Beyond Vision: Growing to
Global Excellence

Rise every day

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المشرق

2024 Annual Report

His Highness Sheikh Mohammed Bin Zayed Al Nahyan

President of the United Arab Emirates and Ruler of Abu Dhabi

His Highness Sheikh Mohammed Bin Rashid Al Maktoum

Vice President & Prime Minister of the United Arab Emirates and Ruler of Dubai

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01. Mashreq Overview

2024 Mashreq Annual Report Introduction

Beyond vision: Growing to Global Excellence

2024 was a transformative year for Mashreq. Guided by a clear strategy built around key pillars of innovation, customer-centricity, resilience and regional leadership, we continued to deliver meaningful value to our stakeholders, serving as partners in their growth and creating lasting value.

Building for the Future

In 2024, Mashreq continued its strategic evolution across three pivotal dimensions:

- **Globally:** Establishing our presence as a niche wholesale bank in key financial hubs, focusing on trade corridors, selective private banking services, and expanding our footprint into emerging markets like Oman and Pakistan while introducing new capabilities in existing markets like Egypt and UK.
- **Regionally:** Emerging as the 'go-to' wholesale bank for the GCC and a digital banking leader in various MENA markets through innovative solutions, including the expansion of our NEO platform. Mashreq became the fastest-growing brand in the Middle East, among the top 500 banks as per Brand Finance, a leap of 120 ranks in 3 years.
- **Locally:** Cementing our status as one of the UAE's leading universal banks, poised for both organic and inorganic growth.

This progress is a demonstration of our Rise Every Day ethos, encapsulating our mission to empower individuals and businesses to rise to new heights each day. In 2024, this translated into:

- Reinforcing resilience in operations
- Innovation and Digital Excellence
- Shareholder Value Maximisation
- Superior Experiences for both employees (EX) and customers (CX)
- Leading the charge on ESG and sustainable finance.

Creating Sustainable Value

Our integrated strategy combines operational resilience with digital transformation, ensuring sustainable growth and enhanced stakeholder returns. Aligned with environmental, social, and governance (ESG) principles, we remain committed to embedding sustainability across all areas of our business under the Climb2Change umbrella.

Strengthening Governance and Risk Management

Strong governance and a disciplined approach to risk are the cornerstones of Mashreq's success. Through our Group Risk Management Framework, we proactively address challenges while maintaining robust capital strength to support our ambitions and those of our customers.

Investing in Talent and Innovation

Our people are the driving force behind our success. With tailored development programmes and cutting-edge learning platforms, we continue to foster a culture of innovation and empower our employees to achieve excellence in every interaction.

As we approach 2025, Mashreq remains steadfast in its mission to advance the future of banking and solidify its position as a truly, future-ready financial institution. By building operational resilience, driving sustainable growth, leveraging cutting-edge innovation, we will continue to deliver outstanding experiences for our customers, build an agile, resilient and globally connected institution, creating meaningful progress for our stakeholders.

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Mashreq at a Glance

As one of the UAE's most forward thinking financial institutions, Mashreq has built a legacy of innovation, resilience, and excellence for over five decades.

With a bold vision and a relentless focus on sustainable growth, we continue to deliver market-leading financial solutions, drive long-term value for our stakeholders, and set new benchmarks in banking - regionally and globally.

Key Metrics

AED 9.9 Billion
Net Profit Before Tax

AED 13.4 Billion
Operating Income

12%
Net Profit Before Tax Growth

30%
Operating Profit Growth

17.5%
Capital Adequacy Ratio

18%
Loans & Advances Growth

10%
Deposits Growth (CASA 66%)

29%
Return on Equity

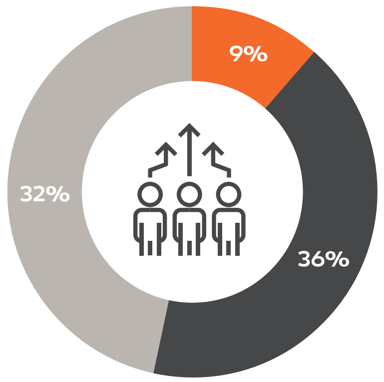
1.35%
NPL to Gross Loans Ratio

28%
Cost to Income Ratio

Ownership Structure

Saif Al Ghurair Investment Group	41.5%
Abdullah Ahmed Al Ghurair Investment Company LLC	31.1%
Masar Investment Limited	12.7%
Other	14.6%

Contribution to Operating Income by Segment



	AED
Corporate & Investment Banking Group	4.8Bn
Treasury and Capital Markets	1.2Bn
Retail Banking Group	4.3Bn

ESG Ratings

SUSTAINALYTICS
28.6
Medium Risk

KNOWESG
57
Good

Credit Ratings

FitchRatings
A

STANDARD &POOR'S
A-

MOODY'S
A3

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Mashreq History

1967

- Al Ghurair family establishes Bank of Oman in Deira
- Second branch opens in Bur Dubai

1971

- First overseas branch opens in Qatar
- Third branch opens in Al Ain

1978

- Expansion into Egypt, Pakistan, London and Hong Kong
- First local bank to have presence in all 7 emirates

1983

- First ATM dispenser in the UAE

1989

- New branch opens in New York
- Telebanking service launched

1993

- Name changed from Bank of Oman to "Mashreq Bank" and a new logo

2000

- Publicly Listed on DFM

2012

- First bank to offer Instant Banking
- Completed 100% Emiratisation across Branch Managers

2017

- Marks 50th Anniversary
- UAE's first full-fledged digital bank - Mashreq Neo

2021

- Mashreq Global Network launched in Egypt, India, and Pakistan
- New branch opens in Shanghai

2022

- The only bank in the MENA region to sponsor COP27
- Inaugural $300 million AT1 notes & $500 million in Tier 2 notes

2023

- Launch of Mashreq Innovation Hub
- Mashreq named 1st Best Performing Bank in the UAE by The Banker

2024

- Moody's ratings upgrade to A3, changes outlook to stable
- Mashreq Egypt launches Mashreq NEO segment
- Best Digital Bank in the Middle East by Euromoney for 5th consecutive year

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Global **Footprint**

Mashreq fosters a culture of innovation and collaboration, uniting world-class talent across multiple locations to enhance customer experiences.

Our Mashreq Global Network—spanning India, Egypt, Pakistan, the Middle East, and global financial hubs—delivers innovative, process-driven solutions, reinforcing our leadership in digital banking.

Middle East & Africa

Global Headquarters

Dubai, UAE

Branches

Egypt
Kuwait
Bahrain
Qatar
Oman

Europe & Americas

Branches

New York, USA
London, UK

Asia Pacific

Branches

India
Hong Kong

Representative Offices

Pakistan
Nepal
Bangladesh
Shanghai, China

Centers of Excellence

Pakistan
India

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2024
Achievements

Global Banking & Finance Awards
- Banking Group Brand of the Year MENA 2024
- Most Innovative ESG Initiative (Climb2Change) MENA 2024

Global Banking & Finance Awards
- Islamic Banking CEO of the Year UAE 2024
- Best Islamic Retail Bank UAE 2024
- Best Digital Islamic Bank Middle East 2024
- Most Innovative Islamic Retail Banking App (Mashreq NEO) Middle East 2024
- Best Islamic Bank Transformation Middle East 2024
- Best Islamic Bank Digital Transformation Middle East 2024

MENA Digital Awards
- Best Integrated Digital Campaign – Climb2Change (Gold)
- Best Digital Cause Marketing – Climb2Change (Gold)
- Best Use of Digital in the Financial & Banking sector - NEO NXT (Silver)
- Best Viral Campaign – AED 1 Specials Campaign (Bronze)

Middle East Technology Excellence Awards 2024:
- Digital Banking category - Successful launch of its digital account onboarding journey that leverages the Banking-as-a-Service (BaaS) concept in Egypt
- API - Banking category - Global Non-Resident platform for account opening

Most Innovative Company in the Middle East by Fast Company Middle East for the second year in a row.
- The Most Innovative Companies in Social Good – Climb2Change
- The Most Innovative Companies in Corporate Social Responsibility – Climb2Change

Enterprise AI Tech Awards
- Best use case customer insights analytics – FX use case business banking

5th Annual Business Tabloid Awards
- Excellence in Customer Service
- Best Digital Banking Experience

Mashreq Gold Lounge at Dubai Internet City is now LEED V4 ID+C Gold certified

Bonds, Loans & ESG Capital Markets Africa Award – Financial Institutions Debt House of the Year.

Global Finance:
- Most Innovative Financial Institution in the Middle East

Asian Banking and Finance:
- Automation Initiative of the Year, UAE

The Digital Banker
- Best Transaction banking innovation lab
- Best Data Analytics initiative
- Best Gen AI Initiative

Middle East Banking AI & Analytics:
- Best Use Case of Predictive Analytics for 2024
- Best Use-case of AI and Analytics in Hyper-personalisation for 2024

Gartner Eye on Innovation: Eagle Eye

Forbes Middle East - Most Sustainable Projects in the Middle East
- Most Sustainable Project in the Middle East Banking and Financial Services - Climb2Change

Mashreq Global Network India named 'Great Place to Work® (GPTW)' certification, for the third consecutive year

Islamic Retail Banking Awards (IRBA)
- Mashreq Al Islami the Best Islamic Retail Banking Brand in the UAE for 2024

Global Islamic Finance Awards (GIFA)
- Islamic Banking Window Operations
- Best Islamic Digital Banking Award

The Annual Global Economics Awards 2024
- Best Private Bank
- Best Digital Bank

Euromoney Cash Management 2024:
- Bahrain's Best Cash Management Bank
- Qatar's Best Cash Management Bank
- Bahrain's Best Cash Management Bank for Client Service
- Bahrain's Best Bank for Cash Management Products
- Bahrain's Best Bank for Cash Management Technology
- Lebanon's Best Cash Management Bank for Client Service
- Lebanon's Best Bank for Cash Management Products
- Qatar's Best Cash Management Bank for Client Service
- Qatar's Best Bank for Cash Management Products
- Qatar's Best Bank for Cash Management Technology

MEA Finance Leaders in Payments Awards 2024
- Best Open Banking Payments Project
- Best Instant Payments Technology Implementation
- Best Digital Collections Platform for Corporate Banking
- Payment Innovation of the Year - UAE

Global Finance's Innovators 2024 Awards
- Most Innovative Financial Institution in the Middle East
- Non-Resident Platform for Account Opening
- Carbon Footprint calculator
- Digital Thematic Investments

Global Private Banking Innovation Awards
- Best Private Bank for Funds
- Best Private Bank – UAE (Ha)
- Best Private Bank – Digital Innovation (Ha)
- Outstanding Mobile Banking Initiative (Ha)

Asian Banking & Finance Retail Banking Awards
- Private Bank of the Year – UAE
- SME Bank of the Year - UAE
- Best Open Banking Initiative

Private Banker International Global Wealth Awards
- Outstanding Private Bank - Middle East

Global Retail Banking Innovation Awards 2024
- Mortgage Product of the Year
- Best Digital Account – Insurance
- Best SME Bank – United Arab Emirates
- Best SME Bank – Middle East
- Best Digital Bank – United Arab Emirates
- Best Digital Bank – Middle East
- Best e-KYC
- Best Digital Sales Initiative
- Best New Product Launch of the Year – Islamic
- Credit Card of the Year – Cashback
- Best Open Banking Initiative
- Best Digital Account
- Highly Acclaimed: Best Hybrid Wealth Management Offering

Annual Global Economics Awards
- Best Private Bank- United Arab Emirates
- Best Digital Bank

Top 1000 Global Bank Rankings 2024 by The Banker
- Best Performing Bank in the UAE (Second Consecutive Year)
- First in the Middle East for Return on Capital
- First in the Middle East for Return on Assets

World Finance Corporate Governance Awards
- Best Corporate Governance in the UAE

International Finance Awards
- Most Innovative Islamic Banking Product - Nature Saver - UAE 2024
- Most Innovative Islamic Banking Window - UAE 2024

MEED's MENA Banking Excellence Awards
- Excellence in Client On-Boarding

MEA Finance Banking Technology Awards
- Digital Banking Innovation of the Year
- Best Neobank
- Best Open Banking & API Implementation
- Most Innovative Emerging Technology Implementation
- Best Innovation in Investment Banking

Customer Experience Live Show Middle East 2024
- Best Use of Technology in a Contact Center

Brand Finance:
- Mashreq - Fastest-growing Middle East banking brand
- Mashreq NEO - Strongest digital banking brand in the UAE

Euromoney Islamic Finance Awards
- Best Islamic Digital Bank Globally

Euromoney Awards for Excellence:
- Middle East's Best Digital Bank
- UAE's Best Digital Bank
- Bahrain's Best International Bank
- Egypt's Best Bank for SMEs

Digital CX Awards 2024
- Outstanding Implementation of Digital CX Initiative by a Team
- Outstanding Product Innovation in Digital CX
- Excellence in Customer Service Innovation
- Best Retail Consumer Loyalty Program for Digital CX

7th Middle East Banking AI & Analytics Summit & Awards
- Best Use of Virtual Assistants in Banking for 2024
- Best CTO of the Year 2024

EMEA Finance Middle East Banking Awards 2023
- Best Loan House in the UAE
- Best Foreign Bank in Bahrain
- Best Foreign Investment Bank in Kuwait
- Best Foreign Investment Bank in Oman

Global Business Outlook Awards 2023 – Mashreq Al Islami
- Most Innovative Islamic Banking Window Award

Global Diversity, Equity & Inclusion Benchmarks (GDEIB) Awards 2024 - MGN Pakistan
- 'Best Practices' in the categories of 'Recruitment' and 'Work-Life Integration, Flexibility and Benefits'

U.S. Green Building Council's Leadership in Energy and Environmental Design v4 Gold Certification – Mashreq Innovation Hub
- Interior Design and Construction: Commercial Interiors

Euromoney Private Banking
- Middle East's Best and UAE's Best for family office services

PWM Wealth tech awards by FT
- Best Private Bank for digitally empowering relationship Managers- Middle East

Euromoney Trade Finance Survey
- Market Leader in the UAE for the fourth consecutive year.
- Market Leader in the Middle East (Domestic)
- Market Leader and Best Service in Egypt
- Best Service in Bahrain, Kuwait and Pakistan

Global Private Banker WealthTech Awards – by FT
- Best Private Bank for Digitally Empowering Relationship Managers

UAE Internal Auditors Association (UAE IAA), an affiliate of the Global Institute of Internal Auditors (IIA):
- Generally Conforms – Egypt Internal Audit
- Generally Conforms – Mashreq Al Islami
- Generally Conforms – Mashreq UAE

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Chairman's Message

> *Looking ahead, Mashreq will continue to evolve, embracing digital innovation, and sustainable finance to create lasting value for our customers, communities, and stakeholders.*

Pioneering Growth in a Thriving UAE

2024 was a year of transformation for Mashreq, as we continued to flourish and remain agile amid global shifts.

The nation's forward-looking policies and resilient economic framework are a testament to its leadership's foresight and ambition. By spearheading digital innovation, fostering a dynamic entrepreneurial ecosystem, and advancing progressive regulatory reforms, the UAE has solidified its reputation as a leader in financial services, technology, and sustainability. These foundational strengths don't just fuel national growth - they create unparalleled opportunities for institutions like Mashreq to innovate, lead, and deliver enduring value.

Over the past year, we have expanded our digital capabilities, strengthened our international reach, and advanced our commitment to sustainable finance - developing solutions that enhance banking experiences across our markets. These milestones reflect more than just financial success - they demonstrate our commitment to innovation and the pursuit of excellence.

Sustainability remains integral to our strategy. Aligned with the UAE's Net Zero 2050 vision, we continue to champion ESG investments, financial inclusion, and responsible governance. Through initiatives like Climb2Change, we are taking decisive steps to drive meaningful, long-term impact for our communities and stakeholders.

Looking ahead, Mashreq will continue to evolve, embracing digital innovation, and sustainable finance to create lasting value for our customers, communities, and stakeholders.

By leveraging cutting-edge technologies and expanding our global presence, we are shaping a future that is financially prosperous, socially inclusive, and environmentally responsible.

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

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

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CEO's Message

A Year of Progress, A Future of Possibilities

2024 was a transformative year for Mashreq, marked by record-breaking financial performance, strategic global expansion, and a rapidly evolving economic landscape. Our ability to navigate complexity, embrace innovation, and drive sustainable growth has reinforced our position as a leading financial institution. Despite a challenging macroeconomic environment, Mashreq delivered AED 13.4 billion in revenue (24% YoY growth) and AED 9.9 billion in net profit before tax (up 12% from 2023). Our loan book expanded by 18%, while customer deposits grew by 10%, with 66% in CASA, reinforcing a strong funding base. Operating profit surged 30% to AED 9.7 billion, and with a 29% ROE, among the highest in the industry, we continue to create sustained value.

Resilience amidst a shifting global landscape

Last year, the global markets were shaped by inflationary pressures, evolving monetary policies, and geopolitical uncertainty. De-globalization, supply chain realignments, and energy transitions created both challenges and opportunities for financial institutions. Regionally, the GCC economies demonstrated resilience, supported by strong oil revenues, economic diversification, and government-led infrastructure investments. The introduction of a 15% corporate tax in the UAE marked a major regulatory shift, requiring financial institutions to adapt strategies while maintaining profitability. Mashreq successfully navigated these challenges through a diversified revenue base, disciplined cost management, and continued investment in digital transformation.

Financial strength and operational efficiency

Mashreq maintained strong performance despite evolving interest rate environments. Net interest income grew by 9%, while non-interest income surged by 63% to AED 5 billion, reflecting increased fee-based services, FX trading, and client engagement. Total operating income increased by 24%, reinforcing a well-balanced revenue mix. The introduction of the UAE's corporate income tax resulted in an AED 869 million tax expense, yet our ability to sustain a return on equity of 29% highlights our operational resilience. A cost-to-income ratio of 28% and a liquidity coverage ratio of 150% further reinforce our financial stability.

Expanding our international footprint

Mashreq remains the most international bank in the UAE, with a growing presence across high-potential markets and key global financial hubs. Our expansion into India, Pakistan, Hong Kong, and Egypt strengthens our role as a key enabler of cross-border trade and financial inclusion. The launch of NEO CORP in Bahrain, Kuwait, and Qatar has empowered businesses with next-generation financial solutions, while our partnerships with Retailtech such as Noon and Bigtech like e& are pioneering banking as a service in the region.

Beyond the region, our expertise in corporate banking, asset management, and digital banking allows us to capture market share in Europe and other key financial centers. By leveraging our international reach and strategic capabilities, Mashreq remains well-positioned to capitalize on global economic shifts and drive long-term value creation.

Driving Innovation and Sustainable Growth

Technology remains central to Mashreq's growth, reinforcing our leadership in digital banking and financial innovation. The expansion of NEO CORP across the GCC and the first-ever banking-as-a-service partnership in Egypt marks a significant milestone in reshaping the region's financial landscape. Our AI-powered financial advisory tools and blockchain-based trade finance solutions are setting new industry standards, while investments in cloud-native architecture and cybersecurity have further strengthened our resilience, scalability, and operational efficiency. With digital banking revenues forming an increasing share of total income, Mashreq is firmly positioned as a pioneer in financial technology, leveraging AI, blockchain, and banking-as-a-service to shape the future of banking with innovation, security, and sustainability.

Sustainability remains a core pillar of our strategy, with our commitment to facilitating AED 110 billion in sustainable finance by 2030 driving ESG-led growth. Our Climb2Change initiative has mobilized large-scale environmental efforts in Nepal, Pakistan, and Egypt, reinforcing our dedication to responsible banking and social impact.

Looking Ahead

As we enter 2025, Mashreq is focused on expanding its global presence, advancing AI and blockchain adoption, and deepening sustainability initiatives. With a clear vision for the future, we are well-positioned to lead with innovation, agility, and purpose. I extend my gratitude to our employees, customers, and stakeholders for their trust and partnership. Together, we continue to shape the future of banking.

Ahmed Abdelaal
Group Chief Executive Officer
Mashreq

AED 13.4 Bn
Revenue

AED 9.9 Bn
Net profit before tax

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02.
Strategic Review

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Strategic **Review**

Progress Anchored in Precision:
Mashreq's Strategic Edge.

We aspire to be the 'go-to' bank across the GCC, a niche wholesale player globally, and a leading universal bank within the UAE.

At Mashreq, strategy isn't just a playbook - it's a dynamic framework that drives resilience, agility, and sustainable growth.

In a world defined by constant disruption and evolving client demands, a clear and focused strategy is non-negotiable. It's our roadmap to achieving our vision: To be the region's most progressive bank, enabling innovative possibilities for colleagues, clients, and communities.

This vision sits within the Bank's DNA: a relentless pursuit of innovation, an unyielding commitment to creating lasting value, and a focus on cultivating deep, enduring client relationships. Our strategy doesn't just respond to change - it anticipates it, ensuring we're not only meeting today's expectations but shaping tomorrow's opportunities.

RISE Every Day: A Framework for Excellence

Our strategic focus is encapsulated in our RISE Every Day framework, which reflects the Bank's commitment to resilience, innovation and shareholder value. This framework underpins every initiative, shaping our journey towards achieving market leadership across local, regional, and global markets.

- **Resilient Operations:** Strengthening governance, promoting operational resilience, and embedding ESG principles into our operations ensures Mashreq continues to deliver stability and adaptability. Initiatives like Agile 2.0 and 'One Bank' foster collaboration and a unified customer experience.
- **Innovation and Digital Excellence:** Leveraging advanced digital technologies, artificial intelligence, and analytics, we simplify processes and enhance customer experiences. With initiatives like 100% Straight-Through Processing (STP) and ecosystem partnerships, the Bank positions itself as a data-driven, digitally forward organisation.
- **Shareholder Value Maximisation:** By pursuing above-market growth in key segments and maintaining disciplined cost management, we ensure sustainable returns for our shareholders. Strategic geographical diversification and risk-balanced decision-making are central to our approach.
- **Experience (EX & CX):** Elevating both employee and customer experiences remains pivotal. From personalising digital journeys to fostering diversity and inclusion, we're redefining service excellence while nurturing local talent for leadership roles.

A Progressive Vision Backed by Clear Objectives

We aspire to be the 'go-to' bank across the GCC, a niche wholesale player globally, and a leading universal bank within the UAE. Our tailored strategies reflect these ambitions, combining digital innovation with customer-centric approaches to penetrate and expand in key markets, including selective plays in private banking and ecosystem retail banking.

This clarity is further supported by Mashreq's evolution from 'We Make Banking SIMPLE' to 'RISE Every Day'. The rebranding signifies our belief in empowering lives and livelihoods through innovation and effort. By embracing resilience, digital transformation, and stakeholder value, we are building a future-ready banking model.

Integrated Risk and Capital Management

Another important part of our strategy is the Group Risk Management Framework (GRMF), ensuring a consistent and proactive approach to risk. With a strong governance structure rooted in the 'Three Lines of Defence', we integrate our Risk Appetite Statement (RAS) into all strategic decisions. This enables us to optimise risk-adjusted returns while maintaining capital buffers to withstand stress scenarios.

Capital planning aligns with our broader strategic objectives, ensuring regulatory compliance, business continuity, and resilience. By continually assessing risks, defining materiality, and enabling governance through committees, we deliver sustainable value and maintain our market leadership.

Pillars of Strategic Growth

Our four-pillar strategy - Digitisation and Innovation, Performance Excellence, Customer Centricity, and Conduct & Culture – gives us the impetus to excel in customer service while thriving on innovation. Examples include:

- **AI-Driven Customer Service Models:** Enhancing global self-service capabilities and introducing bots as primary customer support channels.
- **Customer Service Resilience:** Empowering teams to deliver exceptional service during crises.
- **Digital Journeys:** Transforming processes to improve efficiency and personalisation.

