED 2,658 million) [ 31 December 2024: Carrying value of AED 743 million (fair value of AED 773 million)] which were collateralized as at that date against repurchase agreements with banks ("Repo") of AED 2,397 million (31 December 2024: AED 683 million).

**7. Loans and advances to customers**

a) The analysis of the Group's Loans and advances to customers is as follows:

	<b>30 June 2025 (Unaudited) AED'000</b>	31 December 2024 (Audited) AED'000
Loans	104,520,355	96,996,669
Overdrafts	5,224,994	4,024,512
Credit cards	3,661,865	3,666,857
Others	945,182	893,460
<b>Total</b>	<u><b>114,352,396</b></u>	<u><b>105,581,498</b></u>
Less: Allowance for impairment	<u><b>(2,408,889)</b></u>	<u><b>(2,500,652)</b></u>
	<u><b>111,943,507</b></u>	<u><b>103,080,846</b></u>

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2025 to 30 June 2025 (continued)**

**7. Loans and advances to customers (continued)**

b) The analysis of Loans and advances to customers by industry sector is as follows:

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
Manufacturing	26,169,584	23,133,877
Construction	11,069,658	8,906,290
Trade	23,014,614	21,960,671
Services	15,723,910	15,632,555
Financial institutions	5,949,921	4,953,676
Personal	11,683,603	10,859,373
Residential mortgage	12,673,808	11,089,651
Government and related enterprises	8,067,298	9,045,405
	<b>114,352,396</b>	<b>105,581,498</b>
Less: Allowance for impairment	<b>(2,408,889)</b>	<b>(2,500,652)</b>
	<b>111,943,507</b>	<b>103,080,846</b>

c) The movements in the allowance for impairment on Loans and advances to customers are as follows:

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
At beginning of the period/year	2,500,652	2,624,687
(Reversal)/impairment allowance for the period/year	(38,260)	58,683
Exchange and other adjustments	6,274	44,032
Written off during the period/year	(59,777)	(226,750)
<b>At end of the period/year</b>	<b>2,408,889</b>	<b>2,500,652</b>

d) The allowance for impairment includes a specific provision of AED 1,519 million for stage 3 loans of the Group as at 30 June 2025 (31 December 2024: AED 1,585 million).

**8. Islamic financing and investment products measured at amortised cost**

a) The analysis of the Group's Islamic financing and investment products measured at amortised cost is as follows:

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
<b>Financing</b>		
Murabaha	17,888,335	17,473,960
Ijarah	3,727,860	3,639,102
	<b>21,616,195</b>	<b>21,113,062</b>
<b>Investment</b>		
Wakalah	2,799,571	2,898,718
<b>Total</b>	<b>24,415,766</b>	<b>24,011,780</b>
Less: Unearned income	<b>(2,168,936)</b>	<b>(2,259,031)</b>
Allowance for impairment	<b>(69,918)</b>	<b>(75,198)</b>
	<b>22,176,912</b>	<b>21,677,551</b>

b) The analysis of Islamic financing and investment products measured at amortised cost by industry sector is as follows:

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
Manufacturing	3,810,207	3,291,508
Construction	2,554,950	1,905,384
Trade	1,047,705	1,192,918
Services	5,112,292	5,631,988
Financial institutions	911,494	1,214,657
Personal	6,332,575	6,532,409
Residential mortgage	1,140,374	1,035,913
Government and related enterprises	3,506,169	3,207,003
<b>Total</b>	<b>24,415,766</b>	<b>24,011,780</b>
Less: Unearned income	<b>(2,168,936)</b>	<b>(2,259,031)</b>
Allowance for impairment	<b>(69,918)</b>	<b>(75,198)</b>
	<b>22,176,912</b>	<b>21,677,551</b>

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 8. Islamic financing and investment products measured at amortised cost (continued)

c) The movement in the allowance for impairment of Islamic financing and investment products measured at amortised cost are as follows:

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
At beginning of the period/year	75,198	349,088
Reversal of impairment allowance for the period/year	(10,793)	(249,032)
Exchange and other adjustments	5,513	(24,858)
<b>At end of the period/year</b>	<b>69,918</b>	<b>75,198</b>

d) The allowance for impairment includes a specific provision of AED 23 million for stage 3 Islamic financing and investment exposure of the Group as at 30 June 2025 (31 December 2024: AED 34 million).

### 9. Investment properties

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
<b>At fair value</b>		
At beginning of the period/year	151,620	502,047
Change in fair value during the period/year	(50)	10,426
Sale of investment property	(1,550)	(360,853)
<b>At end of the period/year</b>	<b>150,020</b>	<b>151,620</b>

### 10. Property and equipment & Intangible assets

During the period, the Group purchased various types of property, equipment and intangible assets totaling AED 123 million (period ended 30 June 2024: AED 96 million) and disposed of various types of these assets' net book value of AED 12 million (period ended 30 June 2024: AED 18 million).

### 11. Deposits and balances due to banks

The analysis of deposits and balances due to banks is as follows:

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
Time	28,623,045	28,230,111
Demand	11,615,472	9,289,142
Overnight	8,295,597	5,855,063
	<b>48,534,114</b>	<b>43,374,316</b>

### 12. Customers' deposits

The analysis of customers' deposits is as follows:

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
Current and other accounts	98,015,701	86,176,336
Saving accounts	14,911,642	11,204,167
Time deposits	45,294,459	46,184,290
	<b>158,221,802</b>	<b>143,564,793</b>

### 13. Islamic customers' deposits

The analysis of Islamic customers' deposits is as follows:

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
Current and other accounts	9,134,468	8,267,801
Saving accounts	446,060	523,524
Time deposits	9,842,547	8,583,576
	<b>19,423,075</b>	<b>17,374,901</b>

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 13. Islamic customers' deposits (continued)

The amount under time deposits include AED 16 million relating to Investment risk reserve (IRR) (31 December 2024: AED 15.5 million).

Movement in the depositors' IRR is given below

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
Balance at the beginning of the period/year	15,480	14,041
Profit earned on IRR (invested amount)	169	164
Addition to the IRR (Transfer)	378	1,275
Amount allocated (from IRR) to the Depositors	-	-
Balance at the end of the period/year	16,027	15,480

### 14. Medium-term loans

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
Medium term notes	1,534,165	2,071,501

The maturities of the medium-term notes (MTNs) issued under the programme are as follows:

Year	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
2025	155,598	699,760
2026	73,460	73,460
2027	98,900	96,850
2028	415,049	415,049
2029	791,158	786,382
	1,534,165	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 six-month period ended 30 June 2025, medium-term notes of AED 537 million were redeemed (31 December 2024: 4billion).

### 15. Issued and paid up capital and other reserves

#### Issued and paid up capital

As at 30 June 2025 and 31 December 2024, 200,609,830 ordinary shares of AED 10 each were fully issued and paid up.

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 issued and paid up capital amounting to AED 4.2 billion (31 December 2023: AED 3.7 billion).

	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
<b>2025</b>							
As at 1 January	1,027,494	312,000	7,718	1,495,000	(1,169,367)	(2,032,298)	(359,453)
Other comprehensive income/(loss)	-	-	(1,356)	-	21,813	84,325	104,782
Transfer from investment revaluation reserve to retained earnings	-	-	-	-	-	58,552	58,552
Transfer from Impairment reserve to retained earnings	-	-	-	(10,000)	-	-	(10,000)
Other movements	-	-	-	-	(5,799)	-	(5,799)
<b>As at 30 June</b>	<b>1,027,494</b>	<b>312,000</b>	<b>6,362</b>	<b>1,485,000</b>	<b>(1,153,353)</b>	<b>(1,889,421)</b>	<b>(211,918)</b>

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 15. Issued and paid up capital and other reserves (continued)

#### Other reserves

The movement in these reserves is as follows:

	Statutory and legal reserve	General reserve	Insurance finance income and expenses reserve	Impairment reserve - General*	Currency translation reserve	Investment revaluation reserve	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	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 income/(loss)	-	-	343	-	(1,735)	(160,856)	(162,248)
Transfer from investment revaluation reserve to retained earnings	-	-	-	-	-	10,373	10,373
Transfer from impairment reserve to retained earnings	-	-	-	(22,000)	-	-	(22,000)
As at 30 June	<u>1,027,494</u>	<u>312,000</u>	<u>8,797</u>	<u>1,108,000</u>	<u>(136,050)</u>	<u>(1,926,868)</u>	<u>393,373</u>

#### \*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. The amount held in the impairment reserve-general is deducted from the capital base (Tier 1 capital for Banks) when computing the regulatory capital.