Sustainability at the Core

Sustainability is embedded in our strategy, aligning ESG initiatives with growth objectives. From launching ESG-compliant products to building community impact, Mashreq is committed to driving responsible banking practices that benefit stakeholders and the planet.

The Road Ahead

As we progress through our five-year plan, Mashreq's strategy reflects a commitment to bold innovation and responsible growth. The RISE framework equips us to address the complexities of a dynamic banking landscape, while our focus on governance, digitisation, and customer experience ensures we are well-positioned for sustained success.

At Mashreq, strategy is more than a framework - it's a promise to lead with purpose, deliver with precision, and rise every day to create value for all.

03. Financial Review

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Financial Review

AED 13.4 Bn

2024 Revenue

32%

Three-year CAGR

AED 9.9 Bn

Net Profit Before Tax

29%

Return on Equity

17.5%

Capital Adequacy Ratio

Strategic Focus, Excellent Returns

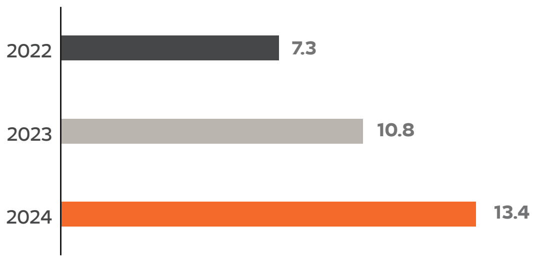
In 2024, Mashreq delivered another year of exceptional financial results, reinforcing its position as one of the region's most dynamic and resilient banks. With strong top-line growth, disciplined cost management, and a robust balance sheet, the Bank has navigated market shifts while continuing to drive significant value for shareholders.

Impressive Growth Across Key Metrics

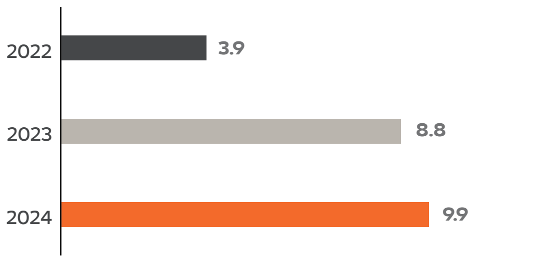
The Bank closed the year with AED 13.4 billion in revenue, marking a 24% year-on-year increase and an impressive three-year CAGR of 32%. This performance was driven by the Bank's ability to seize market opportunities, optimise our diversified business model, and capitalise on fee-generating activities.

Net Profit Before Tax surged to AED 9.9 billion, reflecting both strong operational efficiency and sustained revenue momentum. Even after an AED 869 million tax payment, the Bank delivered a Return on Equity (ROE) of 29%, a clear indication of its ability to generate industry-leading shareholder value.

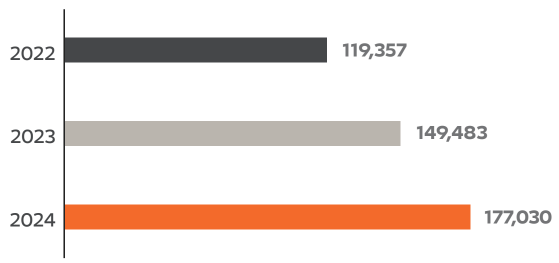
Total Income (AED Billion)



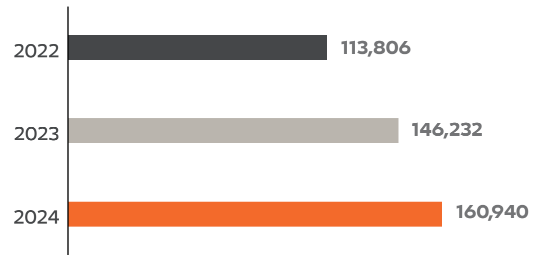
Net Profit before Tax (AED Billion)



Total Loans (AED Million)



Customer Deposits (AED Million)



Diversification and Efficiency Drive Bottom-Line Strength

Despite interest rate rate adjustments in 2024, Net Interest Income rose by 9%, driven by growth of the lending portfolio and customer deposits increase of 10%, alongside proactive balance sheet management. More strikingly, non-interest income surged by 63%, highlighting the strength of the Bank's fee-based businesses in FX, derivatives, and commodities trading, as well as a continued focus on broadening revenue streams.

A strategic partial sale of a subsidiary added a one-off net gain of AED 1.2 billion, demonstrating the Bank's ability to unlock shareholder value through well-timed market moves. Meanwhile, a net release of AED 166 million in impairment allowances reflected a combination of high recoveries from Non-Performing Loans (NPLs) and rigorous credit risk management.

We also significantly improved our operational efficiency, reducing our Cost-to-Income Ratio by 339 basis points to 28% (30% excluding the one-off net gain of AED 1.2 billion). This achievement was driven by a sharp focus on digital transformation, automation, and process optimisation, enabling the Bank to scale efficiently while continuing to invest in strategic growth areas.

A Fortress Balance Sheet

Mashreq's liquidity and capital strength remain a pillar of its resilience. The Liquid Assets Ratio of 34% and Liquidity Coverage Ratio (LCR) of 150% both exceed regulatory thresholds, reinforcing our ability to withstand market fluctuations while supporting future growth.

Capital adequacy metrics saw further strengthening, with:

- Capital Adequacy Ratio increase to 17.5%
- Tier 1 Capital Ratio rising to 16%
- Common Equity Tier 1 (CET1) Ratio reaching 14.5%

These figures reflect the Bank's prudent approach to capital management, which makes sure we remain well-positioned to fund future expansion while maintaining financial stability.

Industry-Leading Credit Quality

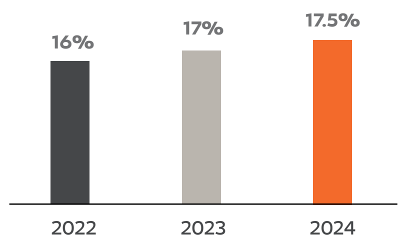
We continued to set benchmarks in credit discipline and asset quality during the year. The Bank closed the year with a Non-Performing Loans (NPL) ratio of just 1.35%, one of the lowest in the industry, underlining our rigorous risk assessment and lending practices.

Meanwhile, our Coverage Ratio of 209% - among the strongest in the sector - demonstrates the Bank's ability to pro-actively safeguard against credit losses, further reinforcing investor confidence.

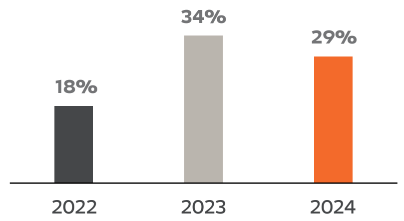
Poised for the Future

Our 2024 performance was defined by our ability to seize market opportunities, precision execution, strong financial discipline, and strategic agility. With a record-breaking year behind us, we enter 2025 with an unshakable commitment to innovation, sustainable growth, and delivering long-term value for all our stakeholders.

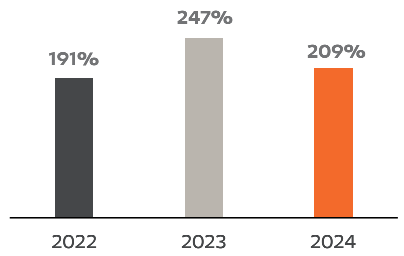
Capital Adequacy Ratio (%)



ROE (%)



NPL Coverage Ratio (%)



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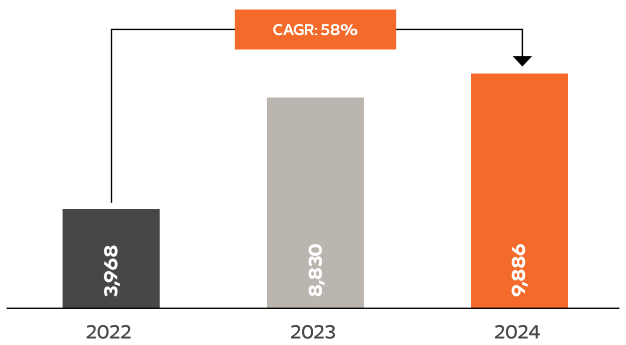
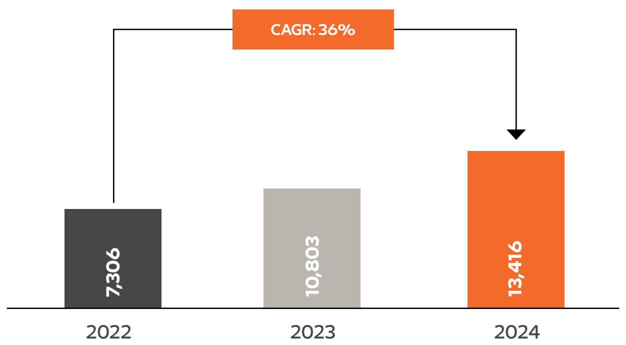
Income Statement Highlights (AED Mn)	Year End		Δ%	Quarterly Trend				
				4Q	3Q	4Q	Δ%	
	2024	2023	YoY	2024	2024	2023	QoQ	YoY
Net Interest Income & Income from Islamic Financing	8,388	7,710	8.8%	2,054	2,108	2,089	-2.5%	-1.7%
Non Interest Income	5,028	3,093	62.5%	2,263	863	807	162.1%	180.2%
Total Operating Income	13,416	10,803	24.2%	4,317	2,971	2,896	45.3%	49.1%
Operating Expenses	(3,696)	(3,342)	10.6%	(1,155)	(868)	(1,038)	33.0%	11.3%
Operating Profit	9,720	7,461	30.3%	3,162	2,103	1,858	50.4%	70.2%
Impairment Allowance	166	1,369	-87.9%	239	(118)	1,027	-302.7%	-76.7%
Net Profit before Tax	9,886	8,830	12.0%	3,402	1,985	2,886	71.4%	17.9%
Tax	(869)	(154)	465.5%	(225)	(197)	(43)	14.2%	423.0%
Net Profit After Tax	9,017	8,676	3.9%	3,177	1,788	2,843	77.7%	11.7%
Non-Controlling Interest	(100)	(87)	15.1%	(34)	(17)	(22)	98.7%	54.0%
Profit attributable to Owners of the Parent	8,917	8,589	3.8%	3,143	1,771	2,821	77.5%	11.4%

Net Profit Before Tax (AED Million)

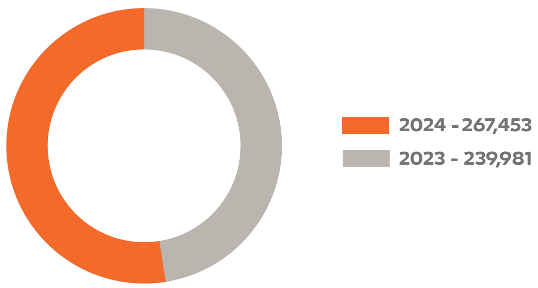


Total Income (AED Million)

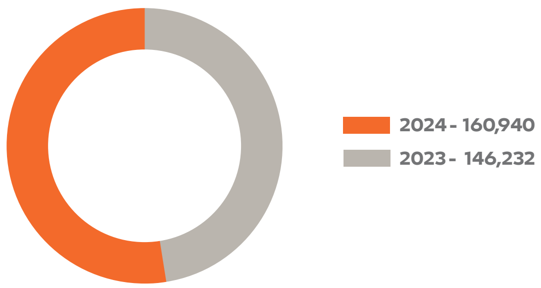


Balance Sheet Highlights (AED Mn)	Year End		Δ%	Quarterly Trend				
				4Q	3Q	4Q	Δ%	
	2024	2023	YoY	2024	2024	2023	QoQ	YoY
Loans to Customers	124,758	110,355	13.0%	124,758	118,534	110,355	5.3%	13.1%
Loans to Banks	52,272	39,127	33.6%	52,272	49,596	39,127	5.4%	33.6%
Total Assets	267,453	239,981	11.0%	267,453	254,410	239,981	5.0%	11.0%
Customer Deposits	160,940	146,232	10.0%	160,940	156,063	146,232	3.1%	10.1%
Total Equity	36,713	30,333	21.0%	36,713	34,272	30,333	7.1%	21.0%
Total Liabilities	267,453	239,981	11.0%	267,453	254,410	239,981	5.0%	11.0%

Total Assets (AED Million)



Customer Deposits (AED Million)

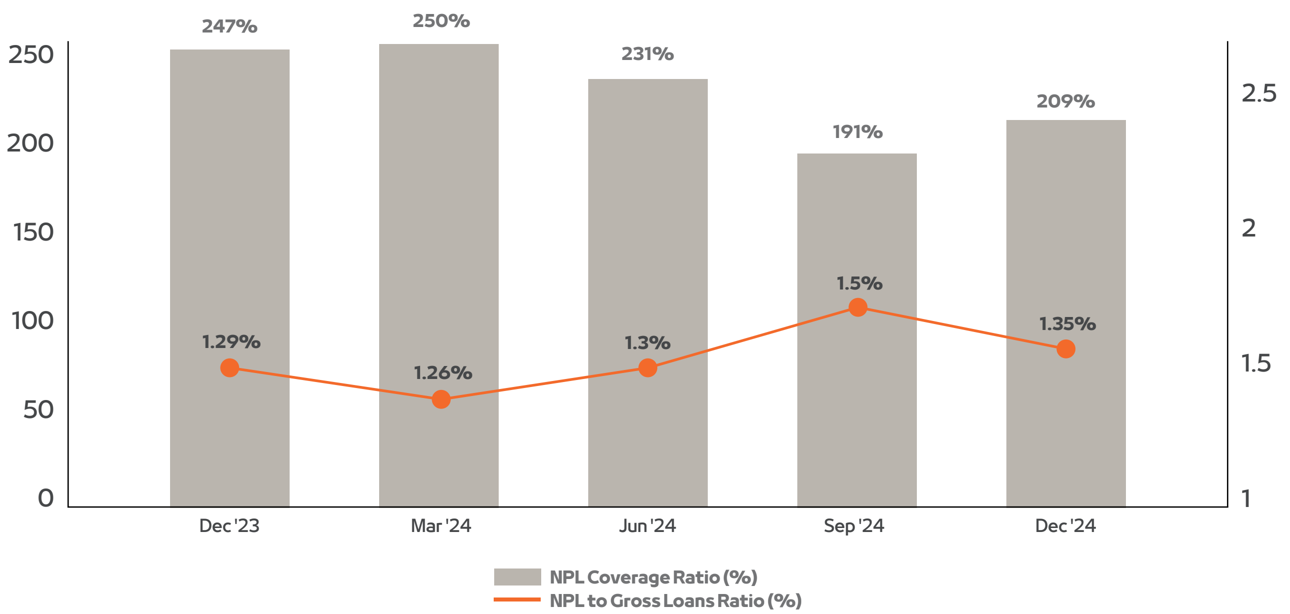


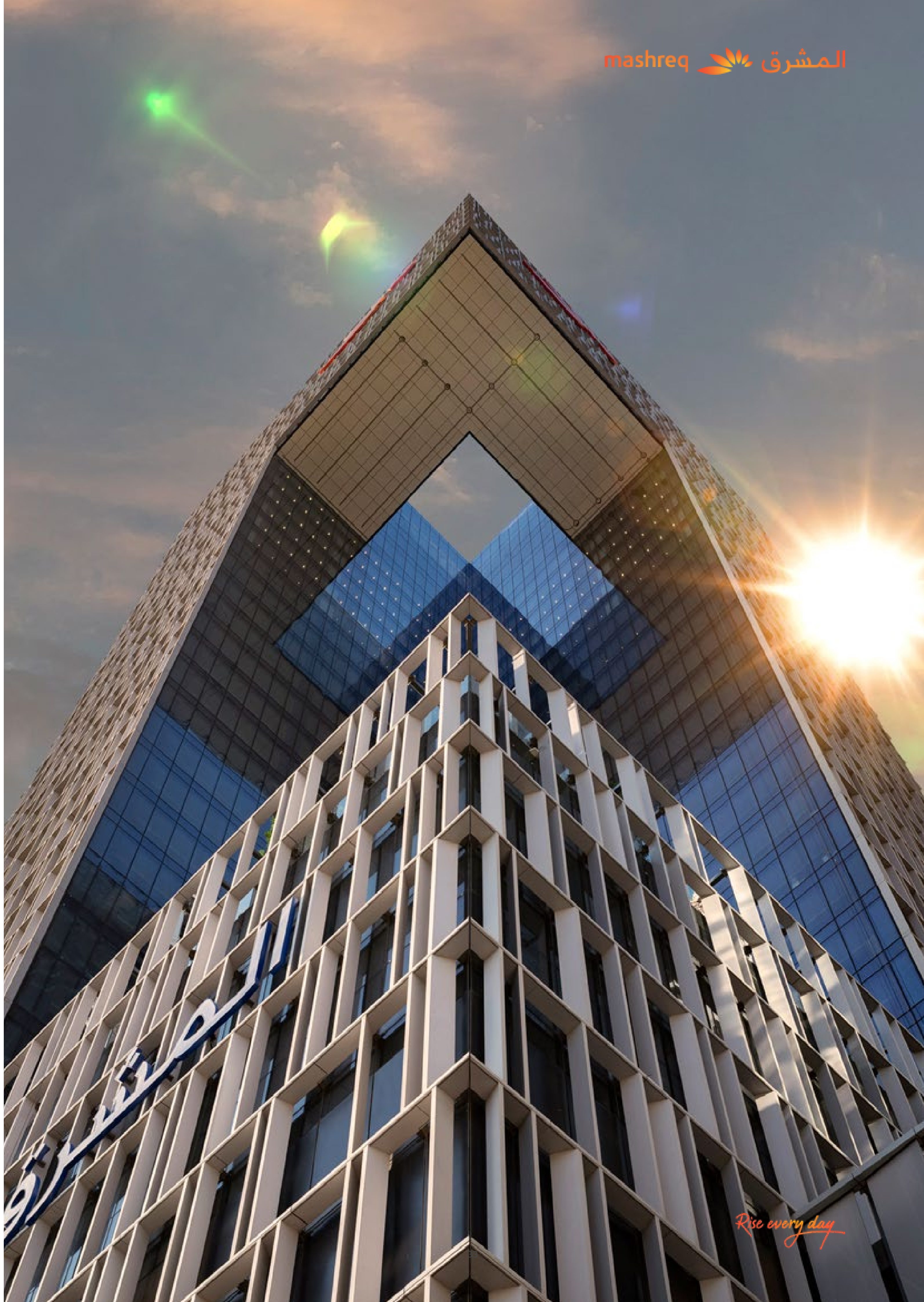
Rise every day

Key Metrics (%)	Year End		Δ%	Quarterly Trend				
				4Q	3Q	4Q	Δ%	
	2024	2023	YoY	2024	2024	2023	QoQ	YoY
EPS (AED)	44.45	42.82	3.8%	-	-	-	-	-
Cost to Income Ratio	27.5%	30.9%	(339)	26.7%	29.2%	35.8%	(247)	(909)
Return on Assets	3.5%	4.1%	(59)	3.5%	3.1%	4.1%	44	(59)
Return on Equity	28.9%	34.3%	(529)	28.9%	25.7%	34.3%	321	(529)
CAR (Capital Adequacy Ratio - Basel III)[1]	17.5%	16.5%	99	17.5%	19.8%	16.5%	(227)	99
CET1 (Common Equity Tier 1) ratio	14.5%	13.7%	75	14.5%	16.1%	13.7%	(161)	75
Tier 1 Ratio	15.9%	14.3%	165	15.9%	17.7%	14.3%	(167)	165

[1] Including proposed dividends for 2024

Prudent Risk Management





04. Business Review

Rise every day

We pride ourselves on being innovative, client-centric, and relationship-driven, with a global presence extending beyond the Middle East.

Corporate & Investment Banking Group

Value-added innovative solutions tailored to clients' needs

Operating Income (AED)

4.8 Bn

Contribution to Total Income

36%

Our services encompass Investment Banking, Global Transaction Banking, Treasury and Capital Markets, Sustainable Financing Solutions, as well as Corporate Banking and Financing Solutions. Additionally, we provide a comprehensive digital platform to facilitate cash and trade activities, delivering an end-to-end digital experience for our clients.

We pride ourselves on being innovative, client-centric, and relationship-driven, with a global presence extending beyond the Middle East. By combining expert knowledge with agility, we operate efficiently at scale, seamlessly working across markets to empower our clients to make informed decisions. Our unparalleled industry expertise, extensive coverage network, customised solutions, and advanced digital capabilities enable us to deliver unique services and achieve rapid turnaround times.

As industries and corporations evolve to meet customer expectations, we understand the necessity of transitioning from being a preferred bank to becoming a gateway that enables our clients' success and growth. We recognise the challenges involved in building and growing a successful business, which is why we are committed to providing exceptional support to our corporate clients and continuously seeking solutions to any obstacles they may face.

We eagerly anticipate the promising opportunities ahead and are fully prepared to support our clients in their endeavours to Rise Every Day.

Total Assets (AED)

145 Bn

Rise every day

Retail **Banking Group**

Empowering Every Customer, Every Day

The Retail Banking Group (RBG) is at the forefront of our mission to deliver outstanding banking experiences to every retail customer.

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

In 2024, RBG recorded some notable achievements, blending latest technology with customer-first thinking:

Mashreq Neo: Digital Convenience, Anytime, Anywhere

Our Mashreq Neo app has set a new benchmark for digital banking, bringing the full functionality of a branch directly to customers' devices. Its outstanding 4.8-star rating is testament to the seamless, secure, and intuitive experience it offers.

NeoBiz: Empowering SMEs with Speed and Simplicity

NeoBiz, our digital banking solution for SMEs, enables 80% of new accounts to be opened within three days. This rapid onboarding, made possible by NeoBiz Express, supports businesses with fast, fuss-free access to the banking services they need.

Expanding in Egypt

The launch of Mashreq Neo in Egypt marked a significant development, broadening our reach and delivering an advanced digital banking experience to new markets. This expansion was further strengthened through our partnership with e&Mashreq Neo.

Leading the Way in Pakistan

Mashreq Pakistan broke new ground by becoming the first financial institution to secure a restricted licence from the State Bank of Pakistan for piloting digital retail banking operations.

NeoPay: Redefining Payment Solutions.

NeoPay, now the UAE's fastest-growing payment solutions provider, has established itself as a trusted partner for merchants and e-commerce businesses alike. With card transaction values in the UAE expected to grow significantly, NeoPay is ideally placed to capitalise on this momentum. Established as a key part of Mashreq's digital strategy, NeoPay's rapid rise was shaped by the UAE's thriving economy, youthful population, and national drive for digital transformation. Its services span sectors including retail, hospitality, government, and e-commerce, reinforcing its relevance in today's fast-moving markets. The strategic sale of a majority stake in NeoPay to a consortium was an important step towards giving the payment solutions provider the additional support it needed to drive innovation, accelerate future growth and enabling Neo Pay to continue shaping the future of digital payments across the region.