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
Regulatory general provision - under CBUAE circular 28/2010	<u>2,798,134</u>	<u>2,560,746</u>
Aggregate expected credit loss for stage 1 and 2	<u>1,319,790</u>	<u>1,252,699</u>
Impairment reserve - General	<u>1,485,000</u>	<u>1,495,000</u>
<b>At end of the period/year</b>	<u><b>2,804,790</b></u>	<u><b>2,747,699</b></u>

### 16. Non-controlling interests

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
At beginning of the period/year	1,067,429	984,431
Share of profit for the period/year	68,339	100,175
Share of other comprehensive income for the period/year	16,979	19,113
Dividend paid	(32,549)	(32,675)
Transaction with NCI	(115)	(3,615)
<b>At end of the period/year</b>	<u><b>1,120,083</b></u>	<u><b>1,067,429</b></u>

### 17. General and administrative expenses

General and administrative expenses include senior management remuneration and director fees of AED 45 million for the six-month period ended 30 June 2025 (six-month period ended 30 June 2024: AED 39 million).

### 18. 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 period:

	30 June 2025 (Unaudited) AED'000	30 June 2024 (Unaudited) AED'000
Profit for the period attributable to owners of the Parent	3,403,996	4,002,626
Less: Coupons paid on Tier one Capital	(112,256)	(46,832)
Net adjusted profit for the period attributable to owners of the parent	<u>3,291,740</u>	<u>3,955,794</u>
Weighted average number of shares in issue	200,609,830	200,609,830
Basic earnings per share (AED)	16.41	19.72

There were no potentially dilutive shares as of 30 June 2025 and 30 June 2024.

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 19. 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:

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000	30 June 2024 (Unaudited) AED'000
Cash on hand	1,683,906	1,762,079	1,457,942
Current accounts and other balances with central banks	27,669,623	23,620,228	21,781,558
Certificates of deposit maturing within 3 months	-	400,000	400,000
Loans and advances to banks with original maturity of less than 3 months	12,662,213	13,168,059	12,846,542
	<b>42,015,742</b>	<b>38,950,366</b>	<b>36,486,042</b>

### 20. Contingent liabilities and commitments

The analysis of the Group's contingent liabilities is as follows:

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
Guarantees	26,784,001	23,677,271
Letters of credit	18,538,017	14,633,158
Irrevocable undrawn credit facilities commitments	15,572,373	14,696,468
	<b>60,894,391</b>	<b>53,006,897</b>

### 21. Derivative financial instruments

These derivative financial instruments are based on observable market inputs- i.e. Level 2:

	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000
<b>30 June 2025 (Unaudited)</b>			
<b>Held for trading</b>			
Forward foreign exchange contract	669,078	542,852	139,868,294
Foreign exchange options (bought)	61,245	61,245	2,656,451
Foreign exchange options (sold)	-	-	2,255,144
Interest rate swaps	1,160,595	848,022	35,422,315
Credit default swaps	-	1,526	18,181
Currency swap	1,493	8,232	2,423,253
Futures contracts purchased (Customer)	87	3,255	119,762
Futures contracts sold (Customer)	5,590	3,352	433,278
Futures contracts purchased (Bank)	4,080	87	252,372
Futures contracts sold (Bank)	3,583	7,009	746,082
Total	<b>1,905,751</b>	<b>1,475,580</b>	<b>184,195,132</b>
<b>Fair value hedge</b>			
Interest rate swaps	7,539	7,773	450,581
Total	<b>1,913,290</b>	<b>1,483,353</b>	<b>184,645,713</b>



**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2025 to 30 June 2025 (continued)**

**21. Derivative financial instruments (continued)**

	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000
<i>31 December 2024 (Audited)</i>			
<i>Held for trading</i>			
Forward foreign exchange contract	508,388	671,981	132,677,376
Foreign exchange options (bought)	44,618	44,617	2,228,846
Foreign exchange options (sold)	-	-	1,612,346
Interest rate swaps	1,708,548	849,055	36,570,624
Credit default swaps	-	4,426	55,095
Currency swap	6,468	3,609	1,356,105
Futures contracts purchased (Customer)	8,528	8,251	731,388
Futures contracts sold (Customer)	32	3,356	158,113
Futures contracts purchased (Bank)	8,251	8,757	811,859
Futures contracts sold (Bank)	3,356	32	158,113
Total	2,288,189	1,594,084	176,359,865
<i>Held as fair value hedge</i>			
Interest rate swap	9,481	75,172	917,289
Total	2,297,670	1,669,256	177,277,154

Derivatives with positive fair value and negative fair value are included in other assets balance and other liabilities balance respectively.

There were no transfers between levels during the period.

**22. Seasonality of results**

No income of a seasonal nature was recorded in the condensed consolidated interim financial information for the six-month periods ended 30 June 2025 and 2024, respectively.