Operating Income (AED)

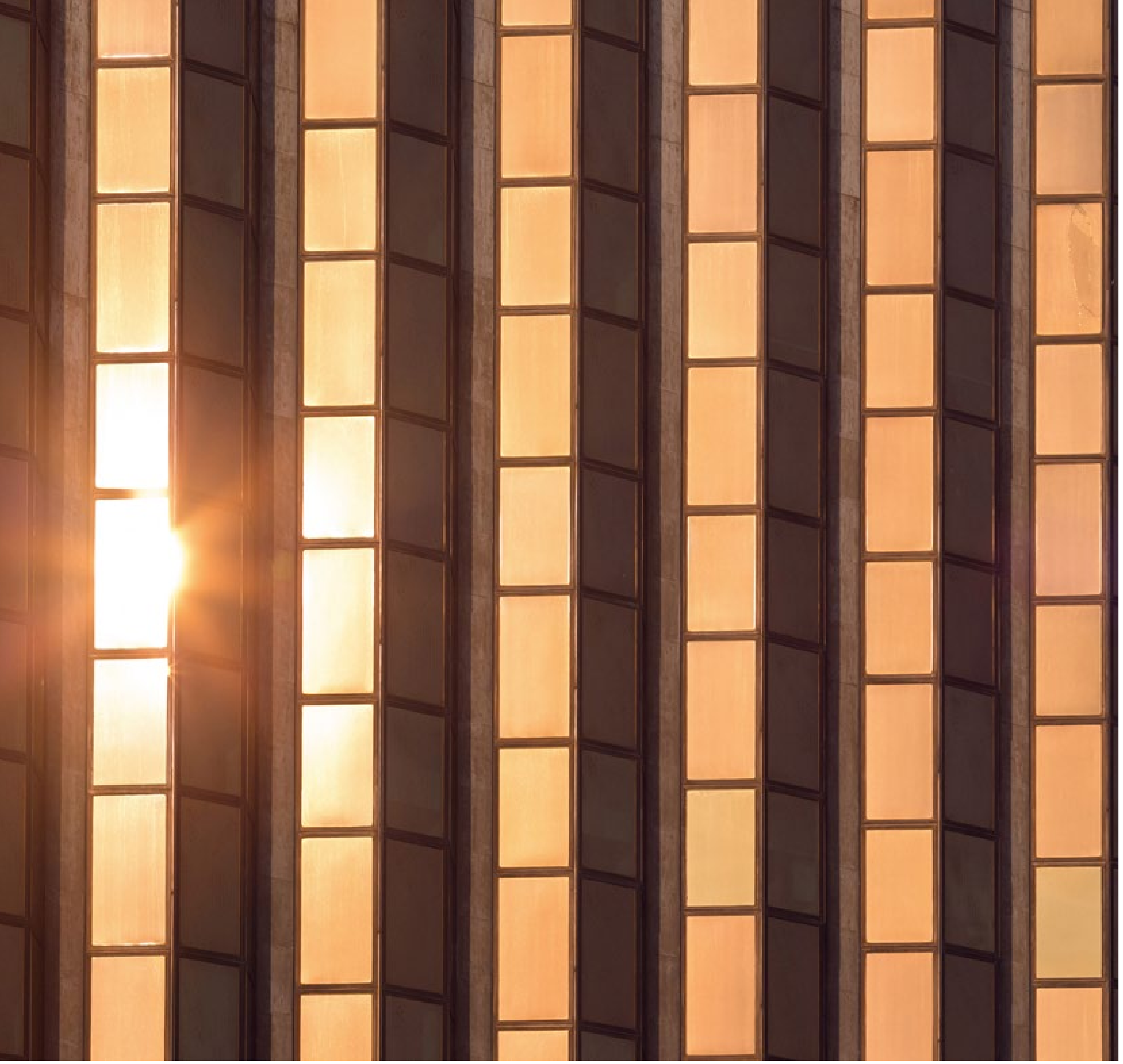
4.3 Bn

Contribution to Total Income

32%

Total Assets (AED)

40 Bn



Treasury
and Capital Markets

Innovating for the Digital Age

Contribution to Total Income

9%

Operating Income (AED)

1.2 Bn

The rollout of the Mashreq Trader Pro platform exemplifies this effort, offering an intuitive interface for spot and forward trading, supported by 24-hour dealing services.

Throughout 2024, Mashreq's Treasury and Capital Markets (TCM) division reinforced its reputation as a leader in delivering customised financial solutions across asset classes, with a focus on enhancing operational efficiency, embracing digitisation, and achieving strong financial outcomes.

The year saw the launch of enhanced real-time trading platforms and data-driven decision-making tools, providing clients with instant access to market insights and streamlined transaction processes.

TCM also grew its Fixed Income desk thanks to initiatives that leveraged client demand for hedging and investment products tailored to meet diverse requirements. Additionally, the FX and Commodities teams expanded their offerings, facilitating increased trading volumes across energy, metals, agriculture, and currency markets.

Digitisation was a core focus in 2024, as TCM prioritised enhancing visibility and control for its clients.

The rollout of the Mashreq Trader Pro platform exemplifies this effort, offering an intuitive interface for spot and forward trading, supported by 24-hour dealing services. The platform empowers clients to make timely decisions with access to real-time data, G10 currencies, and precious metals trading.

The division's pioneering efforts extended to Mashreq Securities, where our on-ground brokerage arm integrated advanced algo-based execution across global exchanges, including the US, UK, and Hong Kong. This contributed to a significant increase in trading volumes and expanded participation from institutional and individual investors alike.

Our commitment to innovation was also evident in the Asset Management arm of TCM, which currently manages seven public funds and multiple discretionary portfolios.

By incorporating sustainability-focused investments and Shari'ah-compliant products into its offerings, Mashreq Capital expanded its portfolio to align with the evolving priorities of clients seeking socially responsible and ethical investment opportunities.

2024 also saw a renewed emphasis on security and compliance. With a continued focus on mitigating risks, the division strengthened its governance framework, enhancing fraud detection capabilities and integrating responsible practices into its digitisation efforts. The result is a comprehensive, trusted financial ecosystem that aligns with Mashreq's broader ESG goals and sustainability vision.

Looking ahead, Mashreq's TCM division remains committed to driving innovation, expanding its global footprint, and delivering impactful solutions. By embracing collaboration with trusted technology partners and adopting sustainable practices, TCM is well-positioned to navigate an increasingly complex financial landscape, empowering clients to thrive in the digital age.

Total Assets (AED)

60 Bn

Rise every day

International
Banking Group

Expanding strong roots in MENA, launching new horizons globally.

In 2024, International Banking Group (IBG) remained focused on executing both its short and long-term business and strategic objectives.

The international wholesale corporate business has recorded an all-time high financial results in almost all countries Mashreq is present in. The overall franchise has grown assets by 40% YoY driven predominantly by growth in our newer corporate markets India, United States of America and Hong Kong.

Mashreq's deep expertise in industries such as Real Estate, Public Sector and Energy has enabled the firm to lead and participate in a number of landmark transactions.

In line with Mashreq's commitment to Sustainable Finance, our international franchise supported transactions with a combined funded value of more than USD 350mn.

In addition, 2024 has witnessed Mashreq acquiring a banking license to launch corporate banking operations in the Sultanate of Oman.

Mashreq is fully committed to and is extremely proud to play a more integral role in the Sultanate's financial industry. Our presence in Oman is a testament to Mashreq's long-term commitment to Oman's sustainable growth, economic diversification, and human capital development, as outlined in its Vision 2040.

Mashreq continues to invest heavily in upgrading its infrastructure, technologies and product offerings to strengthen our operational resilience and increase the breadth of our value proposition in the region and globally. The competitive landscape in each of our markets is quite distinct, so are our corporate strategies and tailored solution propositions. In pursuing our international growth endeavours, we remain steadfast on governing and controlling our businesses in line with local and UAE regulatory expectations.

> *Mashreq further solidified its position in our core MENA markets Qatar, Bahrain, Kuwait and Egypt while launching the corporate business in the United Kingdom in 2024.*

05. Sustainability Report

Rise every day

Sustainability Framework

Since its establishment in 1967, Mashreq has built its foundation on the core principles of Social Responsibility, Integrity, and Transparency. These values have been integrated into every facet of the organisation's operations, solidifying Mashreq's position as an advocate for a sustainable and equitable future.

As a leader in responsible banking, Mashreq places a strong emphasis on developing and promoting Environmental, Social, and Governance (ESG) practices. This commitment is reflected in carefully crafted policies, efficient processes, and sustainable operations that align with the Bank's values-driven mission.

Mashreq's approach to sustainability extends beyond regulatory compliance; it represents an enduring commitment to creating lasting value for clients, stakeholders, and communities. By addressing the complex interplay between business activities and their broader societal and environmental impacts, Mashreq demonstrates its resolve to lead by example.

This proactive stance is not merely about identifying impacts but actively working to mitigate and manage them. By embedding sustainability into its business principles, Mashreq delivers meaningful, long-term stakeholder value while contributing to a sustainable future for present and future generations.

Our Sustainability Vision

Mashreq will aspire for Sustainability leadership in the regional banking sector. It's our commitment to our clients, our stakeholders and to society.

Our Sustainability Philosophy

Our Sustainability Philosophy is that by strengthening the environmental and social aspects of products and services, we exemplify the ideals of sustainable finance. We pledge to establish a governance framework to direct all our efforts to lead the regional banking sector in ESG & Sustainability Initiatives.

We are dedicated to incorporating ethical, social, and environmental principles into our operations, which is important in enhancing the standard of living in the communities we serve globally and increasing long-term stakeholder value.

Our Principles

Guided by a commitment to sustainable growth, Mashreq is driven by the following principles:

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

Our Commitments

As part of our drive for sustainability leadership in the regional banking sector, Mashreq is committed to the following actions:

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

These commitments underscore Mashreq's resolve to lead the regional banking industry toward a future defined by innovation, responsibility, and sustainability.

Our Sustainability Strategy

At Mashreq, sustainability is not merely a goal - it forms the bedrock of our business strategy. Our commitment revolves around reducing environmental impact throughout our value chain while fostering diversity and prioritising the well-being of our workforce. By embedding sustainability into every aspect of our operations, we firmly believe we can drive value creation, unlock new revenue streams, and seize innovative opportunities that deliver measurable environmental and social benefits.

ESG Commitment and Governance

Mashreq's Environmental, Social, and Governance (ESG) commitment is deeply rooted in our governance framework. Under the leadership of our Board of Directors and Senior Management Team, business leaders address material sustainability issues with strategic guidance from our Sustainability department. This structured approach ensures alignment with overarching goals while supporting the effective execution of initiatives that matter most to our stakeholders.

Aligning Sustainability with Digitisation and Customer-Centricity

Mashreq's sustainability strategy is seamlessly integrated with our broader banking priorities. By championing simplicity through digitisation, tailoring customer-centric policies, and developing innovative products, we strengthen our ability to create shared value between the Bank and its stakeholders.

This alignment ensures that sustainability values are embedded in all facets of our operations, creating a synergy between responsible banking and business growth.

Simplifying banking with cutting-edge digital solutions and crafting bespoke offerings tailored to customer needs further supports our vision of merging sustainability with long-term business success.

Pioneering Sustainable Practices

Mashreq's strategic priorities highlight the symbiotic relationship between sustainable practices and long-term business resilience. By aligning values with responsible banking principles, we are setting a benchmark for sustainability within the financial sector.

Our focus on simplifying banking through digitisation, customer-centric policies, and sustainable innovation reflects our commitment to fostering shared value. This holistic approach positions Mashreq as a driver of change, ensuring that sustainable banking is not only ethical but also a critical enabler of enduring growth and resilience.

> At Mashreq, responsible banking practices are both a strategic imperative and a catalyst for innovation, growth, and stakeholder value creation.

This integrated strategy exemplifies our dedication to building a sustainable future that delivers tangible benefits to customers, communities, and the environment alike.

Mashreq's strategic priorities align with sustainability values, reflecting our commitment to responsible banking and highlighting the important connection between sustainable practices and long-term business success.

Three Key Pillars of the Bank's Strategy

Put Our People First

Become the best workplace in the UAE and a top talent house in the banking sector.

Deliver Superior Client Experience

Be recognised by our customers, competitors & stakeholders as the best-in-class end to end (E2E) customer experience provider in the sector across the entire region.

Deliver Shareholder Value

Achieve sustainable and profitable growth and enhance financial returns to our shareholders.

Mashreq's 4E Framework

Our governance process stands as a mechanism for identifying critical sustainability-related issues, culminating in the formulation of clear and comprehensive strategies. These strategies encompass well-defined goals, precise targets, and actionable plans for both mitigation and adaptation. At the heart of this governance approach lies Mashreq's unwavering dedication to strategic sustainable development, embraced in our 4E Sustainability Framework outlined below.

المشرق mashreq

4E Sustainability Framework

- **Enabling a low carbon transition and environmental stewardship**
- **Empowering employees and communities**
- **Embedding responsible business practices throughout our organisation**

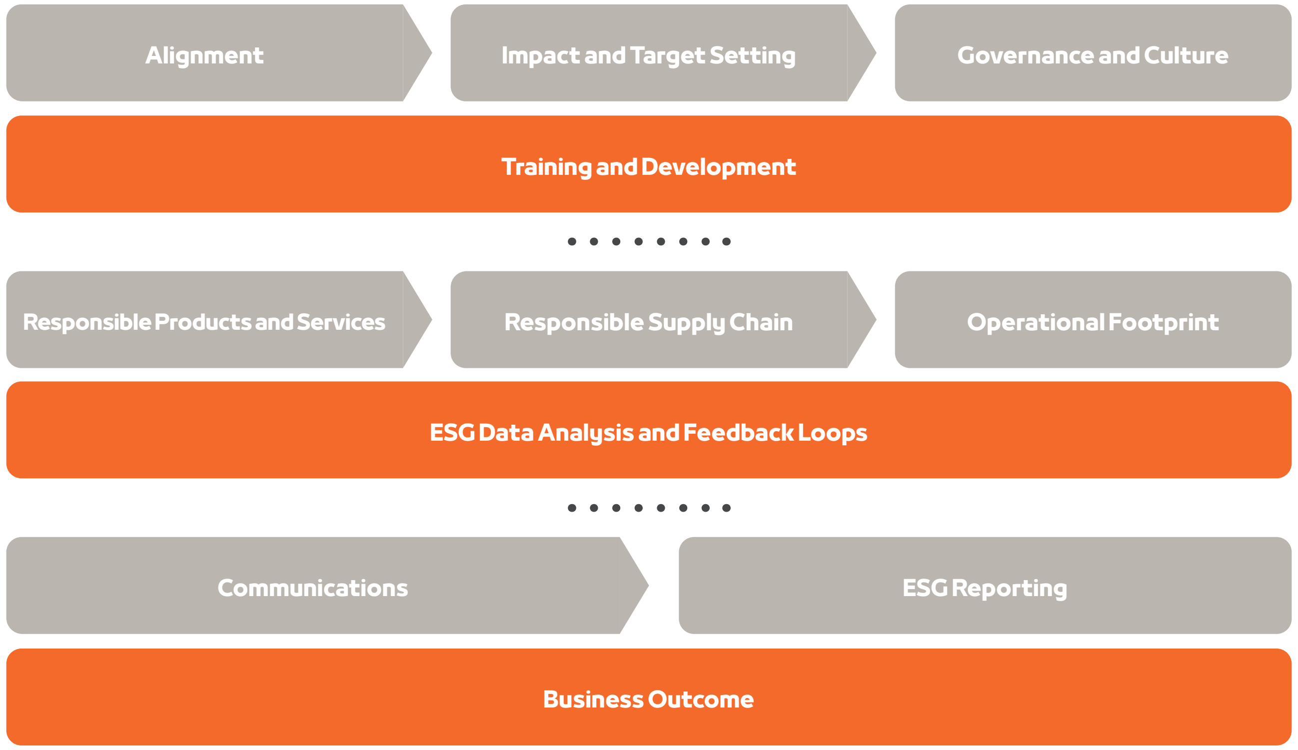
Exceeding customer expectations

Rise every day

Mashreq's 4E Framework: Enablers

The successful delivery of our sustainability strategy relies on the foundational pillars of our 4E Framework. These enablers encapsulate the critical elements required to drive and sustain our commitment and have been carefully and strategically integrated into our operations.

By leveraging these enablers, we ensure that our sustainability initiatives are not just aspirational but actionable, delivering meaningful and measurable outcomes for our stakeholders.



Sustainability Highlights for the Year 2024

Mashreq has embarked on a comprehensive journey of ESG education, permeating every level of the organisation, starting from the Board itself. This extensive training programme encompasses a broad spectrum of crucial topics such as ESG awareness, understanding climate risk, and the intricacies of sustainable finance, thereby fostering a culture of sustainability and responsibility throughout the Bank. Mashreq has introduced the Nature Saver Account in the UAE, a digital platform that allows customers to donate a portion or all of their savings profit to Emirates Nature-WWF. The donations support the protection and restoration of diverse habitats and ecosystems, as well as the protection of the UAE's wildlife and endangered species.

Pledge to UAE's Sustainable Finance Goal:

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

Industry Recognition:

Mashreq received the prestigious 'Best Commitment to ESG Principles UAE 2024' award at the International Banker Awards, a gold standard for global financial excellence.

Majra Impact Seal – Gold Tier:

Awarded at the 'World with Purpose 2024 Summit,' this accolade highlights Mashreq's commitment to sustainable practices, the UN Sustainable Development Goals (SDGs), and the UAE's national priorities.

Mashreq, partnering with Visa and ecolytiq is introducing a first-of-its-kind personal banking platform offering carbon emissions insights to its customers in the UAE and MENA region. The platform calculates carbon emissions from transactions, promoting transparency and climate-positive actions.

Climb2Change Initiative:

This global programme integrates Mashreq's ESG efforts and sustainable finance ambitions. It includes cleanup expeditions to 14 peaks worldwide, combining adventure with environmental stewardship. The first phase, completed in 2024, was announced at COP28 and symbolised Mashreq's commitment to sustainability.

Mashreq has launched Notice Nature, a unique wildlife mapping initiative in the UAE, in partnership with Emirates Nature-WWF. The initiative aims to evaluate and protect the UAE's biodiversity. Additionally, Mashreq has adopted 100% recycled plastics for all card issuances, aligning with global environmental efforts and reinforcing its commitment to sustainability.

Mashreq Global Headquarters became the first commercial tower in UAE and the second in the Middle East to achieve the Leed Zero Energy (Leadership in Energy and Environmental Design) certification by the US Green Building Council in recognition of its efforts in addressing net-zero resources (energy, water, and waste) and net-zero carbon operations.

Additionally, we are delighted to announce that 'Mashreq Innovation Hub', located at our global headquarters, has been awarded the Leadership in Energy and Environmental Design (LEED) v4 Gold Certification for interior design and construction: commercial interiors, established by the U.S. Green Building Council and verified by Green Business Certification Inc. This outstanding milestone recognises Mashreq's spirit for 'innovation' and 'sustainability' – two core areas that form an integral part of our corporate DNA.

Further, Mashreq has achieved the **LEED Platinum status under the LEED V4 Interior Design and Construction: Commercial Interiors ratings system,** from the U.S. Green Building Council for our **Mumbai, India Branch**. This is the first overseas LEED certification for the International Banking Group. LEED Platinum certification is the highest level within the LEED certification system, reflecting that all environmental aspects of the building have been maximised by the project, including reducing energy consumption and waste, managing resources efficiently, and lowering operating costs.

These achievements exemplify Mashreq's dedication to embedding sustainability at the core of its business. The Bank remains steadfast in its mission to drive positive environmental, social, and economic impact while inspiring a greener, more inclusive future.

Stakeholder Engagement

Engaging Stakeholders for Meaningful Impact

At Mashreq, addressing complex challenges and driving transformative change begins with understanding the needs and expectations of our stakeholders. Our primary objective is to deliver impactful outcomes that generate value for both internal and external stakeholders.

We actively foster a culture of open communication, collaboration, and engagement, building relationships rooted in trust and mutual respect. Through meaningful dialogue and the exchange of ideas, we co-create innovative and mutually beneficial solutions. This commitment goes beyond discussions to include active participation in Corporate Social Responsibility (CSR) initiatives, community development programmes, and environmentally sustainable projects. By leveraging diverse communication channels, we ensure inclusive and effective dialogue, fortifying relationships and driving shared success.

Building Transparent and Inclusive Partnerships

Transparency and ethical business practices lie at the core of our stakeholder engagement process. We have developed an inclusive and structured framework to guide interactions and build enduring and mutually beneficial partnerships. This framework reflects our commitment to fostering trust and collaboration, enabling us to create shared value that aligns with our overarching sustainability goals.

Our approach moves beyond transactional relationships, prioritising shared values and long-term collaboration. By maintaining consistent and meaningful interactions, we deepen connections that contribute to a more inclusive and sustainable future for our stakeholders and the communities we serve.

Stakeholder 1: Employees

Engagement Aspect	Description
Surveys	Conduct regular Employee Engagement Surveys and Exit Surveys to gauge satisfaction and identify areas for improvement.
Meetings	Host town hall meetings, small group sessions, and GCEO-led sessions to discuss business strategy, industry trends, and address employee queries.
Focus Groups	Organise focus groups for in-depth discussions on specific topics, gathering insights and feedback from employees.
Written Communication	Utilise blogs, articles, corporate emails, and newsletters to keep employees informed about organisational updates and initiatives.
Online Feedback Tools	Implement online feedback mechanisms to encourage real-time input from employees, fostering continuous dialogue and responsiveness.

Stakeholder 2: Investors and Shareholders

Engagement Aspect	Description
Annual Reporting	Publish detailed Annual Reports and Proxy Statements transparently covering financial results, corporate governance, and sustainability practices.
Regulatory Filings	Regularly update regulatory filings, news releases, and maintain an informative Company website as a centralised source of information for investors and shareholders.
Investor Meetings and Conferences	Actively participate in investor meetings, conferences, and annual shareholder meetings to discuss critical issues such as corporate governance, financial performance, key initiatives/updates and sustainability.
Direct Communication	Engage in direct communication outside established channels to foster open dialogue, gather valuable input, and address specific concerns or inquiries from investors and shareholders.

Stakeholder 3: Customers

Engagement Aspect	Description
In-person Interactions	Facilitate in-person interactions at branches, providing personalised assistance and building strong relationships with customers.
Online Engagement	Enhance online engagement through the website, customer care center, and social media channels, ensuring accessibility and responsiveness to customer feedback and inquiries.
Surveys and Meetings	Conduct regular surveys, one-on-one meetings, roundtables, and conferences to actively seek and respond to customer input on products, services, and overall organisational performance.

Stakeholder 4: Suppliers and Vendors

Engagement Aspect	Description
Regular Business Reviews	Conduct regular business reviews to evaluate efficiency, service delivery, and alignment with client demands, fostering a collaborative relationship with major suppliers.
Ad Hoc Meetings	Schedule ad hoc meetings to address specific issues, discuss ongoing projects, and ensure effective communication and coordination with key suppliers.
Communication Channels	Utilise various communication channels, including phone and email, to maintain consistent and transparent communication with suppliers, promoting adherence to high business conduct standards.
Collaboration for Impact	Collaborate with suppliers to have a positive impact on the communities where business is conducted, emphasising diversity, equality, and inclusion as shared objectives.

Stakeholder 5: Communities

Engagement Aspect	Description
Various Forums	Actively engage in various forums to interact with external stakeholders, including community members and NGOs, fostering a two-way dialogue for mutual understanding.
Local Engagement	Identify and engage with relevant community members for localised initiatives, ensuring the incorporation of diverse perspectives in decision-making processes.
Two-Way Dialogue	Establish a structured corporate responsibility team to facilitate two-way dialogue with communities, ensuring that their viewpoints influence business choices.

Stakeholder 6: Government and Regulators

Engagement Aspect	Description
Open and Continuing Dialogue	Endeavour to maintain an open and continuous dialogue with supervisory regulators and policymakers on various issues, fostering collaboration and mutual understanding.
Collaboration on Key Issues	Work collaboratively with policymakers on a range of issues, including banking, financial services, cybersecurity, workforce development, and inclusive economic growth.
Interaction and Feedback Process	Regularly interact with regulators as required for business operations, offering feedback on proposed changes to rules that may impact business activities.