**23. 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 condensed consolidated statement of financial position are as follows:

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
<b>Balances with major shareholders</b>		
Loans and advances	2,465,665	2,506,660
Deposits/financial instruments under lien	1,684,099	1,647,558
Letter of credit and guarantees	1,436,995	1,576,704
<b>Balances with directors and key management personnel</b>		
Loans and advances	149,972	153,630
Deposits/financial instruments under lien	478,922	364,947
Letter of credit and guarantees	10,640	7,212
<b>Balances with associates and joint venture</b>		
Loans and advances	188,267	376,534
Deposits/financial instruments under lien	40,055	26,031
Letter of credit and guarantees	-	25,000

- c) Profit for the period includes related party transactions as follows:

	Period from 1 January 2025 to 30 June 2025 (Unaudited) AED'000	Period from 1 January 2024 to 30 June 2024 (Unaudited) AED'000
<b>Transactions with major shareholders</b>		
Interest income	54,643	84,578
Interest expense	4,540	19,236
Other income	23,848	13,269
<b>Transactions with directors and key management personnel</b>		
Interest income	4,035	3,022
Interest expense	2,621	1,431
Other income	172	1
<b>Transactions with associates and joint venture</b>		
Other income	1	2

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 24. 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.

	Period from 1 January 2025 to 30 June 2025 (Unaudited)				
	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	1,607,107	1,388,727	758,112	207,396	3,961,342
Fee and commission, net investment and other income	1,039,723	773,030	102,763	310,615	2,226,131
<b>Operating income</b>	<b>2,646,830</b>	<b>2,161,757</b>	<b>860,875</b>	<b>518,011</b>	<b>6,187,473</b>
General and administrative expenses	(643,281)	(959,981)	(82,054)	(180,916)	(1,866,232)
<b>Operating profit before impairment</b>					<b>4,321,241</b>
Allowances for impairment, net					(244,780)
<b>Profit before taxes</b>					<b>4,076,461</b>
Tax expense					(604,126)
<b>Profit for the period</b>					<b>3,472,335</b>
<b>Attributed to:</b>					
Owners of the Parent					3,403,996
Non-controlling interests					68,339
					<b>3,472,335</b>
	30 June 2025 (Unaudited)				
Segment Assets	161,039,913	34,945,228	63,950,650	33,699,017	293,634,808
Segment Liabilities	120,182,320	87,153,528	27,389,907	21,913,246	256,639,001

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2025 to 30 June 2025 (continued)**

**24. Segmental information (continued)**

	Period from 1 January 2024 to 30 June 2024 (Unaudited)-restated				
	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	1,752,838	1,444,196	739,581	289,229	4,225,844
Fee and commission, net investment and other income	974,574	799,783	82,746	44,507	1,901,610
Operating income	<u>2,727,412</u>	<u>2,243,979</u>	<u>822,327</u>	<u>333,736</u>	<u>6,127,454</u>
General and administrative expenses	(570,388)	(909,571)	(69,882)	(123,310)	(1,673,151)
Operating profit before impairment					4,454,303
Allowances for impairment, net					44,881
Profit before taxes					4,499,184
Tax expense					(446,745)
Profit for the period					<u>4,052,439</u>
Attributed to:					
Owners of the Parent					4,002,626
Non-controlling interests					49,813
					<u>4,052,439</u>
	31 December 2024 (Audited)- restated				
Segment Assets	<u>145,352,620</u>	<u>31,958,290</u>	<u>59,652,552</u>	<u>30,489,696</u>	<u>267,453,158</u>
Segment Liabilities	<u>120,813,545</u>	<u>74,432,274</u>	<u>22,672,148</u>	<u>11,754,997</u>	<u>229,672,964</u>

**25. Fair value 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.

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2025 to 30 June 2025 (continued)**

**25. Fair value of financial instruments (continued)**

*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:

	<b>Fair value as at</b>		<b>Fair value hierarchy</b>
	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (audited) AED'000</b>	
<b>Financial assets measured at FVTPL</b>			
Quoted debt investments	625,145	165,624	Level 1
Quoted equity investments	2,952	23,689	Level 1
Unquoted debt investments	1,191,153	730,092	Level 2
Funds	1,335,994	1,326,137	Level 2
Unquoted equity investments	1,058	1,032	Level 3
	<b>3,156,302</b>	<b>2,246,574</b>	
<b>Financial assets measured at FVTOCI</b>			
	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (audited) AED'000</b>	<b>Fair value hierarchy</b>
Quoted debt investments	15,606,488	23,001,663	Level 1
Quoted equity investments	859,795	755,933	Level 1
Funds	320,838	243,418	Level 2
Unquoted equity investments	83,612	79,946	Level 3
	<b>16,870,733</b>	<b>24,080,960</b>	
	<b>20,027,035</b>	<b>26,327,534</b>	

There were no transfers between Level 1 and 2 during the period.

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTPL:

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
Balance at the beginning of the period/year	1,032	1,132
Purchases	-	344
Change in fair value	26	(444)
<b>Balance at the end of the period/year</b>	<b>1,058</b>	<b>1,032</b>

Reconciliation of Level 3 fair value measurement of other financial assets measured at FVTOCI:

	<b>30 June 2025 (Unaudited) AED'000</b>	<b>31 December 2024 (Audited) AED'000</b>
Balance at the beginning of the period/year	79,946	56,049
Purchases	4,132	38,371
Disposals/matured	(120)	(1,103)
Change in fair value	(346)	(13,371)
<b>Balance at the end of the period/year</b>	<b>83,612</b>	<b>79,946</b>

Gains and losses included in the condensed consolidated interim statement of comprehensive income include unquoted investments in equity instruments held at the end of the reporting period and are reported as changes of 'investment revaluation reserve'.

## Notes to the condensed consolidated interim financial information for the period from 1 January 2025 to 30 June 2025 (continued)

### 26. Capital adequacy ratio

As per the Central bank regulation for Basel III, the Bank is required to comply with the following minimum capital requirement:

- i) CET1 must be at least 7% of risk weighted assets (RWA);
- ii) Tier 1 capital must be at least 8.5% of risk weighted assets (RWA); and
- iii) Total capital, calculated as sum of Tier 1 capital and Tier 2 capital must be at least 10.5% of risk weighted assets (RWA).
- iv) In addition, banks are required to maintain a capital conservation buffer (CCB) of 2.5% of risk weighted assets (RWA) and Countercyclical Buffer (CCYB), calculated based on geographic composition of the bank's portfolio of credit exposures, in the form of CET 1.

The capital adequacy ratio is computed based on circulars issued by the U.A.E. Central Bank as per Basel III.

	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
<b>Capital base</b>		
Common Equity Tier 1 capital	31,012,268	27,635,201
Additional tier 1 capital (AT1)	2,938,400	2,938,400
Tier 2 capital	2,929,635	2,874,943
<b>Total capital base (A)</b>	<b>36,880,303</b>	<b>33,448,544</b>
	30 June 2025 (Unaudited) AED'000	31 December 2024 (Audited) AED'000
<b>Risk-weighted assets</b>		
Credit risk	186,542,262	170,716,431
Market risk	4,046,074	2,679,453
Operational risk	19,559,260	17,861,805
<b>Total risk-weighted assets (B)</b>	<b>210,147,596</b>	<b>191,257,689</b>
<b>Capital adequacy ratio (%) [(A)/(B) x 100]</b>	<b>17.55%</b>	<b>17.49%</b>

### 27. Corporate tax

On 9 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 a new Corporate Tax (CT) regime in the UAE. The new CT regime became effective for accounting periods beginning on or after 1 June 2023. The taxable income of the entities that are in scope for the UAE CT purposes are subject to 9% CT rate.

Recently, in order to align with OECD's Global Minimum Tax effort (Pillar Two), the UAE Ministry of Finance (MoF) has introduced a Domestic Minimum Top-Up Tax of 15% for Multinational Enterprises (MNEs) with effect from financial years starting on or after 1<sup>st</sup> January 2025. Mashreq and its subsidiaries/branches are in scope of Pillar Two legislation as it operates in certain jurisdictions that have enacted or substantively enacted Pillar Two legislation and its consolidated revenue exceeds €750 million threshold.

The Group estimates the following current tax expense and top-up taxes related to Pillar Two for the period ended 30 June 2025:

Particulars	Amount (AED' M)
Group Corporate Taxes	408
Top-up Taxes in the jurisdictions that have enacted or substantively enacted Pillar Two legislation effective 1 <sup>st</sup> January 2025	196
<b>Total</b>	<b>604</b>

The Effective Tax Rate (ETR) for the period ending 30 June 2025 is 14.82% (30 June 2024: 9.93%). 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 30 June 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.

### 28. Additional Tier 1 capital securities

In July 2022, the Bank issued US\$ 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 US\$ 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.

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2025 to 30 June 2025 (continued)****29. Subordinated debt**

In November 2022, the Bank issued US\$ 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 per cent, 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.

**30. 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 per cent. The Sukuk represents Mashreq's first Shariah compliant issuance in the international capital markets through a USD 2.5 billion Sukuk Programme.

**31. Subsequent events**

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information as at and for the six-month period ended 30 June 2025.

**32. Approval of condensed consolidated interim financial information**

The condensed consolidated interim financial information for six-month period ended 30 June 2025 were approved by the Board of Directors on 29 July 2025.