Rise every day

Materiality Assessment

In the ever-evolving realm of sustainability reporting, the Materiality Assessment is a cornerstone that enables organisations to identify and prioritise the issues that truly matter.

This critical process helps distil complex economic, environmental, and social considerations, distinguishing factors that have substantial influence on an organisation and its stakeholders. Materiality is more than a reporting requirement—it is a strategic tool that seamlessly integrates sustainability into the core of an organisation's business strategy. By aligning with material issues, organisations not only address risks and opportunities effectively but also build resilience and unlock potential for long-term growth.

Our Materiality Assessment Process

Mashreq's Materiality Assessment is a meticulously designed process that ensures sustainability remains central to our decision-making and operations. The process comprises the following steps:

Identification: We conduct rigorous analysis to identify potential material issues, focusing on their economic, environmental, and social impact. This involves evaluating industry trends, regulatory landscapes, and global best practices to ensure comprehensive coverage.

Stakeholder Engagement: Active engagement with stakeholders is integral to our approach. Through dialogue and collaboration, we gain diverse perspectives, ensuring a holistic understanding of stakeholder expectations and concerns.

Assessment Criteria: Identified issues are evaluated against robust criteria, including financial impact, regulatory implications, stakeholder priorities, and broader societal trends. This thorough analysis ensures an accurate assessment of each issue's significance.

Prioritisation: Material issues are ranked based on their significance to Mashreq and our stakeholders. This prioritisation process enables us to focus on issues of paramount importance while addressing others appropriately.

Integration: Material issues are seamlessly embedded into our business strategy, ensuring sustainability considerations are intrinsic to decision-making, operational practices, and long-term planning.

Elevating Sustainability to a Strategic Imperative

By adhering to this systematic and comprehensive Materiality Assessment process, Mashreq transforms sustainability from an obligation to a strategic imperative. This approach not only enhances our resilience and agility but also solidifies our position as a forward-thinking, responsible organisation. By addressing what truly matters, we drive meaningful impact, foster trust, and create enduring value for all our stakeholders.

Materiality Assessment Approach

Conducting a meticulous Materiality Assessment for both our internal and external stakeholders involved a comprehensive and strategic approach:

Identification of Potential Material Topics (PMTs): We initiated the process by identifying Potential Material Topics (PMTs) through a thorough examination of subjects relevant to the Banking and Financial Services sector, coupled with a keen awareness of global sustainability trends.

Finalisation of PMTs through Management Review: The initially identified PMTs underwent a rigorous review process led by management, ensuring a comprehensive evaluation and validation of each topic's significance..

Stakeholder Engagement: Key internal and external stakeholders were meticulously identified for engagement in the subsequent stages of the assessment, recognising the pivotal role they play in shaping perspectives and expectations.

Designing an Inclusive Online Survey Questionnaire: To gather insights and perspectives, we crafted a thoughtful online survey questionnaire. This tool was designed to be inclusive, ensuring the collection of feedback from all identified stakeholders..

Consolidation of Survey Responses: A total of 212 survey responses were meticulously consolidated, providing a rich dataset reflecting the diverse viewpoints and preferences of our stakeholders.

Consultation with Senior Management: To refine and distil the insights gathered, a dedicated consultation session with senior management was conducted. This additional layer of insight helped to contextualise the survey responses and align them with strategic organisational goals.

Finalisation of 11 Most Material Topics: Through a collaborative effort involving survey feedback and senior management insights, a total of 11 topics emerged as the most material for our organisation. These topics encapsulate the core concerns that hold significant relevance to both our internal operations and external stakeholder expectations.

By undertaking this systematic and inclusive Materiality Assessment, we ensure that the identified material topics resonate with the broader industry context, global sustainability imperatives, and, most importantly, the nuanced expectations of our stakeholders. This process not only enhances our transparency but also positions us strategically to address and excel in the areas that matter most to our stakeholders and our business.

Stakeholder Feedback on Material Issues and Key Risks

The engagement survey provided invaluable insights into stakeholder perspectives on the critical risks facing the banking and financial services sector. This exercise identified the following key risks as central to the sector's resilience and future growth:

Cybercrime & Data Security:

The increasing sophistication of cyber threats and the critical need to safeguard sensitive data were highlighted as major challenges. This emphasises the importance of security measures and proactive risk management strategies.

Economic Instability & Credit Risk:

Economic uncertainties and associated credit risks emerged as major concerns. Stakeholders stressed the need for resilience and adaptability in navigating an unpredictable financial landscape.

Internal Governance Mechanisms:

Effective internal governance frameworks were recognised as essential for operational integrity and sound strategic decision-making, reinforcing the need for solid structures and transparent practices.

People Risks:

Human capital was identified as a vital organisational asset. Stakeholders stressed the importance of workforce management, talent retention, and continuous skills development as key drivers of long-term success.

Disruptive Technologies:

The rapid emergence of disruptive technologies was seen as both a challenge and an opportunity. Stakeholders highlighted the necessity of adopting agile and forward-thinking strategies to effectively leverage technological advancements..

Shifting Regulations & Compliance:

The dynamic nature of the regulatory environment was acknowledged as a significant risk, necessitating proactive approaches to compliance to ensure operational continuity and maintain stakeholder trust.

Business Ethics:

High ethical standards were identified as non-negotiable for sustaining organisational reputation, fostering stakeholder trust, and ensuring long-term sustainability.

Customer Experience & Retention:

Delivering exceptional customer experiences and fostering enduring relationships were recognised as critical success factors, highlighting the importance of customer-centric strategies in securing competitive advantage.

Building Resilience Through Stakeholder Insights

This identification of key risks not only reveals the complex challenges faced by the banking and financial services sector but also provides Mashreq with a strategic roadmap for addressing them. By aligning our strategies with stakeholder feedback, we are better positioned to proactively mitigate risks, seize emerging opportunities, and navigate the complexities of an ever-evolving industry landscape.

At Mashreq, we remain committed to leveraging these perspectives to strengthen our resilience, foster innovation, and create lasting value for all stakeholders.

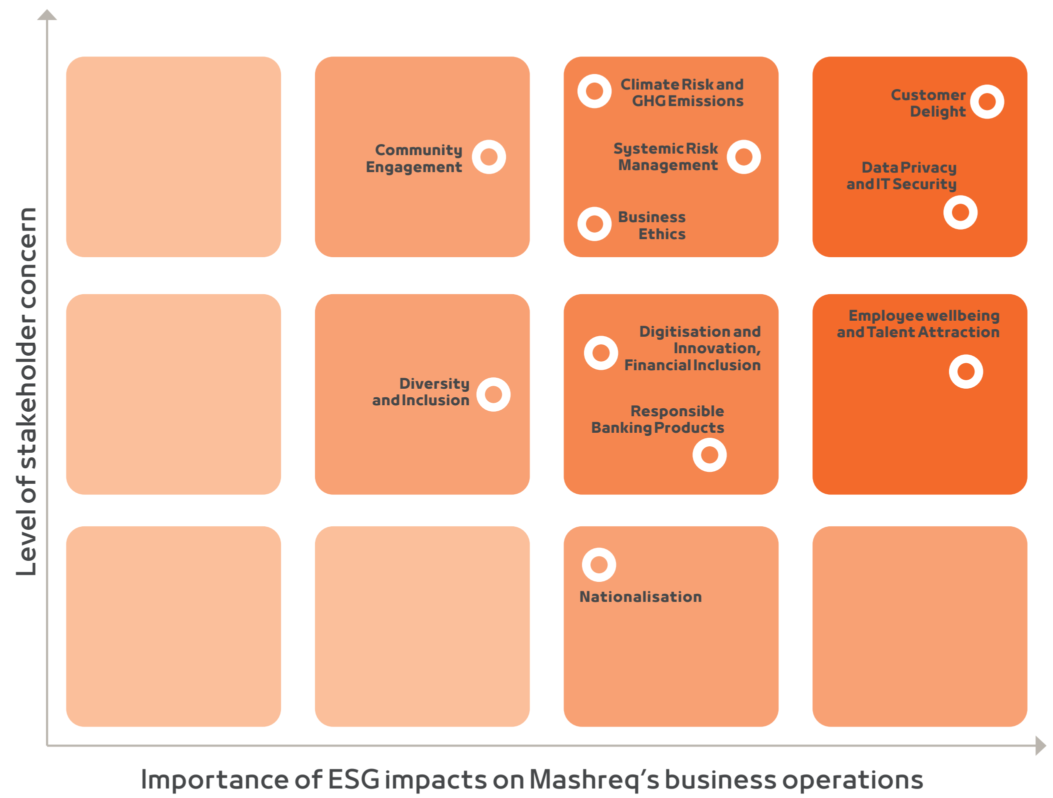
Material Issues

The initial qualitative feedback from stakeholder sessions was transformed into quantitative scores for each stakeholder category. Employing a weighted average methodology, these scores were further refined into a final average percentile for potential material topics, which were then categorised accordingly.

Through extensive discussions between Mashreq's senior management, 11 topics were identified as the most critical to the Bank's business operations and long-term sustainability. These were subsequently plotted on an X-Y Cartesian Plane, forming the basis of our Materiality Matrix - a visual tool that prioritises material issues based on their relevance to both stakeholders and the Bank itself.

To further enhance our understanding of these priorities, we conducted focused one-on-one interviews with senior management, including members of the Sustainability Working Group. These discussions provided invaluable qualitative insights into the leadership's strategic perspectives on Mashreq's current Environmental, Social, and Governance (ESG) approach and aspirations for the future.

This comprehensive assessment process, enriched by stakeholder engagement and leadership input, allowed us to meticulously refine and organise our list of material topics. By aligning these identified priorities with our overarching business strategy, Mashreq ensures that its sustainability initiatives remain focused on addressing what matters most to the Bank and its stakeholders alike.



Material Issues Mapped Against Mashreq 4E Sustainability Framework

Mapping material issues against the Mashreq 4E Sustainability Framework serves as an important part of our sustainability strategy. This structured approach ensures alignment with critical Environmental, Social, and Governance (ESG) priorities, and provides a useful integrated and holistic methodology for addressing sustainability challenges and opportunities.

By systematically linking material topics to the 4E Framework, Mashreq effectively bridges strategic sustainability initiatives with operational practices, reinforcing our commitment to responsible banking and long-term value creation for stakeholders.

Enabling a Low Carbon Transition and Environmental Stewardship	
Climate Risk and GHG Emissions	
Empowering Employees and Communities	
Diversity and Inclusion	Nationalisation
Employee Well-being and Talent Attraction	Community Engagement
Embedding Responsible Business Practices throughout our Organisation	
Systemic Risk Management	Data Privacy and IT Security
Business Ethics	
Exceeding Customer Expectations	
Responsible Banking Products	Digitisation and Innovation, Financial Inclusion
Customer Delight	

Corporate Governance, Compliance and Risk Management

Governing Bodies & Committees

The Board of Directors

Mashreq's corporate governance framework is underpinned by clearly defined roles and responsibilities at all levels of decision-making, beginning with the Board of Directors. Elected by shareholders, the Board plays a key role in the governance structure by:

- Setting the Bank's strategic objectives and granting leadership the authority to execute them.
- Closely monitoring corporate management to ensure alignment with objectives.
- Communicating transparently with shareholders about their stewardship responsibilities.
- Protecting shareholder rights and interests.

The Board operates in strict compliance with applicable laws, regulations, and resolutions from shareholder general assembly meetings, ensuring accountability and ethical governance.

Board Supervision

Chairman, Vice-Chairman and five Directors form Mashreq's Board. Two of the seven Board members are independent; the Board of Directors meet at least 6 times a year.

Management issues are raised at Board level where the Bank's senior management presents details to the Board; Board has delegated certain powers to GCEO for effective day-to-day management.

The Chief Risk Officer (CRO) and Head of Compliance report to GCEO and Head of Audit reports to Audit Committee, Company Secretary reporting to the Board (Chairman).

To achieve high standards of Shari'ah Compliance, we have an Internal Shari'ah Supervision Committee that supervises every step of Islamic product development and its related contracts.

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

Management Supervision

Executive Management Committee (reporting to the GCEO) discusses and debates Bank-wide issues, develops strategic plans for the Board's approval and takes decisions on pan-bank issues

Executive Management Committee

- Enterprise Risk Committee
- Investment Committee
- Asset-Liability Committee
- Compliance Risk Management Committee
- Information Security Committee
- Technology Steering Committee
- Sustainability Executive Committee

Governance Structure and Independence

Mashreq's governance policy ensures a clear separation of roles between the Board Chair and the Group Chief Executive Officer (GCEO) to safeguard independence. Of the seven Board members, 43% are independent, and the election of the first female director in 2024 marked a significant milestone, bringing female representation to 14%.

Directors serve three-year terms, with appointments based on rigorous assessments of credentials and backgrounds. Upon taking office, all directors must disclose personal interests and declare any transactions involving the Bank's shares, in line with Mashreq's commitment to transparency and ethical practices.

The Board has an average tenure of 3.8 years, reflecting a balance of experience and freshness, essential for effective oversight and strategic direction.

Board Evaluation and Effectiveness

Ensuring board effectiveness is central to Mashreq's governance approach. An annual board evaluation process examines the performance of the Board, its committees, and individual directors, focusing on their roles, responsibilities, and contributions to the Bank's strategic objectives.

- In 2022, an external consultant conducted the evaluation.
- During 2024, the evaluation was performed internally, with results reviewed by the Board Nomination & Compensation Committee. It concluded that the Board operates effectively while identifying areas for continuous improvement.

Meetings and Remuneration

The Board convened 10 times during 2024, demonstrating a proactive approach to governance and oversight.

Board remuneration is fixed annually and subject to shareholder approval at the annual general assembly meeting. Proposed remuneration for 2024 is as follows:

- Chairman: AED 550,000
- Each Board Member: AED 450,000

In 2024, Mashreq upheld equitable compensation practices, maintaining a GCEO-to-median FTE compensation ratio of 15.9:1. This metric reflects the Bank's commitment to transparency and is consistently reported in regulatory filings.

Commitment to Governance Excellence

By fostering independence, transparency, and accountability within its governance framework, Mashreq ensures that the Board remains an effective steward of its strategic vision and an unwavering advocate for shareholder interests.

Board Committees

To enhance governance and streamline decision-making, the Mashreq Board has established four dedicated committees. Each committee operates under a clearly defined charter, outlining its specific roles and responsibilities.

The charters are reviewed and updated regularly to align with the evolving needs of the organisation and the shifting dynamics of the banking and financial services sector. This process ensures that the committees remain proactive, adaptive, and responsive to emerging challenges and opportunities.

The committees enable the Board to address complex matters with efficiency, focus, and precision, reinforcing Mashreq's commitment to maintaining the highest standards of governance and accountability.

Committee	Functions
Audit Committee	The Audit Committee convened 5 times during the year. Its primary functions involve reviewing the financial reporting process and overseeing the activities and effectiveness of the Bank's internal and external auditors.
Credit Committee	The Credit Committee held 4 meetings throughout the year. Its core responsibility is to exercise oversight of credit approvals, ensuring appropriate credit decisions aligned with the Bank's credit risk appetite, with recommendations provided to the Board.
Risk, Compliance and ESG Committee	The Risk, Compliance & ESG Committee met 6 times in the year. Its principal function is to oversee key risk and compliance matters, in addition to emerging ESG matters, making appropriate recommendations to the Board on the compliance status of the group, and on the risk appetite framework as recommended by the Enterprise Risk Committee (ERC).
Nomination and Compensation Committee	The Nomination and Compensation Committee has been convened 4 times during the year. Its main functions encompass ensuring an appropriate composition of the Board, Senior Management, and staff; planning for orderly succession in both Board and Senior Management positions; evaluating Board performance; and ensuring the remuneration framework aligns with the Bank's risk appetite, business strategy, culture, values, and long-term interests, while complying with UAE Central Bank regulations.

Management Committees

Mashreq has established eight management sub-committees to oversee day-to-day operations across various departments and processes. These committees work in close coordination with the Executive Committee to provide comprehensive support, ensuring operational efficiency, effective decision-making, and alignment with the Bank's strategic goals.

Mashreq has also established an Internal Shari'ah Supervision Committee (ISSC) dedicated to upholding rigorous standards of Shari'ah compliance. This highly qualified committee comprises respected scholars from the realm of Islamic finance, who meticulously oversee each phase of Islamic product development and its associated contracts, ensuring full adherence to the principles of Islamic law.

By delegating specific responsibilities to these committees, Mashreq has a collaborative and structured approach to addressing complex operational challenges while maintaining high standards of performance, governance, and compliance with both conventional and Islamic financial principles.

Committee	Responsibility of the Committee
Executive Committee (EXCO)	The EXCO is the most senior management committee. It oversees all of Mashreq's businesses and operations.
Assets and Liabilities Committee (ALCO) and Islamic ALCO	The primary objective of ALCO will be to manage the liquidity of the Bank ensuring that it pays its obligations in a timely manner and to manage interest rate risk for the Bank. Islamic ALCO is focused on the Islamic division of the Bank & Shariah aspects with same objectives of the Group ALCO.
Investment Committee (IC)	IC's primary objective is formulating strategies, policies, and limits within which investments of the Bank are to be executed and approving bank-wide investment in securities in the UAE and all International Banking Group ("IBG") locations in addition to Investment Policies. Furthermore, periodically reviewing and monitoring the performance of the Bank's investment portfolios.
Compliance Risk Management Committee (CRMC)	The CRMC assists in the fulfilment of oversight responsibilities by the Bank's Senior Management for monitoring of regulatory compliance, including anti-money laundering matters, terrorism finance issues, know your customer matters, sanction matters and anti-bribery and corruption considerations (excluding fraud risk) also include consideration of reputational risks linked to Mashreq customers, jurisdictions in which Mashreq operates as well as products and services offered.
Group Risk Committee (GRC)	The GRC is responsible for formulating the bank-wide approach to risk management and to communicate the approach across the Bank. The Committee will have the mandate to develop and recommend the overall risk strategy, risk governance framework and Risk Appetite Statement (RAS) to the Board Risk, Compliance & ESG Committee for approval. The Committee, on behalf of the Board Risk Compliance & ESG Committee, will monitor to ensure that the Bank operates within the established risk governance framework, risk appetite and risk limits.
Sustainability Executive Committee (SEC)	The SEC was set up in late Q3 2024 and the main purpose of this Committee is to support Mashreq's ongoing commitment to Sustainability and sustainability linked finance initiatives. This includes but is not limited to Environmental, Social and Corporate Governance ("ESG") responsibilities, as relevant to the Group.
Technology Steering Committee (TSC)	The TSC is the most senior management committee which provides governance and oversight over Mashreq's technology strategy and execution.
Information Security Committee (ISC)	The ISC is the highest-level committee that governs information security across the whole Bank.

Sustainability Governance

At Mashreq, we believe that adopting a comprehensive sustainability approach not only brings about positive change but also enhances business value. Acknowledging the critical role of policy research, creative innovation, and long-term strategic insight, we have instituted a sustainability governance structure to set ambitious targets and drive continuous growth. In 2024, the Board Risk Committee was strategically enhanced and expanded into the Board Risk, Compliance & ESG Committee.

Mashreq's sustainability governance framework is structured across three levels to ensure integrated oversight and execution:

Level 1: Board Risk, Compliance & ESG Committee

As the highest level of governance, this committee is tasked with shaping Mashreq's overarching risk strategy while ensuring alignment with ESG principles. It provides strategic oversight and guidance, reflecting the Bank's commitment to embedding sustainability into its operations and governance framework.

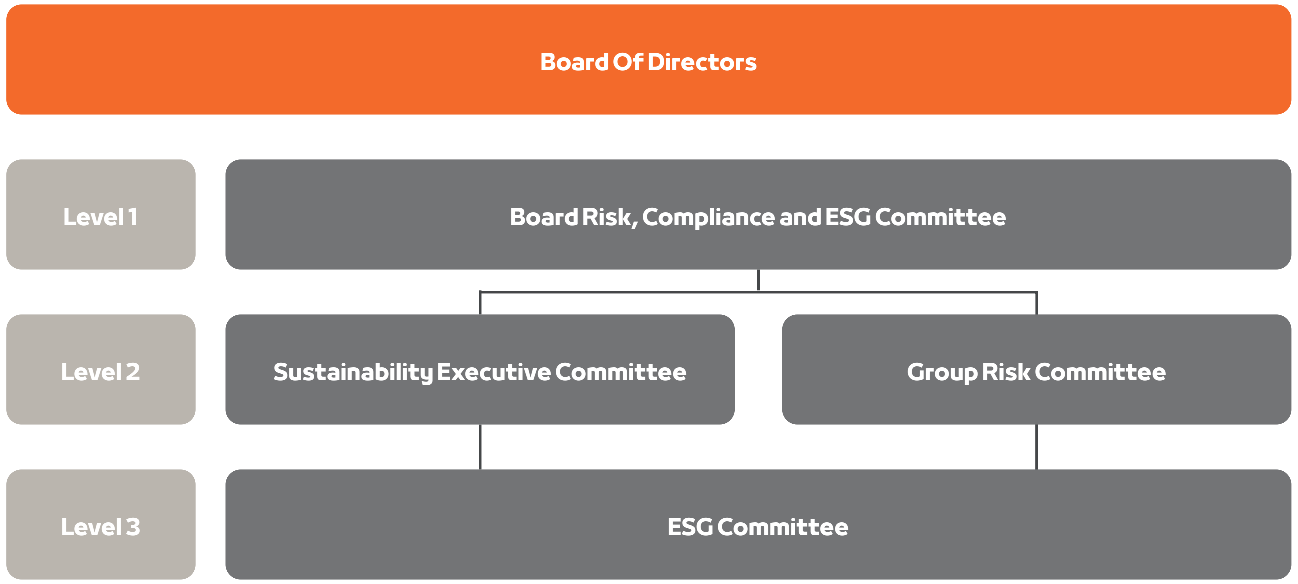
Level 2: Sustainability Executive Committee & Group Risk Committee

At this level, the Sustainability Executive Committee drives sustainability-focused initiatives, overseeing areas such as ESG integration, product development, and fostering an ecosystem that promotes performance and sustainability. Working in tandem, the Group Risk Committee ensures that risk management practices are harmonised with sustainability objectives, enabling seamless alignment between strategic priorities and operational resilience.

Level 3: ESG Committee

This committee focuses on monitoring, advancing, and ensuring the continual improvement of Mashreq's ESG efforts. It operates as the core engine for implementing initiatives and ensuring compliance with global sustainability standards, solidifying Mashreq's active participation in global sustainability endeavours.

This multi-tiered governance structure demonstrates Mashreq's dedication to a comprehensive and integrated approach to sustainability. By embedding ESG principles at every level, Mashreq is equipped to lead with purpose, ensuring that sustainability remains central to its long-term strategy and operations.



Sustainability Executive Committee

The Sustainability Executive Committee at Mashreq is instrumental in embedding sustainability principles into the organisation's strategic framework. It ensures alignment across divisions by overseeing Environmental, Social, and Governance (ESG) initiatives and ensuring coherence with performance benchmarks.

The committee drives the execution of sustainability-linked financial projects while extending its oversight to product and procedural innovations that emphasise green financing and broader sustainability goals. This commitment helps create our ecosystem of performance and encourages employees to actively pursue sustainability objectives.

Key activities include continuous monitoring and evaluation of ESG concerns, which enhance the Bank's understanding of material issues. Governance structures are developed to drive ESG maturity, all the while making sure we remain faithful to our long-term sustainability objectives. Additionally, training programmes are instituted to improve staff awareness of ESG principles.

The committee submits regular progress updates and reports to the Board, providing visibility on Mashreq's sustainability endeavours and achievements. The Sustainability Executive Committee convened for the first time in the latter part of 2024.

ESG Committee

The ESG Committee serves as a cornerstone of Mashreq's sustainable governance, leading the Bank's Environmental, Social, and Governance (ESG) strategy and implementation. The committee is tasked with formulating a comprehensive ESG strategy and governance framework, including defining long-term goals and commitments, such as achieving net-zero emissions.

This committee's influence extends to fostering innovation in sustainability practices, reviewing action plans, and analysing ESG-related risks and opportunities. It ensures compliance with emerging ESG regulations and standards while integrating ESG considerations into the Bank's risk management structures. Through these efforts, the committee identifies ESG risks and recommends mitigation strategies to address them effectively.

Stakeholder engagement is central to the ESG Committee's responsibilities, as it stimulates dialogue to understand and address the ESG concerns of diverse stakeholders. Reporting and transparency are also prioritised, with the committee monitoring performance, developing disclosures to meet regulatory requirements, and reporting material ESG issues to the Sustainability and Enterprise Risk Committees.

During the reporting year, the ESG Committee convened twice.

> The ESG Committee serves as a cornerstone of Mashreq's sustainable governance, leading the Bank's Environmental, Social, and Governance (ESG) strategy and implementation. The committee is tasked with formulating a comprehensive ESG strategy and governance framework.

Embedding Sustainability into Employee KRAs

As part of Mashreq's ongoing commitment to sustainability, the Bank is in the process of defining Key Result Areas (KRAs) for sustainability-related performance metrics applicable to relevant employees. This initiative is aimed at integrating sustainability considerations into the daily responsibilities of the workforce with a view to building a collaborative approach to corporate sustainability.

Business Ethics, Policies, and Anti-Corruption

Our commitment to ethical and responsible practices is at the core of our operations. Through stringent procedures and policies, we aim to prevent and detect corruption, uphold integrity, and foster a culture of accountability. These efforts are reinforced by explicit accounting guidelines and systems to ensure transparency and accuracy in financial practices.

To strengthen this commitment, we have established a comprehensive suite of internal policies designed to guide employees, safeguard stakeholder interests, and uphold our ethical standards:

a) Code of Conduct: The Code of Conduct is the backbone of our ethical framework, aligned with our core values of fairness, respect, and responsibility. Mandatory for all employees, the Code forms an integral part of employment contracts and is actively reinforced through regular communications from senior management. Compliance with the Code is rigorously monitored, ensuring maintenance of the highest standards of ethical behaviour.

b) Compliance Policies: We have implemented several compliance policies aimed at combating corruption and financial crimes. These policies are accessible to relevant stakeholders and serve as critical tools for maintaining integrity across operations.

Compliance Charter: The Charter lays out Vision and Mission of Compliance Group, along with specific responsibilities of various stakeholders at Mashreq (including the Board and Senior Management) in relation to overall compliance agenda.

Group Anti-Money Laundering, Combating Terrorism Financing, and Non-Proliferation Financing Policy (Group AML Policy):

Mashreq adopts a zero-tolerance stance toward facilitating illicit activities. The policy outlines minimum requirements for Anti-Money Laundering (AML), Combating Terrorism Financing (CTF), and Non-Proliferation Financing (NPF). Core objectives include deploying sufficient resources to manage financial crime risks, implementing Know Your Customer (KYC) and Customer Due Diligence (CDD) processes, and identifying and preventing money laundering activities to safeguard the financial ecosystem.

Group Anti-Bribery & Anti-Corruption Policy and Group Gifts & Entertainment Policy (Group AB&C Policy) and (Group G&E Policy):

These policies provide clear rules for employees and third parties to ensure compliance with global anti-bribery and anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the UK Bribery Act, along with local legal obligations. They establish a framework to uphold Mashreq's ethical standards, ensuring all business dealings are conducted with integrity.

Group Sanctions Policy:

This policy governs compliance with international sanctions regimes, ensuring Mashreq avoids conducting business with sanctioned entities or individuals.

Personal Investment Policy:

This policy outlines regulations on personal investments by employees to prevent conflicts of interest.

Chinese Walls, Conflict of Interest, and Insider Information Policy:

This ensures the proper management of confidential information and mitigates risks associated with conflicts of interest within the organisation.

c) Insider Trading Policy: Mashreq enforces a strict Insider Trading Policy that prohibits individuals in possession of material non-public information from trading in the Bank's securities. Insiders are barred from sharing unpublished data or using such information for personal gain.

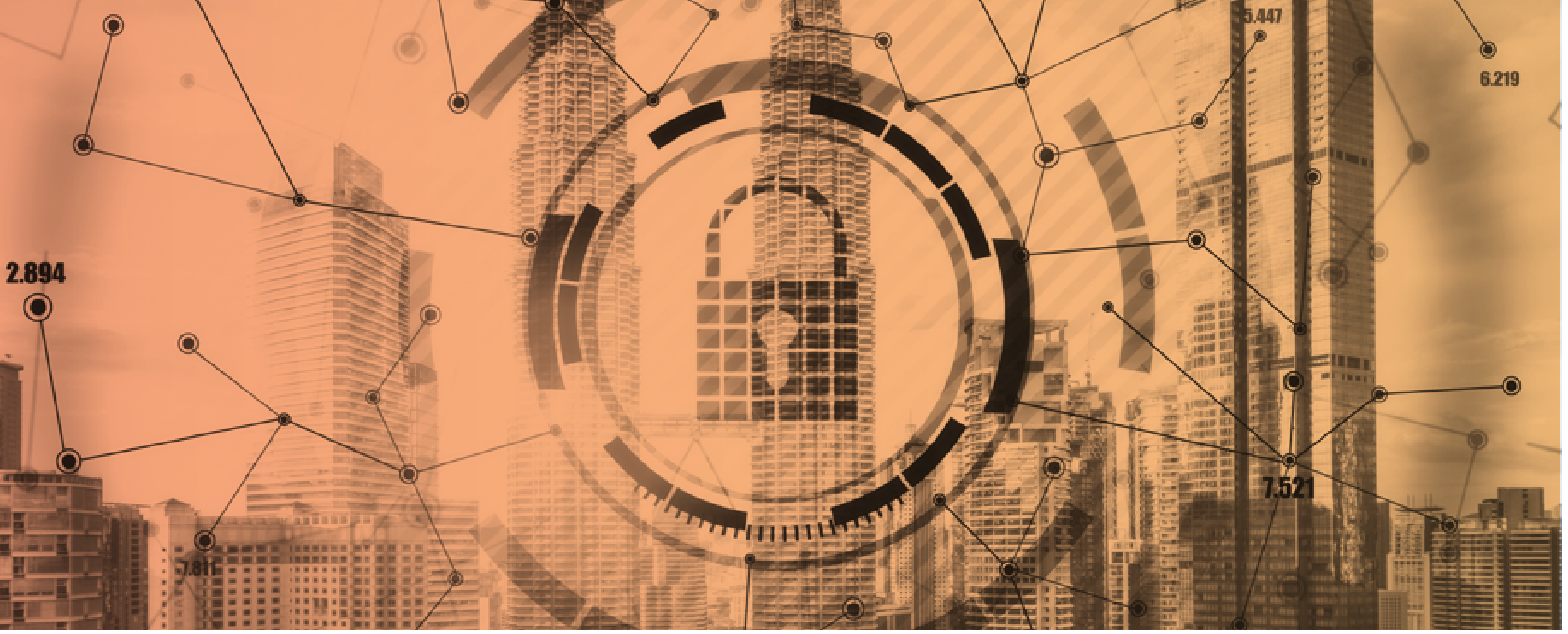
d) Information Security Policy: To make sure sensitive customer data is handled responsibly, Mashreq has established an Information Security Policy. This policy guides employees in securely receiving, storing, sharing, and disposing of customer data.

In 2024, no cases of customer privacy breaches or data loss were reported, a testament to our compliance with GDPR regulations and commitment to data security. Our Privacy Principles outline the steps we take to manage customer information, reinforcing trust and confidence among stakeholders.

Principle	Description
Transparency	Clear and accessible notices and policies articulate how information is collected, stored, and protected, ensuring a transparent approach to data management.
Security	Robust physical, administrative, and technical measures are implemented to safeguard personal information, mitigating the risk of misuse or unauthorised access.
Focus on Processes	Rigorous processes are designed to ensure the collection and management of data align with defined privacy policies. Procedures are in place to address queries and concerns related to the utilisation of such data.
Access	Individuals are provided, as mandated by law, with the capability to amend or delete their personal information. In the event of a data security breach, affected individuals are promptly notified, emphasising our commitment to transparency and accountability.
Choice	We afford individuals appropriate choices, empowering them to decide how their information is utilised and disclosed, fostering a culture of respect for individual preferences and privacy.
Transfer	Stringent adherence to privacy policies and applicable laws govern the transfer of personal information across countries or to third parties, ensuring compliance and safeguarding the privacy rights of individuals.
Reassessment and Monitoring	Continuous monitoring of privacy laws is conducted, enabling regular updates to our privacy principles and guidelines. This proactive approach ensures ongoing compliance with evolving regulations and reinforces our commitment to maintaining the highest standards of data privacy.

A Culture Rooted in Accountability

Mashreq's proactive stance on business ethics, and anti-corruption measures – together with our compliance policies, reflect our dedication to responsible governance. These initiatives not only mitigate risks but also ensure we remain a trusted partner to our customers, shareholders, and the wider community. Through continuous evaluation and refinement, Mashreq continues to set benchmarks for ethical excellence in the banking industry.



Cybersecurity and Data Privacy

Leadership Commitment to Cybersecurity

Cybersecurity remains a strategic priority for the Bank, supported by active leadership team involvement and a robust governance framework. The Group Chief Risk Officer (CRO) is a member of the Executive Management Team. He oversees the Bank's risk strategy, which includes cybersecurity. Collaborating closely with senior leaders, the CRO ensures that risk management, including cyber risks, is integrated into the Bank's decision-making processes. At Board level, the CRO provides regular updates on risk profiles, highlights key cybersecurity concerns, and advises on mitigation strategies.

Mashreq's Chief Information Security Officer (CISO) oversees the Bank's information security strategy and provides quarterly updates on our cybersecurity health status to the CRO and Chief Executive Officer through the Information Security Committee.

Comprehensive Information Security Policy

Our Information Security Policy is a cornerstone of our security framework, outlining key principles for safeguarding information assets. Published on the Bank's intranet, the policy is accessible to all employees, promoting a culture of security awareness and adherence to compliance standards. Training programmes are mandatory for all staff, including external personnel, ensuring employees are equipped to identify and mitigate information security risks. Specialised training is provided to staff handling sensitive information, with completion tracked and reported to line managers. A clear escalation process allows employees to report suspicious activities to the Cyber Defence Centre at sim@mashreq.com.

Incident Response and Business Continuity

Mashreq's Business Continuity and incident response plans are designed to minimise the impact of security incidents. These plans outline predefined actions, roles, and communication protocols to ensure the swift resumption of critical functions. Annual testing ensures readiness, protecting data, minimising financial and reputational damage, and enabling efficient recovery.

Adherence to Global Standards and Audits

Mashreq's IT infrastructure and information security management systems undergo regular external audits to ensure compliance with industry standards such as PCI-DSS, SWIFT CSF, and UAE NESA IAS. This rigorous validation process underscores our commitment to maintaining high levels of security control and compliance with global and local regulatory frameworks.

Data Privacy: A Commitment to Transparency

Privacy Policy and Governance

Our Privacy Policy is a key pillar of our compliance framework, ensuring uniform adherence to data protection laws across all business areas, including supplier and third-party interactions. Oversight is managed by the Data Privacy Office, which monitors compliance, addresses issues, and provides quarterly updates through a dedicated Steering Committee. Regular audits assess compliance and proactively address potential gaps, reinforcing our culture of transparency and accountability.

Data Protection Measures

Mashreq's role as a data controller involves stringent measures to safeguard personal data, including contact details, financial information, and transaction history. Data collection and sharing comply with legal and regulatory standards, including cross-border transfers when necessary. Customers are empowered with rights to access, correct, or erase their data under applicable laws. For inquiries or to exercise data rights, customers are encouraged to contact the Bank via email or post.

Policies Reinforcing Ethical Practices

Whistle-Blowing Policy

Mashreq's whistle-blowing framework facilitates anonymous reporting of concerns, ensuring whistleblower protection and impartial investigations. Employees can do so via email at ethics.whistleblowing@mashreq.com or by calling +971 4 4246677.

Procurement and Supplier Charter

To ensure supplier compliance with relevant laws and regulations, our Supplier Charter is disseminated to all vendors upon registration. The charter encompasses ESG issues like health and safety standards, diversity and inclusion, anti-discrimination, and environmental protection and conservation etc.

In customer contracts, procurement activities are governed by principles of transparency, fairness, responsiveness, best value, and accountability. Adherence to these principles prohibits Mashreq staff from accepting/offering any gift, gratuity, entertainment, kickback, or anything of monetary value that may unduly influence procurement outcomes.

As part of our commitment to responsible sourcing and sustainable practices, we conduct Environmental, Social, and Governance (ESG) due diligence during the vendor onboarding process. This includes evaluating whether the vendor has a robust ESG program in place, with specific attention to how they address climate-related risks and opportunities within their operations. We assess the vendor's strategies for mitigating environmental impact, transitioning to a low-carbon economy. Additionally, we ensure that the vendor is not currently facing any legal or regulatory actions pertaining to climate-related issues, such as non-compliance with environmental regulations or ongoing litigation related to climate risks. This comprehensive approach helps us ensure that our partnerships align with our long-term sustainability goals.

Consequence Management Policy

The Consequence Management Policy ensures strategic responses to non-compliance incidents, mitigating financial and reputational risks. The Fraud Prevention & Investigation team conducts thorough investigations, reporting findings to the Consequence Management Committee, which determines appropriate actions based on the severity of the incident.

This comprehensive approach reflects Mashreq's steadfast commitment to ethical business practices, tough cybersecurity measures, and responsible data management, safeguarding the interests of its customers, stakeholders, and the broader community.

Remuneration Practices

Mashreq's remuneration framework embodies principles of competitiveness, equitability, and performance-based rewards, ensuring alignment with the Bank's strategic objectives. This approach emphasises effective risk management, builds employee motivation, and drives superior performance.

Through a structured 'Pay for Performance' model, supported by incentive-based performance management systems, Mashreq consistently benchmarks its compensation packages across all operational geographies, maintaining alignment with current market practices. The Variable Pay Programme is tailored to include targeted incentives, spanning product-specific schemes for sales teams and long-term incentive plans for senior management. Additionally, a bonus-based system is in place for non-incentivised employees.

Our commitment to responsible and balanced remuneration is reflected in the incorporation of claw-back mechanisms, ensuring alignment with our values and promoting ethical behaviour. This comprehensive framework harmonises the interests of customers, employees, and shareholders, reinforcing the Bank's dedication to sustainable growth and governance excellence.

Risk Management and Compliance

The hallmark of an effective risk management system lies in its seamless adaptability to change. At Mashreq, we continuously reassess and enhance our risk strategy, leveraging new technologies that empower us to navigate diverse challenges and evolve our business. This proactive approach not only brings value to stakeholders but also fosters consistency and optimises risk-reward dynamics. Recognising the importance of resilience against both financial and non-financial risks, risk management stands as a pivotal element in our organisational framework.

At Mashreq, we recognise that effective risk management is essential to achieving our sustainability goals and minimising potential negative impacts on people, and the planet. Our risk management approach is designed to identify, assess, and mitigate risks that could affect our operations, reputation, and long-term sustainability.

The Bank has adopted a strong corporate governance infrastructure with clear roles and responsibilities articulated at different levels. The Bank is operated and controlled through the structure and mechanism adopted in the Corporate Governance system. The shareholders' role in Governance is to appoint the directors and the auditors and to assure themselves that an appropriate governance structure is in place. The Board of Directors ("The Board") is responsible for the Governance of the Bank, and its responsibilities include setting the Bank's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The Board is also responsible for protecting the rights and interests of the minority shareholders of the Bank. The Board's actions are subject to laws, regulations and the decisions of the shareholders made in General Assembly Meetings.

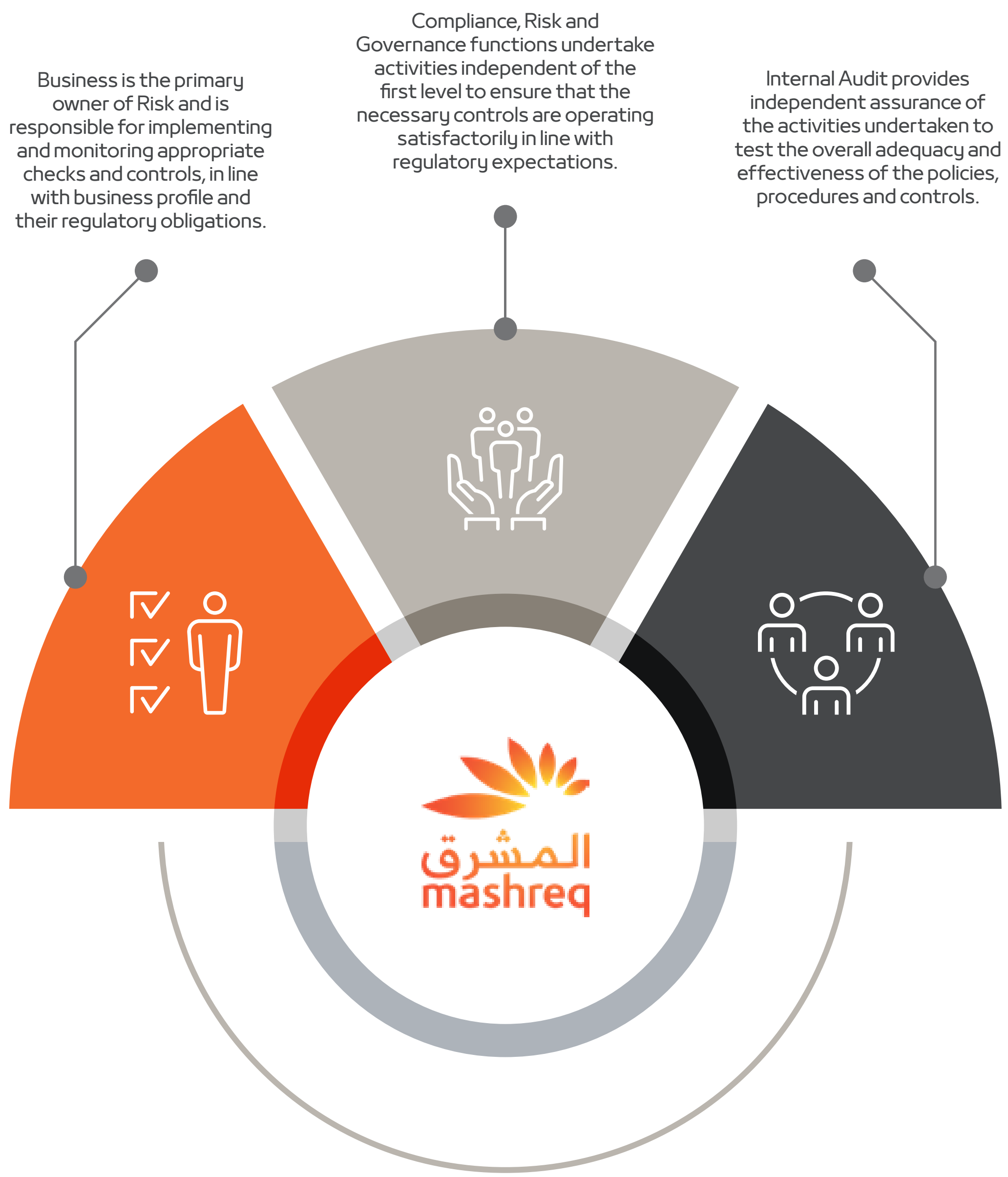
The Bank's senior management acts based on clear delegation of authority on administrative, financial and operational matters based on appropriate policies and manuals. The delegation of authority is judiciously provided based on experience, performance, track record and the position of individuals. Any misuse of authority or acts of negligence are highlighted through regular audits and reviews, which are escalated up to board level depending upon the seriousness of the issue. Independent reporting lines are also an important component of the Bank's governance structure and support robust governance in the Bank.

At Mashreq, we embrace the 'Three Lines of Defense' model, wherein each line assumes a critical role supported by pertinent policies and the delegation of responsibilities. The Bank implements an effective risk culture and internal controls through the structured implementation of the "Three Lines of Defense" ("3LOD") approach, including Senior Management of the Business Lines, the control functions of Risk Management and Compliance, and an independent and effective Internal Audit function. This model aims to facilitate seamless knowledge and information sharing across different functions and levels, thereby enhancing our capacity to achieve strategic goals successfully.

Each level within the organisational hierarchy plays a pivotal role, and it is imperative that each role is underpinned by well-defined policies and clear role definitions.

The synergy between the various levels of control is vital for fostering efficiency and effectiveness in our operations.

To ensure seamless functioning, control functions across different levels should actively engage in the proper sharing of knowledge and information. This collaborative approach supports all functions in fulfilling their roles efficiently and contributes to the overall success of the organisation.



Rise every day

Main Attributes of our Risk Management Framework

The Group Risk Management Framework (herein referred to as GRMF) provides a framework for the management of all classes of risks which Mashreq (herein referred to as "the Bank") faces, which typically involves identifying particular events or circumstances, assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring process.

The primary function of the Bank's GRMF is to set out the principles, policies, roles and responsibilities whereby risk is to be managed within the Bank.

The Group Risk Management Function, with the leadership, support and guidance of the CRO, is responsible for implementation of the GRMF. This includes ensuring that the Bank have integrated Risk Management processes that align with GRMF.

The key attributes of our Risk Management Framework encompass:

- Clearly communicating the Risk Appetite Statement, which encapsulates all activities at Mashreq and guides our overarching Risk Management Strategy.
- Prioritising the integration of technology into processes to enhance accuracy and efficiency across our operations.
- Promoting portfolio management by adhering to established guidelines and limits.
- Optimising the application of credit analytic capabilities to inform strategic business decision-making.
- Continuously enhancing our approach to cyber risk and fraud management to stay ahead of evolving threats.
- Implementing a rigorous and detailed approval process for each new product, coupled with fortifying the collection and recovery function within our retail banking sector.

In tandem, Group Compliance upholds stringent controls to mitigate compliance risks, maintaining a 'Zero tolerance' stance towards knowingly facilitating financial crime risks or violating applicable laws.

The Compliance framework is built on a risk-based approach, encompassing policies, risk assessment, controls, training, independent assurance, and audit.

Climate Risk

Mashreq aligns its climate risk management practices with the global gold standard: the Task Force on Climate-related Financial Disclosures (TCFD) 4-pillar framework. Recognising the evolving landscape of sustainability disclosures, Mashreq is preparing for the transition to the International Sustainability Standards Board (ISSB) IFRS guidelines and will comply with the upcoming regulation in the future.

Key components of Mashreq's climate risk management strategy include:

- **Governance:** Oversight is ensured through a three-tiered committee structure: the Board of Directors (Level 1), the Group Risk Committee (Level 2), and the ESG Committee (Level 3).
- **Climate Risk Awareness:** Comprehensive training programmes were initiated in 2023, with plans for intermediate-level training in 2025, to embed climate awareness across all organisational levels.
- **Alignment with Net-Zero Goals:** Mashreq is working in line with the UAE government's net-zero strategy and Federal Decree No.11 of 2024, striving for a net-zero economy by 2050.
- **Stress Testing:** Climate risk modelling and stress testing adhere to Central Bank of the UAE (CBUAE) and other jurisdictional guidelines, including voluntary exercises for Hong Kong Monetary Authority (HKMA).
- **Data-Driven Insights:** Focused on assessing physical risks such as coastal flooding in the UAE, Mashreq is actively gathering data for the Commercial Real Estate (CRE) and Residential Real Estate (RRE) sectors. We are aiming to build a dedicated climate risk management data warehouse.
- **Greenhouse Gas Reporting:** Mashreq tracks and reports on Scope 1, Scope 2, and Scope 3 emissions for its own operations under the GHG Protocol and has developed plans to develop portfolio-specific climate metrics.

Mashreq's Sustainable Finance Credit Policy identifies six high-risk sectors - Oil & Gas, Transportation, Power, Mining, Metals, and Agriculture & Forestry. The Bank is committed to facilitating USD$30 billion in sustainable finance by 2030, offering diverse solutions such as sustainability-linked loans, green bonds, and Sukuk.

While Mashreq has yet to adopt an internal carbon price, the Bank recognises its importance and may consider its implementation in the future as part of its broader sustainability initiatives.

Auditing

Commitment to ESG and Sustainability

The Internal Audit Group (IAG) at Mashreq reinforces the Bank's sustainability goals and ethical governance. They provide independent assurance to shareholders, stakeholders, and regulators offering consultative guidance when needed, without compromising their independence. By incorporating Environmental, Social, and Governance (ESG) principles into the auditing processes, Mashreq ensures that its operations remain financially sound, environmentally responsible, and socially fair. This approach underscores the Bank's commitment to sustainability and ethical practices.

Commitment to Transparency and Ethical Practices

IAG is committed to maintaining transparency, accountability, and ethical business practices. This commitment is demonstrated by periodic self-assessments and external quality assessments to ensure adherence to the Global Internal Audit Standards (The Standards) and the corresponding Code of Ethics. IAG achieved the highest rating of "Generally Conforms" in its latest external quality assessment conducted in Q3 2023.

ESG and Sustainability Audit Approach

The Internal Audit Group at Mashreq is instrumental in strengthening the Bank's sustainability and ESG commitments through its audit practices.

Mashreq is adopting a dual approach for auditing Environmental, Social, and Governance (ESG) and sustainability factors. This includes conducting thematic audits focused on ESG and Sustainability and integrating ESG themes into all relevant audits for comprehensive oversight.

Artificial Intelligence (AI)

Artificial Intelligence (AI) is poised to significantly advance the Bank's ESG and sustainability objectives by optimising resource use, minimising waste, and enhancing energy efficiency. AI enables precise monitoring of environmental metrics, such as carbon emissions, while identifying avenues for sustainable practices. Additionally, AI fosters social responsibility through increased transparency, fairness, and inclusivity, supporting long-term sustainability and aligning with ESG ambitions.

Mashreq is actively developing a comprehensive AI policy centred on the responsible and ethical use of AI technologies. This policy prioritises data privacy, ensuring the protection of customer information throughout AI's development and use. It also incorporates cybersecurity measures to mitigate threats to AI systems. The policy is designed to prevent bias in AI processes, promoting fairness and transparency.

Our AI policy is in the final stages of completion, with approval pending. It will be implemented across the Bank in the near future.

Sustainable Finance

Mashreq leads the charge in sustainable finance, delivering tailored solutions that empower clients to embark on their sustainability journeys.

From green loans and bonds to sustainability-linked debt instruments, our diverse financial offerings align with the evolving demands of a sustainability-focused marketplace.

Beyond traditional offerings, we excel in pioneering specialised solutions, including green supply chain financing and green Islamic finance, solidifying our role as a partner for businesses tackling complex sustainability challenges. The Bank actively collaborates with clients, providing bespoke financial advice to support energy transition goals, reflecting its dedication to advancing ESG priorities across industries.

Mashreq's Climb2Change initiative encapsulates its commitment to ESG milestones, integrating sustainability into the heart of its strategy. Through this framework, Mashreq aims to foster transformative change within financial ecosystems while raising awareness and encouraging adoption of sustainability-linked financing practices.

Key to this ethos is Mashreq's pledge to facilitate USD 30 billion in sustainable finance by 2030, exemplifying its leadership in the sustainable finance domain and its vision to create a resilient, low-carbon future.

Sustainable Finance Credit Policy

Mashreq's Sustainable Finance Credit Policy integrates ESG considerations into credit assessment, underwriting, and monitoring processes. It manages ESG risks, especially in high-carbon sectors, through specialised reviews to align with global sustainability goals. ESG risk assessment includes screening clients for potential ESG factors and reviewing their sustainability strategies; depending on the client's risk profile, proposals may require additional sign-off. By embedding ESG criteria into lending practices, Mashreq commits to responsible finance and sustainable growth.

Nature Saver Account

Our Nature Saver product is another good example of Mashreq's dedication to sustainable finance, offering customers a chance to contribute to environmental preservation while enjoying competitive rates. This savings account is perfect for individuals, businesses, and trusts seeking to integrate environmental stewardship into their financial activities. It encourages customers to donate a portion of their gains to top-tier environmental organisations, supporting initiatives such as habitat protection, reversing ecological damage, and safeguarding endangered species like the Arabian Caracal and Blanford's Fox.

Nature Saver has been applauded for its innovative approach, earning recognition for blending financial savings with environmental impact. As part of Mashreq's broader Climb2Change global strategy, the Nature Saver account shows our commitment to embedding ESG principles into financial solutions wherever we can, driving sustainable banking practices.

Recyclable Credit and Debit Cards

We have also illustrated our environmental commitment by eliminating non-recycled material in our credit cards. In collaboration with Emirates Nature-WWF, all Mashreq credit and debit cards are now made from 100% recycled plastic. This initiative reflects our broader commitment to sustainability and the reduction of plastic waste, aligning with global efforts to combat environmental degradation.

Green Home Loan Product

Our Green Home Loans are tailored to encourage the purchase of environmentally friendly and LEED-certified (Gold & Platinum) residential properties and are another example of how we strive to align our financial products with sustainable living practices.

The Green Home Loans directly support several United Nations Sustainable Development Goals (SDGs):

- SDG 11: Sustainable Cities and Communities: By financing certified sustainable properties, this product advances the creation of resilient, eco-conscious communities.
- SDG 13: Climate Action: Facilitating the adoption of eco-friendly homes helps reduce residential carbon footprints, contributing to climate mitigation efforts.
- SDG 12: Responsible Consumption and Production: Incentivising green building practices promotes resource-efficient living and responsible consumption patterns.

All these initiatives demonstrate our forward-thinking approach to embedding sustainability into our financial services. By empowering customers to adopt sustainable practices, Mashreq not only achieves its environmental objectives but also strengthens its position as a leading advocate for green finance in the region.

Nature Saver has been applauded for its innovative approach, earning recognition for blending financial savings with environmental impact.

Financial Inclusion

Financial inclusion is another important part of our mission to create a more equitable and sustainable economy. By ensuring that individuals and businesses - particularly those from underserved and disadvantaged communities, have access to affordable and meaningful financial services, we contribute to reducing economic disparities, fostering entrepreneurship, and stimulating inclusive growth.

Empowering Communities through Digital Banking in Egypt

We achieved a lot of progress during 2024 in financial inclusion by leveraging our innovative digital banking platform to reach underserved segments, including women and youth. Various initiatives allowed us to onboard 194,181 active customers under the financial inclusion umbrella, of which 35,097 were women, and 44,764 were youth, thus promoting financial independence and empowerment.

Expanding Access in Egypt

In Egypt, we tailored our outreach efforts to expand access to banking services for the country's women and youth. This initiative was aligned with the Central Bank of Egypt's strategies to enhance financial literacy and inclusion. By introducing tailored products and providing targeted outreach, we engineered meaningful outcomes for unbanked and underserved communities, creating a lasting positive impact.

Debt Counseling and Financial Literacy

Beyond providing access to financial services, Mashreq also supports individuals through debt counselling and financial literacy programmes, empowering them with the knowledge to make informed financial decisions. These efforts reflect our commitment to fostering inclusive and sustainable economic development.

Our People: Nurturing a People-First Culture

At Mashreq, we understand that our employees are our greatest asset. They embody our mission and are pivotal to our continued success and growth. With a rich history spanning more than 50 years, our dedication to fostering a people-centric culture has become a cornerstone of our organisational identity.

Looking ahead, our goal is to go beyond industry standards by strategically investing in the development of our employees and community initiatives. Through these efforts, we aim to maximise the positive impact we have on both our workforce and the communities we serve, further enhancing the value we bring to society.

Talent Attraction and Retention

At Mashreq, our exceptional human resources have been the cornerstone of our enduring growth, sustained achievements, and future aspirations. We are committed to cultivating a comprehensive employee value proposition that prioritises a supportive, inclusive, and diverse team environment.

Our dedication to fostering a high-performance workplace was globally recognised when we were honoured by Great Place to Work, with their accolade for the 2nd year running across various Mashreq entities. This accolade reflects our strategic initiatives to provide inclusive career opportunities, competitive compensation packages, and world-class training and development programmes.

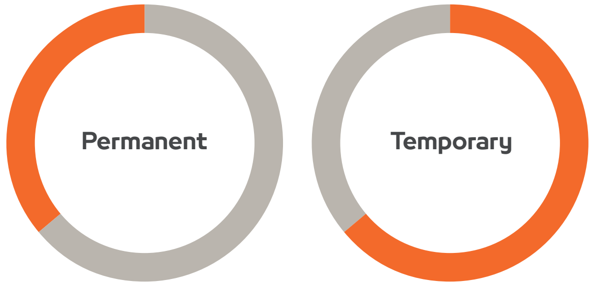
Our overarching strategy is meticulously designed to drive excellence and long-term success. This approach is instrumental in attracting, developing, motivating, and retaining top-tier talent. By nurturing a culture of skill enhancement, positive attitudes, and an empowering work environment, we ensure that our workforce remains equipped to propel Mashreq's ongoing success and future growth.

UAE Workforce Overview	2024	
	Number	% of Total
Total Workforce	2,465	100%
Full-time Employees	2,460	99.80%
Part-time Employees	2	0.08%
Employees on an indefinite or permanent contract	2,462	99.88%
Contractors and /or consultants	3	0.12%

Global Workforce Overview	2024	
	Number	% of Total
Total Workforce	6,174	100%
Full-time Employees	6,172	99.97%
Part-time Employees	2	0.03%
Employees on an indefinite or permanent contract	6,174	100.00%
Contractors and /or consultants		

UAE Workforce Overview 2024

	Permanent	Temporary
UAE Workforce Total	2,462	15
UAE Workforce by Gender		
Male	1,573	4
Female	889	11



Global Workforce Overview 2024	Contract Type	
	Permanent	Temporary
UAE Workforce Total	6,174	
UAE Workforce by Gender		
Male	3,902	
Female	2,272	

UAE Workforce Overview	Contract Type	
	Temporary Workforce [UAE]	% of Total
Total Workforce	15	0.61%
Male	4	0.16%
Female	11	0.45%

UAE Workforce by Region

Dubai	2,318
Abu Dhabi	78
Sharjah	24
Ras Al Khaimah	28
Ajman	14

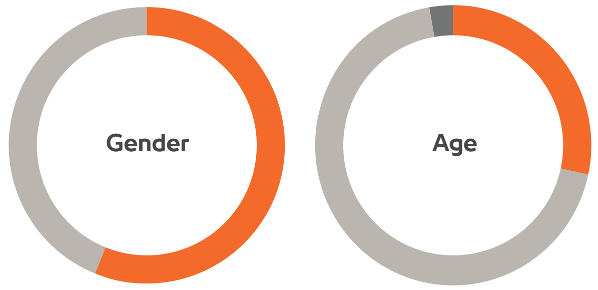
Global Workforce by Geography

Country	Count of Employee Number
Bahrain	37
Bangladesh	17
Egypt	802
HK	32
India	47
Kuwait	27
MGN Egypt	183
MGN India	1,881
MGN Pak	407

Country	Count of Employee Number
Nepal	4
Oman	10
Pakistan	113
Qatar	69
China	2
UAE	2,465
UK	15
US	63
Grand Total	**6,174**

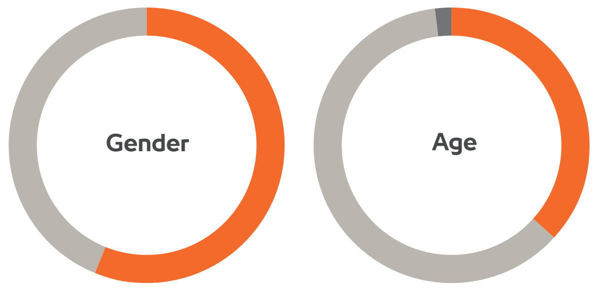
In the fiscal year 2024, we welcomed a total of 466 new employees into our organisation in the UAE. The table below provides a detailed breakdown of these new hires categorised by gender and age group.

UAE Total New Hires 2024



New Employees by Gender	
Male	263
Female	203
New Employees by Age	
Under 30	133
30 to 50	321
Over 50	12

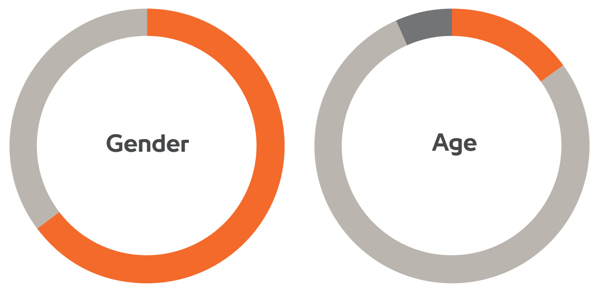
Global Total New Hires 2024



New Employees by Gender	
Male	786
Female	597
New Employees by Age	
Under 30	509
30 to 50	848
Over 50	26

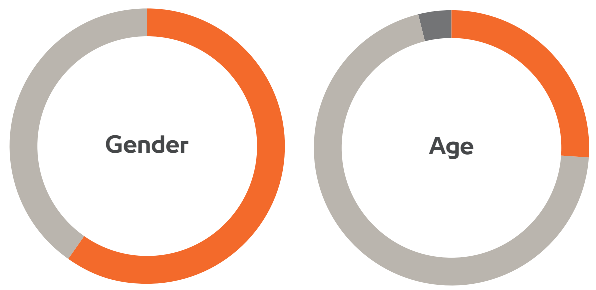
In the same year, 431 employees in the UAE and 1159 employees globally left the bank. The percentage workforce turnover was 17% in the UAE and 19% globally. The table below depicts the breakdown of employee turnover based on gender and age group.

UAE Employee Turnover 2024



Turnover by Gender	
Male	279
Female	152
Turnover by Age	
Under 30	65
30 to 50	338
Over 50	28
Total Employee Turnover %	**17%**

Global Employee Turnover 2024



Turnover by Gender	
Male	695
Female	464
Turnover by Age	
Under 30	305
30 to 50	809
Over 50	45
Total Employee Turnover %	**19%**

Diversity and Inclusion

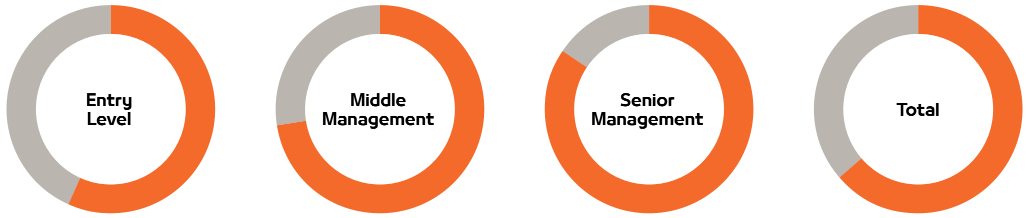
As steadfast advocates of equal opportunity, we are resolutely committed to fostering a workplace culture that upholds respect, equality, and dignity for all individuals. Our workforce represents a vibrant mosaic of ethnicities, genders, languages, age groups, life experiences, and diverse thought processes, encompassing a wide spectrum of both physical and mental capabilities.

Our commitment to workplace diversity serves as a powerful catalyst for heightened employee engagement, enhanced creativity, a broader talent pool, and improved productivity. This diversity is instrumental in our ability to deliver exceptional customer experiences, driving innovation and strengthening our competitive edge.

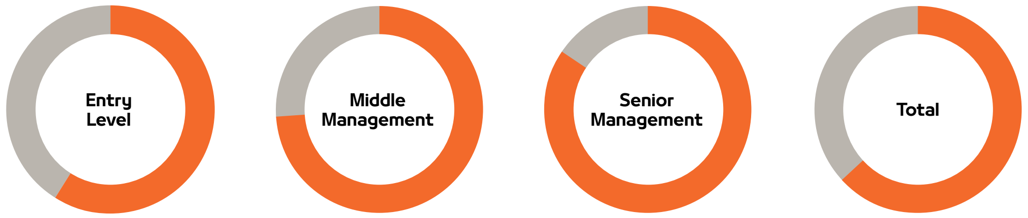
Currently, our global workforce is comprised of employees from 70 distinct nationalities, reflecting the rich cultural diversity that we hold in the highest regard. We are equally dedicated to expanding opportunities for Emirati citizens, with Emirati nationals representing 47.4% of our total workforce in the UAE in FY2024.

Further, 44% of the critical roles in the UAE were Emirati nationals. This commitment underscores our resolve to nurture an inclusive and representative work environment.

To further support our diversity initiatives, we have introduced policies such as flexible working hours, work-from-home options, and a designated 'New Mother's Room,' designed to promote gender diversity and inclusion.



UAE	Male		Female	
Hierarchy	**Number**	**% of Total**	**Number**	**% of Total**
Entry Level	872	55.9%	662	74%
Middle Management	507	32.5%	191	21.6%
Senior Management	181	11.6%	33	3.7%
Total Enterprise	**1,560**	**100%**	**886**	**100%**



Global	Male		Female	
Hierarchy	**Number**	**% of Total**	**Number**	**% of Total**
Non Management	2,756	70.6%	1,915	84.3%
Middle Management	888	22.8%	310	13.6%
Senior Management	258	6.6%	47	2.1%
Total Enterprise	**3,902**	**100%**	**2,272**	**100%**

Our concerted efforts to empower women and ensure equitable opportunities for professional growth have yielded significant results, reflected in the steady increase in female participation across all levels of the organisation.

In the year 2024, we are proud to report that women now constitute 36.7% of our total workforce, reflecting our commitment to creating an inclusive and diverse workforce landscape.

As a crucial element of our commitment to diversity, we not only emphasise equal representation but also prioritise equal access to financial security and benefits. Ensuring gender equality, our compensation structures remain unbiased and do not differentiate based on gender. In the fiscal year 2024, we conducted a comprehensive evaluation, revealing a male-to-female compensation ratio of 1.4:1.

Beyond gender diversity, our commitment to inclusivity extends to embracing People of Determination (PoD). In line with this, our offices have been designed to be PoD-friendly, and we offer flexible working arrangements to accommodate the diverse needs of our workforce.

We prioritise transparency in our diversity initiatives, regularly assessing and publicly disclosing our progress against clearly defined goals. These objectives, along with actionable plans, focus on achieving gender equality in managerial roles and ensuring opportunities for all. Through these disclosures, we hold ourselves accountable for the progress we make, reinforcing our position as a transparent, inclusive, and equitable organisation.

Learning & Development

The Learning and Development Department (LDD) is committed to providing opportunities for all employees to be successful in their roles, and for long-term career development. We aim to enhance employee experience and build an inclusive and values-driven workplace through engaging and value add learning interventions.

Furthermore, we foster a culture of continuous learning by encouraging employees to engage in self-directed learning opportunities, workshops, and industry-specific certifications. This not only enriches their knowledge base but also aligns their skill set with evolving industry trends.

Our commitment to learning and development extends beyond traditional approaches. We leverage digital platforms and e-learning modules to provide flexible and accessible training options, accommodating the diverse learning preferences and schedules of our workforce.

Through regular feedback mechanisms, we assess the effectiveness of our L&D programmes, allowing us to continuously refine and tailor offerings to meet the evolving needs of our employees. This commitment to a dynamic and responsive learning culture positions our workforce for sustained success and adaptability in the ever-changing business landscape.

We believe that every employee of Mashreq is an asset, and we are focused on nurturing, supporting and enabling each employee to fulfil all their aspirations and potential.

Learning and Development – Policy

At Mashreq, we prioritise the achievement of business outcomes through a strategic focus on upskilling the workforce in both technical and soft skills. The Learning and Development function of the Bank is dedicated to enhancing the skills and knowledge of our employees, ensuring their success in current roles and preparing them for future responsibilities within the organisation.

As part of our commitment, we allocate substantial investments in Human Capital Management (HCM) technology and diverse learning resources. These resources are integral to fostering an effective learning environment that empowers our employees. We go beyond traditional approaches by offering a comprehensive suite of learning methods and programmes, granting our workforce the flexibility to tailor their development paths according to their unique needs and aspirations.

This learning and development policy is based on the following general principles:

- All employees shall receive the required learning and development support without any prejudice or bias to their grade, job title, age, nationality, gender, ability, or faith.
- All employees are required to complete mandatory training programmes assigned annually, and employees in roles under the fit and proper regulations need to complete training for continuous professional development, over and above this.
- Completing all confirmed and assigned learning and development activities is the sole responsibility of each employee and their line manager.

Training Programmes for Different Talent Segments

Recognising the diverse learning needs of various talent segments within Mashreq, our training programmes are thoughtfully tailored to align with the specific requirements of each group, aiming to achieve distinct learning outcomes that contribute to the broader business objectives. Below are some types of training offerings for different talent groups:

New Hires:

- **Global and Role-Based Induction:** All employees attend our Global Induction programme covering the essentials of the Mashreq Way, meeting key stakeholders and colleagues. In addition, frontline roles in our Retail Banking Group benefit from role-specific inductions, ensuring a clear understanding of job responsibilities and expectations.
- **E-Orientation Curriculum:** All new hires undergo a comprehensive E-Orientation online curriculum within 60 days from their hire date. This programme, facilitated through our Enterprise Learning Management System (LMS), covers essential legal and policy-related rules and regulations. Additionally, it acquaints employees with the organisation's history, culture, strategy, and structure.

Graduates and Early Talent

- **ACE Programme:** Advanced Certificate of Excellence (ACE) is an intensive 6-month graduate training programme which aims to identify, develop, and fast-track local talent to create professional bankers ready to progress into middle and senior management positions in the future by taking them through an accelerated career-long journey.
- **Pathfinders:** The Pathfinders programme is tailored to attract fresh graduates from the markets. This programme is designed to provide young talents with the opportunity to embark on an accelerated career journey within Mashreq, nurturing their potential and fostering long-term growth and development. The graduates will be placed in both Business and Support Functions. The programme is designed for UAE national graduates.

All Employees:

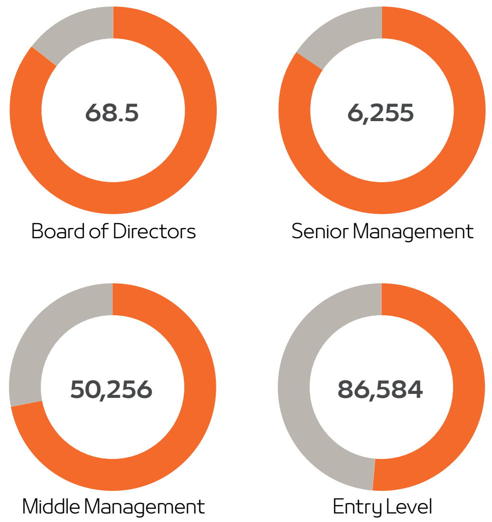
- **Enterprise LMS Courses:** Accessible to all employees, these online courses cover a range of topics, with some mandatory for compliance and others optional for technical skills enhancement.
- **Behavioural Training Catalogue** is aligned to our four Behavioural Competency Framework. The courses available are targeted to staff who are eager to develop their behavioural skills. The behavioural calendar is structured to accommodate different levels of proficiency: Introductory, intermediate, and advanced. The programmes offer flexibility through virtual learning and classroom options to cater to different preferences.
- **Technical Training Catalogue** is a comprehensive resource designed to equip employees with the skills they need to succeed in today's dynamic digital world, including programming languages, data analysis, project management and Agile methodologies. Offerings are varied and include topics from Business Writing, Project Management, Financial Statement Analysis to Power BI and much more.

- **e-Learning:** Our ongoing investment in technology allows us to deliver training courses and materials online, enabling flexible and self-paced learning and provide a wealth of training mediums to suit different needs and to enhance the learner experience. At Mashreq, we place great importance on building job-specific skills required for our roles and developing each and every one of our employees. We have partnered with world-leading digital learning providers to provide employees with access to business, soft and behavioural skills courses at their desks or via their mobile.
- **Strategic Priority Courses:** Continued investment in courses aligned with the Bank's strategic priorities, including ESG, Climate Risk and Digital Transformation, to enhance awareness and capability.
- **Discrimination and Harassment in the Workplace:** "Prevention of Sexual Harassment (PoSH) at workplace" training has been introduced for all Mashreq Global Network staff, which will prepare you to comprehend the legal options available at Mashreq for addressing Sexual Harassment in the workplace, which also encompasses areas such as office cabs, team gatherings, and remote work setups.
- **Career Development:** Supporting all employees in their professional growth by providing the tools, resources, and opportunities to explore and achieve their career aspirations within the organisation. Our focus on career development includes support to understand the available career paths, the skills and experience required to progress through the organisation and how to curate the many development solutions to create and activate an Individual Development Plan (IDP)
- **Tertiary Education Support:** All employees have access to pursue higher education, supported by the Bank both financially and through enhanced leave to support study and examinations. Mashreq pays up to 100% of study fees for employees wishing to further their career growth.
- **Structured Learning Programmes:** are designed to accelerate our investment in specific populations to support our employees and our business. The following Structured Programmes elevate the capability of targeted managers and employees through several months of carefully curated content, anchored in our Competency Framework.
- **Elevate Mentoring Programme:** We offer global internal mentoring opportunities in order to build internal capabilities of our aspiring colleagues to learn and grow from senior leaders both functionally and cross-functionally.
- **Mashreq Business School:** Aims to upskill, reskill and increase employees' motivation to improve their overall productivity. The programme duration is 6 months, and it aims to support Mashreq's ambition to create an agile workforce and aims to foster a culture of ongoing development and growth.
- **Reignite:** Is designed to empower and support female professionals returning to the workforce after a 12-month or longer career break. Reignite offers a comprehensive suite of resources, including mentorship, skill-building workshops, networking events and tailored career coaching.
- **Empowering Managers for Success:** Supports middle managers with developing the essential skills to foster collaboration, drive career growth and elevate their leadership capabilities. The programme focuses on the management skills required to enhance productivity, performance and the working culture of the teams the participants are managing.

- **Leadership Academy:** Delivered in collaboration with and certified by Hult International Business School, the Leadership Academy aims to equip learners with essential leadership skills to excel in today's fast-paced, dynamic business landscape.
- **Lead Programme:** We offer a specialised programme for our identified high potentials to unlock their potential through a series of high-impact and interactive learning programmes along with implementing business projects sponsored by our Executive Committee.
- **Leadership Development:** Instilling a customer-first, global mindset, emphasising the importance of enhancing customer experience in a digital world, and fostering a culture of Innovation in our senior leaders.
- **Training Hours Investment:** In FY2024, our commitment to employee development resulted in a significant focus on training hours across levels, totalling 143,161.5 hours. This investment is further categorised based on gender, as detailed below.

Total Training Hours in 2024

Employee Category	Male	Female
Board of Directors	57	9.5
Senior Management	5,295	960
Middle Management	36,096	14,160
Entry Level	44,619	41,965
Total Training Hours	**86,067**	**57,094.5**
	143,161.5	



	Unit	2024
Amount invested in training	AED million	15.3

Rise every day

Learning Metrics

At Mashreq, our commitment to continuous improvement in Learning and Development is reflected in our robust tracking and reporting of key metrics. These metrics provide valuable insights into the effectiveness and impact of our training initiatives. The following metrics are meticulously monitored:

- **Total Training Man-Days:** A comprehensive measure of the total number of training days completed by all employees.
- **Average Training Man-days:** The average number of training days completed per employee, providing a nuanced view of individual engagement.
- **Training Spend (% of Operational Expense):** The proportion of training expenditures relative to Operational Expense (OPEX), gauging our investment in employee development against overall operational costs.
- **Training Spend (% of Wage Bill):** The percentage of training costs in relation to the Wage Bill, offering insights into the allocation of resources dedicated to employee training.
- **Average Training Effectiveness Score:** An assessment of the effectiveness of our training programmes, determined through pre- and post-assessment, as well as learner and manager feedback and performance metrics.

These metrics serve as critical benchmarks, allowing us to maintain a sharp focus on employee training and development. By regularly analysing these indicators, we can make informed adjustments and enhancements to our programmes, ensuring they align with organisational objectives and contribute to the ongoing growth and success of our workforce.

Employee Engagement

Mashreq measures our employee engagement globally using the Sustainable Engagement model, which focuses on the intensity of our employee's connection to Mashreq, marked by a committed effort to achieve goals (being engaged) in environments that support productivity (being enabled) and maintain personal wellbeing (being energised). In our last engagement survey, our overall sustainable engagement index score was 93% measured by a participation rate of 83% of employees. In addition, 90% was scored by employees on recommending Mashreq as a good place to work and 95% said that their work provided them with a sense of meaning and purpose.

Employee Wellbeing

We understand that collective success is directly linked to the health and happiness of our colleagues.

> With WERise, we are taking a proactive step towards fostering a culture of holistic wellbeing, where every individual at Mashreq can thrive and Rise Every Day. This is achieved by three distinctive pillars:

Physical Health - A renewed focus on physical health through a list of sport and health initiatives. In 2024, Mashreq held the World Sports Games, participated by over 2000 employees in multiple countries hosting football, badminton, and cricket tournaments – the Mashreq World Games was more than just a sporting event; it was an experience that supported health, community, spirit and belonging.

Mental Fitness - An emphasis on emotional and psychological health to enhance your wellbeing and management of stress. Initiatives launched include a dedicated team of trained Mental Health First Aiders within our organisation.

They are fully equipped to promote a supportive work environment, offer guidance and practical advice, to ensure individuals are guided to the right resources. Additionally, our PeopleCare programme provides confidential support for any personal or work-related concerns, offering a wide range of services, including Self-Care modules, practical tips, meditation, sleep techniques, journalling, community connects & 24/7 hotline support.

Inclusion and Belonging - Deeper wellness by encouraging an inclusive and strong psychological connection at work. This includes initiatives and activities to connect our employees globally, forming global networks and opportunities to collaborate and celebrate success.

Flexible working hours

- Mashreq recognises the importance of work-life balance and provides employees with flexible working hours. This allows staff to customise their start and end times to accommodate personal commitments while ensuring productivity is not compromised.

Working-from-home arrangements

- To promote flexibility and adaptability, Mashreq has introduced a Remote Work Policy that enables employees to work from home for two days a week. Additionally, employees can work from any location as part of this policy, depending on their role. Various work styles, such as full-time remote work or hybrid arrangements, are designed to suit the nature of specific roles. To support these arrangements, Mashreq provides essential resources like laptops, secure access, and allowances, ensuring a seamless and efficient remote working experience.

Part-time working options

- Mashreq offers part-time working options to accommodate employees who require reduced hours due to personal or special circumstances. These roles are particularly beneficial for parents, students, or individuals who need a more flexible schedule, fostering an inclusive workplace environment.

Breastfeeding/lactation facilities or benefits

- Mashreq is committed to supporting breastfeeding employees by offering dedicated, private lactation rooms at its offices. The organisation also provides scheduling flexibility and designated breaks to ensure breastfeeding mothers can manage their responsibilities comfortably.

Paid parental leave for the primary caregiver

- Mashreq offers extended paid maternity and paternity leave for primary caregivers. This policy is designed to support employees in managing caregiving responsibilities, providing them with the time and resources necessary to care for their families without additional stress.

Paid parental leave for the non-primary caregiver

- Secondary caregivers are also supported at Mashreq through paid leave options that enable them to actively participate in family responsibilities. This policy fosters a more equitable distribution of caregiving duties within families.

Human Rights

At Mashreq, our unwavering commitment to the protection and respect of human rights extends across all the countries and regions where we operate, guided by our core values of integrity. Beyond mere compliance with rules and regulations, we actively champion practices that fortify human rights within our organisational sphere and throughout our value chain. This commitment permeates our standards for employee conduct, client and customer interactions, business relationships, and our engagement with the communities we serve. As a prominent financial institution, we acknowledge our pivotal role in recognising and addressing human rights violations. To emphasise our dedication to this responsibility, we are formulating a comprehensive Human Rights Policy.

This policy serves as a blueprint for promoting business practices rooted in the principles of justice, equality, and respect for all. Our commitment to the protection and promotion of human rights is seamlessly integrated into our group-wide policies, including our Code of Conduct and Supplier Charter. These foundational documents articulate clear expectations for our diverse stakeholders, emphasising the highest standards in human rights protection and promotion.

Non-Discrimination

Mashreq is steadfast in its commitment to being an equal-opportunity employer, cultivating a workplace environment grounded in the principles of equality, fairness, and safety. We are dedicated to ensuring that our employees have unfettered access to opportunities, devoid of discrimination and harassment. Meritocracy underpins all facets of our work, encompassing recruitment, job allocation, transfer, access to benefits, salary determination, and career advancement.

Discriminatory behaviour has no place within our workforce or supplier chain, aligning with the tenets of our comprehensive non-discrimination policy. We vehemently reject any form of discrimination, fostering an inclusive culture that promotes diversity and values each individual's unique contributions.

> To reinforce our commitment, we have established robust mechanisms encouraging employees and other stakeholders to report instances of discrimination or harassment, irrespective of whether they are victims or witnesses.

Allegations are handled discreetly through a meticulous inquiry process, with remedial actions implemented as necessary. Our grievance redressal system, complemented by our Whistle-blowing Policy, is accessible to all internal and external parties, further ensuring a transparent and accountable approach to addressing and preventing discrimination within our organisational sphere.

Defined escalation process for reporting incidents specific to discrimination and/or harassment:

Mashreq's escalation process's purpose is to ensure all employees have a clear, confidential, and structured process for reporting incidents of discrimination and harassment, fostering a safe and inclusive workplace. Employees may report incidents through the following reporting channels:

- **Immediate Manager/Supervisor** – If comfortable, employees should first approach their immediate manager or supervisor.
- **Human Resources (HR) Department** – Employees can directly report to the HR Department if they feel uncomfortable raising the issue with their manager.
- **Employee Relations (ER) Department** – A dedicated channel to handle sensitive workplace incidents, ensuring fairness and confidentiality.

- **Whistle-blowing Hotline/Email** – A secure and anonymous platform for reporting incidents without fear of identification. Employees can do so via email at ethics.whistleblowing@mashreq.com or by calling +971 4 4246677.

The process has three escalation stages that include:

Stage 1: Initial Reporting

- Employee files the complaint with a trusted channel (manager, HR, ER, or hotline).

Stage 2: Preliminary Assessment by ER Department

- ER conducts an initial review to determine if the case qualifies as discrimination or harassment under the Bank's policy.
- ER may contact the complainant for clarification or additional details.

Stage 3: Investigation Process

- A designated investigation team interviews the complainant, respondent, and any witnesses.
- Evidence such as emails, messages, or CCTV footage is gathered.

Stage 4: Decision and Recommendation

The ER team concludes the investigation and submits findings to the Disciplinary Committee for action.

Recommendations may include mediation, disciplinary action, or external reporting (if legally required).

Stage 5: Final Resolution

ER communicates the resolution to the complainant and respondent.

Corrective measures (e.g., training, disciplinary action) are implemented.

If the complainant feels the issue is unresolved at any stage, they can escalate as per the Escalation Hierarchy; complaints can be escalated to the ER Head, the CHRO, or external regulatory authorities.

All reports will be handled with strict confidentiality, retaliation against complainants or witnesses is strictly prohibited and will lead to disciplinary action.

If an employee disagrees with the outcome, they can file an appeal as per the Appeal Process; appeals are reviewed by an independent panel comprising senior HR and ER personnel.

Corrective or disciplinary action taken in case of discriminatory behaviour or harassment:

Corrective Actions for Discrimination or Harassment at Mashreq Bank include:

- Mandatory Training: DEI and anti-harassment programmes, Counselling/Coaching: Guidance on appropriate workplace behaviour,
- Mediation: Facilitated resolution between parties.

Disciplinary Actions for Discrimination or Harassment at Mashreq Bank include:

- Warnings: Verbal or written warnings for misconduct, Suspension: Temporary removal from duties, Demotion: Reduction in job grade or responsibilities
- Termination: Dismissal for severe or repeated violations, Legal Reporting: Referral to authorities if necessary.

Additional Measures include restricting access or roles and reassigning to another team or department. Regular follow-ups and monitoring practices are put in place to ensure compliance and a safe work environment. These actions ensure accountability and maintain a respectful workplace.

Occupational Health & Safety

Recognising the pivotal role our employees play in the success of our business, Mashreq remains unwavering in its commitment to being an equal-opportunity employer, fostering a workplace culture rooted in the principles of equality, fairness, and safety. We are resolute in ensuring that all employees have unhindered access to opportunities, free from any form of discrimination or harassment. Meritocracy is the cornerstone of our operations, encompassing all aspects of recruitment, job placement, transfers, access to benefits, salary determination, and career progression.

Discriminatory behaviour has no place within our workforce or supply chain, in full alignment with the core tenets of our comprehensive non-discrimination policy. We categorically reject any form of discrimination, nurturing an inclusive culture that celebrates diversity and recognises the value of each individual's unique contributions.

To fortify our commitment, we have implemented robust mechanisms that encourage employees and stakeholders to report any incidents of discrimination or harassment, whether as victims or witnesses. Allegations are handled with the utmost confidentiality, undergoing a thorough investigative process, with corrective actions taken as required. Our grievance resolution system, supported by our Whistle-blowing Policy, is readily available to all internal and external parties, ensuring a transparent, accountable approach to the prevention and resolution of discrimination within our organisation.

Performance Management

Type of Performance Appraisal and its frequency: The frequency of the performance review and category

Mashreq's Performance Management (PM) Framework includes a bi-annual performance review process. The two reviews are a Mid-Year Performance Review (Jun – Jul) and a Year-end Performance Review (Nov – Dec).

While Mashreq's PM framework includes two formal performance reviews, our PM key strategic pillars include SMART goal setting via MBOs (Management by Objectives) and continuous performance feedback, and, as such, the formal performance reviews serve these two pillars and document feedback, but it is expected of line managers to push a culture of feedback and exchange within their teams.

The bi-annual performance reviews include staff members who have at least three months of service length within the organisation. All grades are required to complete the performance reviews.

During the reviews, employees are evaluated on two main sections: Performance (Have they delivered their set goals, and how have they developed within their professional and technical competencies over the year?) and Values (Have they been achieving the goals and representing the business in line with our Mashreq Values?).

Employee Recognition Programmes:

Recognition Programmes and Their Impact on Employee Motivation and Growth

At Mashreq, we recognise that our employees are the cornerstone of our success. To foster a culture of appreciation and continuous development, we have implemented a range of recognition programmes designed to celebrate achievements, inspire motivation, and contribute to the personal and professional growth of our staff. Our recognition programmes are open to all permanent employees globally who qualify as per the defined criteria.

Overview of Our Recognition Programmes

iValue Global Recognition: Honours employees who consistently exemplify Mashreq's core values—such as integrity, teamwork, customer-centricity, and innovation. This initiative ensures that those individuals and teams who embody our values in their daily work are recognised and celebrated.

Spot Rewards: Celebrates employees who go above and beyond in their roles or demonstrate exceptional behaviour that contributes significantly to the team or organisation in the moment. These awards are given spontaneously to recognise efforts that make an immediate impact.

Long-Service Recognition: Recognises employees who have shown dedication and loyalty through long-term service to the organisation. It honours employees who have reached important career milestones, celebrating their commitment and years of service to Mashreq.

Participation and Reach

Over the past year, close to 25% of our global workforce has benefited from these recognition programmes. Specifically:

- 1,000+ employees were acknowledged through individual spot and iValue awards.
- Multiple teams received collaborative recognition as part of our Super Squad initiative under iValue.
- Service milestone awards were presented to 800+ employees globally.

Impact on Motivation and Growth

Our recognition programmes are closely tied to our organisational goals of fostering motivation and driving growth. By celebrating successes and encouraging excellence, we have observed:

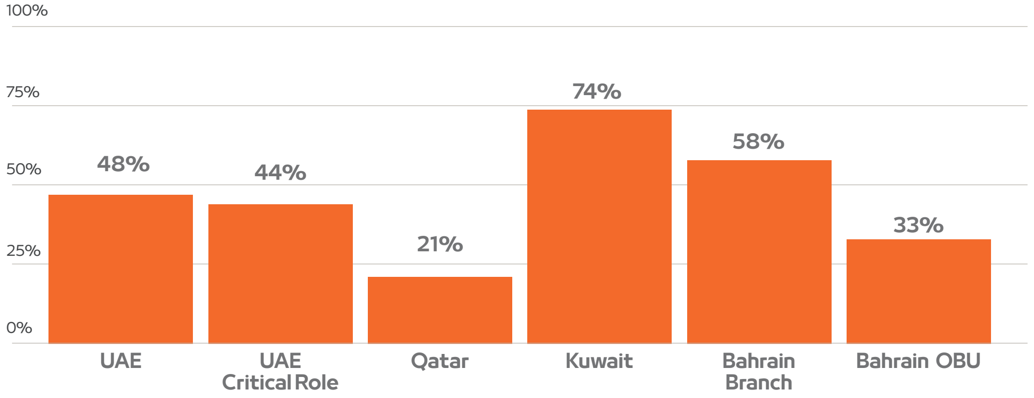
- Increased Employee Engagement: Recognised employees are more engaged, as evidenced by employee feedback surveys and participation rates.
- Improved Retention Rates: Employees who receive regular recognition report a higher commitment to staying with the organisation.
- We believe that an empowered and motivated workforce is integral to achieving our objectives. By investing in recognition programmes, we not only support individual and organisational growth but also contribute to a positive workplace culture that aligns with our values of inclusivity, equity, and innovation.

Nationalisation

In line with the broader goals of the Gulf Cooperation Council (GCC) countries to enhance the role of their national workforces, our Bank is dedicated to advancing Emiratisation and similar local talent initiatives across the region. Recognising the unique nationalisation policies of each GCC member state, we have tailored our workforce development strategies to support the specific objectives of each country. In the UAE, our commitment to Emiratisation continues to grow through recruitment, training, and career advancement programmes for UAE nationals.

Similarly, we are actively contributing to the Qatarisation in Qatar, and Kuwaitisation in Kuwait, by providing opportunities for local talent to thrive within our organisation. By aligning our practices with each nation's vision for economic diversification and national development, we help foster a more inclusive and sustainable financial sector. Our Bank remains focused on building a diverse workforce that supports the region's future growth, ensuring that we contribute to both the economic and social goals of the GCC countries while empowering the next generation of leaders in the banking industry.

Nationalisation (%) in 2024



Positive Community Impact

Since its inception, Mashreq has remained steadfast in its commitment to initiatives that make a positive impact on the communities we serve. Across the UAE, Bahrain, Kuwait, and Egypt, our regional offices take immense pride in the role they play through socially responsible initiatives. Our Corporate Social Responsibility (CSR) philosophy is a reflection of our dedication to integrating the needs and aspirations of our stakeholders, customers, society, and environment into the very core of our business operations.

As a socially responsible organisation, we firmly believe that advancing socioeconomic development through CSR not only benefits the communities we serve but also strengthens the long-term resilience and prosperity of the Bank. This commitment to giving back is deeply embedded in our core purpose, corporate values, and organisational culture, as outlined in our CSR policy. Launched in June 2011, our CSR Programme is guided by the CSR & Internal Communications Unit, with support from the Emiratisation HR Unit and the UAE National Learning & Development Unit. We actively engage in nationwide events such as 'International Give and Gain Day' and 'UAE Humanitarian Day,' further reinforcing our commitment to social responsibility.

Over the years, we have spearheaded a diverse range of philanthropic initiatives that address key societal needs, including support for youth development, poverty alleviation, health and wellness, arts and culture, gender equality through female empowerment, and the inclusion of People of Determination. Our societal impact is further amplified through a blend of volunteerism and strategic partnerships with like-minded organisations.

Climb2Change

This initiative integrates the Bank's sustainable finance efforts and social impact initiatives, emphasising its dedication to driving sustainability in the MENA region and beyond. One of the Climb2Change initiatives features a first-of-its-kind and world's largest mountain cleaning operation covering 14 mountains across regions, from Nepal and Pakistan to Egypt and China. Currently in phase 4, each clean-up has not only been a triumph for Mashreq, but a message of hope and a call for action to like-minded organisations and communities around the world. The initiative seeks to promote awareness around recycling, waste reduction, and environmental preservation while engaging communities and influencers in collaborative efforts for a cleaner planet.

More recently, the clean-up of Wadi Degla Protectorate in Egypt has been highly successful in promoting awareness and advancing efforts in recycling, waste reduction, and environmental conservation across Egypt. This initiative led to the removal of 2.182 tons of general waste and 120 tons of construction debris, achieving remarkable results.

In addition to its environmental accomplishments, the initiative had a notable social impact, benefiting 72 local organisations. Colleagues in Mashreq contributed a total of 228 hours to support the mission. Furthermore, Mashreq facilitated educational sessions focusing on 'leave-no-trace' principles and environmental stewardship. The initiative successfully mobilised volunteers from schools, universities, and local communities, who collectively dedicated 581 hours, helping to make this event a transformative success driven by a shared sense of purpose.

CSR Activities in India

As part of our Corporate Social Responsibility (CSR) policy aimed at supporting public schools and promoting girl child education, we partnered with Kritagyata Trust to provide essential resources to local schools. Through this collaboration, we supplied stationery, sports equipment, shoes, and computers, significantly enhancing the learning environment for students. Additionally, we proudly supported the education of 13 girls, reinforcing our commitment to empowering young women and fostering educational opportunities within our community.

We partnered with Forests by Heartfulness (FBH) for an afforestation drive. Forests by Heartfulness (FBH), an initiative of Heartfulness Institute, is an ecological movement to conserve the native, endemic, endangered species of the country and enrich the mega-biodiversity while sequestering carbon permanently from the atmosphere. We planted 3000 saplings that are native to the region and provided for their maintenance. Drip irrigation has been set up to ensure sustained aftercare. The site has been fenced to avoid grazing.

Our Environmental **Stewardship**

Environmental stewardship is the responsible management of natural resources to ensure their long-term health and sustainability. It involves actions that minimise harm to ecosystems, such as reducing waste, conserving water, and protecting wildlife habitats. Individuals, businesses, and governments all play a vital role in promoting environmental sustainability through thoughtful decision-making and resource management. By prioritising eco-friendly practices, we can reduce our carbon footprint and mitigate the effects of climate change. Ultimately, environmental stewardship seeks to balance human needs with the preservation of the planet for future generations.

Federal Decree No.11 of 2024 : Reduction of Climate Change Effects

The Federal Decree-Law No. (11) of 2024 on the Reduction of Climate Change Effects, effective from May 30, 2025, establishes a comprehensive regulatory framework aimed at reducing the effects of climate change in the UAE and supporting the country's ambitious Net Zero 2050 strategy. This decree mandates public and private entities to manage their greenhouse gas emissions effectively, with specific provisions for annual reduction targets and the promotion of innovative practices in sustainability. The law empowers the Ministry of Climate Change and Environment to enforce compliance, ensuring that all sectors contribute to national climate goals while enhancing ecosystem resilience and fostering research and development initiatives. Non-compliance with the decree can result in significant penalties, with fines ranging from AED 50,000 to AED 2 million.

Additionally, repeat violations within two years can lead to doubled penalties, emphasising the need for diligence in meeting regulatory standards. By integrating climate action into business operations, the decree not only addresses environmental challenges but also positions the UAE as a leader in global sustainability efforts.

We are taking proactive steps to comply with the law's requirements, including developing emissions tracking systems and implementing targeted reduction strategies across our operations. By aligning our practices with the provisions of this decree, we aim to contribute meaningfully to the UAE's climate objectives while mitigating risks associated with non-compliance.

Energy Management

In response to the growing energy demands in the UAE, we recognise the urgency of addressing this challenge while mitigating the impact of human-induced climate change. At Mashreq, we prioritise the efficient management of energy resources, diligently monitoring and assessing our internal energy consumption to minimise environmental impact.

As part of our commitment to reducing the carbon footprint of our transportation, we have integrated Tesla electric vehicles into our fleet, advancing our efforts toward decarbonising vehicle transport.

Additionally, our headquarters proudly holds LEED green building certification, a testament to our dedication to sustainable construction and operational practices. These initiatives position Mashreq as a leader in energy management and environmental responsibility, driving meaningful progress toward a more sustainable future.

Furthermore, we actively raise awareness among all stakeholders regarding energy consumption, advocating for green building practices throughout our operations. Our commitment extends beyond internal measures, inspiring a collective dedication to environmental stewardship among our partners, clients, and communities.

Energy Consumption

Our energy consumption for the reporting period is outlined as follows. Our 2024 figures include energy consumption in Bank-owned buildings and operating branches in the UAE.

Component	Unit	2023	2024
Electricity consumption	kWh	9,991,505.09	11,206,346.06
LPG consumption	m3	3,319.25	4,414.14
Diesel consumption	Litres	2,030.99	19,758.64
Petrol consumption	Litres	21,472.92	13,631.71

Energy Consumption in GJ

Our energy consumption in GJ for the reporting period is outlined as follows. Our 2024 figures include energy consumption in Bank-owned buildings and operational branches in the UAE.

Component	2023 (GJ)	2024 (GJ)
Electricity consumption	35,969.42	40,342.85
LPG consumption	123.81	184.51
Diesel consumption	77.18	747.98
Petrol consumption	734.37	460.13
Total Energy consumption	**36,904.78**	**41,735.47**

Energy Mix

At present, our energy mix comprises electricity from conventional sources, LPG, and Diesel, with no inclusion of renewable energy. However, it's worth noting that we are actively evaluating the integration of renewable energy sources into our energy portfolio. As part of our commitment to sustainable practices, we are planning to utilise Renewable Energy Certificates (RECs) as a step towards promoting environmental responsibility and reducing our carbon footprint. Our 2024 figures include energy consumption in Bank-owned buildings and operational branches in the UAE.

Energy Mix	Percentages (Basis of GJ) (2023)	Percentages (Basis of GJ) (2024)
Electricity	97.5%	96.7%
Liquified Petroleum Gas (LPG)	0.3%	0.4%
High-Speed Diesel (HSD)	0.2%	1.8%
Petrol	2.0%	1.1%
Total	**100.0%**	**100.0%**

The energy intensity ratio represents the internal energy consumption, as illustrated below. Our 2024 figures include energy consumption in Bank-owned buildings and operational branches in the UAE.

Component	Unit	2023	2024
Total energy consumption	GJ	36,904.78	41,735.47
Total workforce	Per employee	2,462	2,465
Energy intensity	GJ/employee	14.99	16.93

Mashreq is currently establishing a comprehensive tracking mechanism for energy consumption to enhance data management efficiency. Our future plans include bolstering the sustainability of our infrastructure and fostering the development of climate-informed and resilient products. Additionally, we are committed to increased collaboration with industry leaders and various business units within the organisation to actively contribute to financing renewable energy technologies.

Greenhouse Gas Emissions

In addressing the urgent challenges posed by climate change, particularly the reduction of greenhouse gas emissions, large organisations such as Mashreq are positioned to play a critical role in advancing global sustainability efforts. We are firmly committed to establishing ourselves as leaders in environmental sustainability, actively contributing to the transition toward a green economy. Recognising the evolving expectations of our stakeholders, we see this as a unique opportunity to demonstrate our leadership by developing business solutions that minimise the environmental impact of our operations. To this end, we strategically incorporate climate-related risks and opportunities into our business framework, fostering climate resilience and effective risk mitigation.

In our efforts to manage and reduce greenhouse gas (GHG) emissions, we have identified key operational areas—paper usage, water consumption, and energy utilisation—as the primary sources of our emissions. These focal points form the core of our GHG management strategy. As part of our commitment to reducing our carbon footprint, our new headquarters was designed and constructed in alignment with green building standards. The building incorporates advanced energy-saving and sustainability measures, which are instrumental in reducing resource consumption. Notably, 80% of our buildings adhere to the UAE Building Management System (BMS) for energy efficiency, emphasising our efforts to lower internal environmental impact while also supporting the broader goal of sustainable, pollution-free development in the UAE.

Our Mashreq Global Headquarters has achieved LEED Gold certification from the US Green Building Council, a significant accomplishment that underscores our commitment to stringent Environmental, Social, and Governance (ESG) standards. As the first financial sector headquarters in the region to earn such recognition, this achievement reinforces our pledge to sustainability and environmental stewardship.

As we move forward, we are intensifying our initiatives to reduce, offset, and transparently report on our Scope 1, 2, and 3 emissions:

We take a proactive approach to measuring and managing emissions across all three scopes:

- **Scope 1** includes direct emissions from fuel use, such as LPG, petrol, and diesel.
- **Scope 2** accounts for emissions from electricity consumption and chilled water for cooling (district cooling).
- **Scope 3** encompasses indirect emissions from purchased goods & services, employee commute, business travel, downstream leased assets, water usage, waste management (including paper, plastic, food, and general waste), and other relevant operational activities.

Scope	Emission Source	Reduction Measures
1	LPG, Diesel & Petrol	Ongoing initiatives to reduce fuel usage and shifting to EV Vehicles
2	Electricity & Chilled Water	Implementation of energy-efficient systems and using REC
3	Water, Waste	Water sensors, waste segregation and working with certified vendors for effective waste management.

In 2024, we completed a thorough baseline assessment of our greenhouse gas (GHG) emissions across all operations. We calculated our GHG emissions for 2023 and 2024, covering most of our relevant scopes and categories according to the GHG Protocol. We are in the process of estimating our financed emissions. These emissions data encompass our operations in the UAE, IBG locations, and the Mashreq Global Network (MGN). We have designated 2023 as our base year.

GHG Emissions	Unit	2023	2024
Scope 1	tCO2e	2,956.03	7,261.46
Scope 2 (location based)	tCO2e	12,537.19	13,092.09
Scope 3	tCO2e	53,000	98,327.95
Total GHG Emissions	**tCO2e**	**68,493.22**	**118,681.5**

GHG emissions intensity (scope 1+2)	Unit	2024
Total emissions (Scope 1+2)	tCO2e	20,353.56
Total workforce	Per employee	6,174
Emissions intensity	tCO2e/emp	3.29

GHG Emissions Statement 2024

Greenhouse Gas (GHG) Emissions Statement		
	In tonnes of Carbon Dioxide equivalent (tCO2e)	
	31 December 2023	31 December 2024
Scope 1 Emissions	2,956.03	7,261.46
Scope 2 Emissions		
Market based method	NA	NA
Location based method	12,537.19	13,092.09
Total Scope 1 and Scope 2 (location based method)	15,063.082	20,353.56
Select Scope 3 Emissions		
Category 1, Purchased Goods and Services	23,545.13	46,114.61
Category 2, Capital Goods	4,681.27	9,065.44
Category 3, Fuel and Energy Related Emissions	621.09	550.07
Category 5, Waste Generated in Operations	14.82	9.19
Category 6, Business Travel	3,388.19	7,867.47
Category 7, Employee Commuting	6,277.29	5,805.94
Category 13, Downstream Leased Assets	14,472.20	28,915.24
Total Reported Scope 3 Emissions	53,000	98,327.95

Rise every day

1. Reporting Entity

Mashreqbank PSC was incorporated in the Emirate of Dubai in 1967 under a decree issued by The Ruler of Dubai. The address of the registered office is P.O. Box 1250, Dubai, United Arab Emirates. The principal activities of the Bank are retail banking, commercial banking, investment banking, Islamic banking, brokerage and asset management.

These activities are carried out through its branches in the United Arab Emirates, Bahrain, Kuwait, Egypt, Hong Kong, India, Pakistan, Qatar, the United Kingdom and the United States of America. The Bank is supported by Mashreq Global Network in India, Egypt and Pakistan.

2. Basis of Preparation

The Bank has prepared its GHG Emission Statement for the year ended December 31, 2023 and December 31, 2024 in accordance with the World Resources Institute and World Business Council for Sustainable Development's Greenhouse Gas Protocol standards and guidance (collectively, the GHG Protocol):

Scope 1 and select categories of Scope 3 emissions have been prepared in accordance with GHG Protocol Corporate Accounting and Reporting Standard.

Scope 2 emissions have been prepared in accordance with the GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard.

3. Organisational Boundary

Mashreq utilises the operational control approach to define its organisational boundaries, accounting for emissions from all operations over which the Bank has full authority to implement and enforce its operational policies.

4. Use of Estimates and Estimation Uncertainties

The Bank bases its estimates and methodologies on available information and various assumptions that it believes to be reasonable. Emissions data reported are subject to measurement uncertainties resulting from limitations inherent in the nature and methods used for determining such data

Assumptions and Use of Estimates:

Scope 1:

This is estimated using activity data (where bills are available) and emission factors from DEFRA, UK and International Energy Agency (IEA). Further, where we don't get the direct utility bills but have operational control, we have estimated using area based emission factor

Scope 2:

This is estimated using activity data (where bills are available) and emission factors from DEWA (UAE), DEFRA, UK and International Energy Agency (IEA). Further, where we don't get the direct utility bills but have operational control, we have estimated using real estate area-based emission factor (CRREM emission factor)

Scope 3:

Category 1 – Purchased Goods and Services emissions have been estimated using spend-based method and US EEIO emission factor have been used.

Category 2 – Capital Goods emissions have been estimated using spend based method and US EEIO emission factor have been used.

Category 3 – Fuel & Energy Related Emissions have been estimated using emission factor from DEFRA, UK

Category 5 – Waste Generated in Operations have been estimated using emission factor from DEFRA, UK

Category 6 – Business Travel emissions have been estimated using spend-based US EEIO emission factors

Category 7 – Employee Commute emissions have been estimated using emission factor from DEFRA, UK

Category 13 – Downstream leased assets we have estimated using activity data (where bills are available) and emission factors from DEWA (UAE) and DEFRA, UK

Water Management

Water, an essential resource for economic growth, is increasingly facing global challenges due to widespread scarcity, which has led to significant social, economic, and political repercussions. In the UAE, where freshwater availability is limited, the reliance on costly and energy-intensive desalination plants accentuates the urgency of investing in water security management. While Mashreq's water consumption remains relatively low, we recognise our responsibility to uphold rigorous water management practices.

Our 2024 figures includes our water consumption in owned buildings and operational branches in the UAE.

To effectively manage this resource, we actively monitor and assess our water consumption across various operational activities. Our water management strategy is centred on identifying primary consumption sources, such as employee usage, cleaning processes, and landscaping.

In response to this, we have implemented several resource-saving initiatives, including the installation of flow-reducing devices on water outlets, repurposing water drained from storage tanks for irrigation purposes, replacing traditional landscaping with artificial turf, and upgrading drinking water dispensers to 'tap and purify water at source' systems. It is important to note that all of our water consumption is sourced from desalinated seawater.

Furthermore, we are exploring innovative solutions to establish a water reuse system, further reinforcing our commitment to responsible and sustainable water management practices.

	Unit	FY '23	FY '24
Total water consumption	Imperial Gallons	6,260,474.46	5,843,482.81

Waste Management

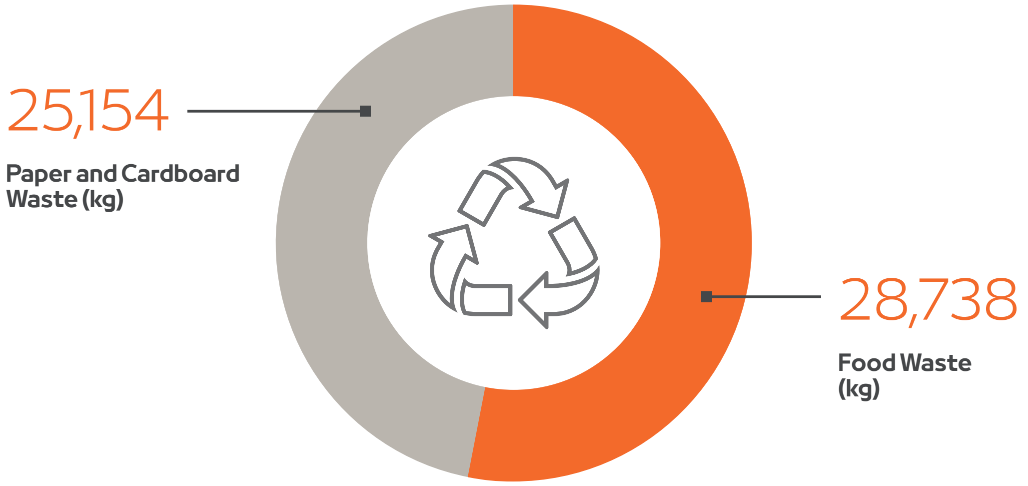
In response to the growing global waste crisis, organisations must take a leading role in mitigating its impact through responsible waste management, with a clear focus on resource and material efficiency to minimise environmental harm. At Mashreq, we have woven waste reduction into the fabric of our environmental strategy, employing a comprehensive approach that prioritises source reduction, reuse, composting, and recycling.

A significant portion of our waste generation is attributed to paper, primarily due to the need to maintain essential financial records in physical form. To address this, we have implemented a variety of initiatives, including the transition to paperless invoicing, digitising internal document processing, and strategically placing paper recycling stations throughout our offices in partnership with Shred-it, an on-site paper destruction and recycling service. These efforts have yielded considerable reductions in paper consumption year-on-year, alongside an increase in recycling across the organisation. Recognising the vital role customer behaviour plays in our environmental performance, we actively encourage clients to choose digital services, further supported by the introduction of electronic statements.

Our 2024 figures covers our operations in UAE, Kuwait and India (including MGN)

Our commitment to waste management extends beyond paper, encompassing diverse waste streams such as food, bottles, cans, and general waste. In collaboration with leading waste management partners in the UAE, including Farnek, Union Papermills, and Beeah Group, we ensure the efficient and responsible management of waste generation and disposal.

Looking forward, our ongoing digitisation initiatives aim to further optimise waste management processes. Since 2022, we have aligned with our corporate strategy to achieve paperless operations, automating client services from account opening to management. These initiatives not only reduce our direct environmental impact by minimising paper consumption, but also contribute to a reduced carbon footprint associated with paper use. At the same time, this strategy enhances the customer experience, drives operational cost efficiency, and bolsters security.



Environmental Oversight

At Mashreq, environmental sustainability is a core pillar of our governance framework, with the Board of Directors and senior management playing an active role in driving leadership in this area. Sustainability is seamlessly woven into our strategies, planning, and operations, with senior management championing best practices and fostering ongoing value creation. Our robust ESG governance structure ensures effective oversight, offering strategic guidance on all sustainability-related matters, including climate action commitments, goal-setting, initiatives, progress monitoring, risk and opportunity identification, and comprehensive impact assessments.

To further strengthen our sustainability governance, we are in the process of revising our Corporate Environmental Policy. The updated policy will define clear principles for responsible environmental management across all facets of our operations. It will also set forth protocols for communicating environmental standards to both internal stakeholders and external partners, outline recycling policies, establish frameworks for environmental impact assessments, and make explicit commitments to continuous improvement.

Furthermore, the introduction of Environmental, Social, and Governance (ESG) Committees, spanning from the Board to cross-functional teams, underscores our unwavering commitment to embedding sustainability practices throughout our organisational fabric.

Looking ahead, we are exploring cutting-edge technologies, collaborating with industry leaders, and continuously refining our comprehensive ESG framework. These initiatives are designed not only to elevate our own environmental performance but also to contribute meaningfully to the wider sustainability ecosystem. As a financial institution, we acknowledge the pivotal role we play in driving positive change, and we remain resolutely committed to sustainable and responsible business practices that will shape a better future for all.

Our forward-looking approach includes the exploration of innovative technologies, partnerships with industry leaders, and the ongoing development of a comprehensive ESG framework. These initiatives aim not only to enhance our own environmental performance but also to contribute positively to the broader sustainability landscape. As a bank, we recognise the role we play in driving positive change, and we remain steadfast in our commitment to sustainable and responsible business practices.

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> Our dedication to sustainability is reflected in initiatives such as the LEED Gold certification of our Global Headquarters, a testament to our commitment to green building practices.

Charting Our Course: A Roadmap to Sustainable Excellence

As Mashreq embarks on the next chapter of our sustainability journey, we recognise the critical role we play in shaping a sustainable future. Our commitment to sustainability is not just a statement but a strategic imperative, with sustainable finance at the heart of our operations. We are committed to transcending conventional green finance by adopting a comprehensive approach that integrates environmental, social, and governance (ESG) factors into our financial products and services.

To bring this vision to life, we are pioneering products like the Nature Saver Account, which encourages our customers to make environmentally conscious decisions. Our collaborations with forward-thinking partners such as Ecolytics and Visa further amplify our dedication to leveraging external expertise and technology in support of our sustainability goals. With an ambitious target of facilitating USD 30 billion by 2030 towards sustainable finance, we are focused on making a lasting impact. As part of our commitment to promoting sustainable development and aligning with environmental goals, we have launched a Green Mortgage product. This product offers mortgage loans at a reduced interest rate for properties that are LEED (Leadership in Energy and Environmental Design) certified. The initiative is designed to incentivise energy-efficient and environmentally responsible construction practices, supporting the transition to a low-carbon economy. We believe this will contribute to the broader goals of sustainability and environmental stewardship.

Our leadership, from the Board of Directors to senior management, is fully invested in sustainability. We understand the importance of embedding sustainability into our corporate culture, which is why we have introduced comprehensive training programmes to equip our employees with the knowledge and skills needed to integrate sustainability into their day-to-day responsibilities, nurturing a culture of purposeful transformation within our organisation.

Beyond internal efforts, Mashreq actively participates in global sustainability initiatives such as the United Nations Global Compact (UNGC). By aligning with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement, we ensure that our strategic approach is in line with global climate and sustainability standards.

Our commitment stretches beyond financial products and services as we work towards achieving net-zero emissions in our own operations by 2050, in alignment with the UAE's national sustainability vision and the Paris Agreement goals. At the same time, we actively guide our clients on their sustainability journeys, encouraging investments in renewable energy and low-carbon technologies to accelerate their transition to a more sustainable future.

Recognising that the path to sustainability is a collective endeavour, we actively collaborate with stakeholders across the public and private sectors. By partnering with governments, non-governmental organisations, and fellow financial institutions, we believe that collaboration is key to advancing sustainable practices throughout the industry. Together, we can accelerate the transition to a green economy and create a better, more sustainable world for future generations. We invite you to join us in this transformative journey towards a brighter, more sustainable future.

Awards &
Accolades

In 2024, our sustainability endeavours were recognised by several globally respected organisations, reflecting the Bank's dedication to integrating ESG best practices into our operations, products, and client engagements while demonstrating outstanding leadership from our Board.

The following highlights our achievements:

Forbes Middle East – Most Sustainable Projects in the Middle East

Recognised for Climb2Change global initiative representing the Bank's commitment to responsible banking and sustainability.

Fast Company Middle East - Most Innovative Companies 2024

Acknowledged as one of the Most Innovative Companies in Social Good and Corporate Social Responsibility.

World Finance Corporate Governance Awards

Awarded for Best Corporate Governance in the UAE.

Sustainability Star Award by No More Bottles

Honoured for implementing plastic-free initiatives and making exceptional contributions to sustainability.

U.S. Green Building Council's Leadership in Energy and Environmental Design v4 Gold Certification

Mashreq Innovation Hub achieved this certification for its outstanding interior design and construction for commercial interiors.

All these prestigious awards highlight Mashreq's continued leadership in responsible banking and sustainability, driving positive environmental, social, and economic impacts. They also inspire ongoing collaboration toward a greener, more inclusive future.

Rise every day

Introduction and Corporate Governance Framework

Chairman's Statement

On behalf of the Board of Directors, it is my pleasure and privilege to present Mashreq's Governance Report for 2024; a year in which we once again made significant progress in governance, operational excellence, and long-term strategic vision.

> As one of the UAE's most innovative and resilient financial institutions, Mashreq remains steadfast in its commitment to the highest standards of transparency, accountability, and ethical leadership, and throughout 2024, we navigated an evolving regulatory landscape with agility and foresight, guided by our robust governance framework.

During the year, our Corporate Governance and Company Secretariat function initiated a comprehensive review, ensuring our policies on risk management, internal controls, and financial reporting align with the latest regulations set forth by the Central Bank of the UAE and the Securities and Commodities Authority.

The Board worked closely with Senior Management to build a culture of accountability and innovation. This collaboration has been instrumental in enhancing decision-making processes, improving disclosure practices, and strengthening our ability to manage emerging risks. These initiatives have not only safeguarded stakeholder confidence but have also positioned Mashreq as a leader in governance and sustainable finance.

As we look ahead, our unwavering commitment to transparency and strategic oversight will remain the cornerstone of our governance philosophy. By aligning our practices with global standards, we continue to empower Mashreq's leadership to deliver sustainable value for shareholders, clients, and communities.

On behalf of the Board, I extend my gratitude to our shareholders, employees, and partners for their continuing trust and support. Together, we are building a future that reinforces the resilience, integrity, and innovation that have always defined Mashreq.

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

Board Profiles

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

H.E. Abdul Aziz Abdulla Al Ghurair has been the Non-Executive Chairman of Mashreq's Board of Directors since 2019. His Excellency is celebrated as one of the most influential figures in the banking and financial sector, and as Mashreq's visionary leader, he has driven the Bank's transformation into a pioneering digital institution, advancing innovation, operational excellence, and sustainability.

In addition to his leadership at Mashreq, His Excellency plays an active role in shaping the UAE's broader financial and business landscape. He is a vigorous advocate for education and social development, spearheading initiatives through the Abdul Aziz Al Ghurair Refugee Education Fund and the Abdullah Al Ghurair Education Foundation. His strategic foresight, governance expertise, and commitment to philanthropy underscore his impact as a transformational leader.

His Excellency holds an Industrial Engineering Honours degree from the California Polytechnic State University.

External Appointments:

- Board Member – Sukoon Insurance PJSC
- Board Member – Sukoon Takaful
- Chairman – Dubai Chamber of Commerce & Industry
- Chairman – UAE Banks Federation
- Governing Council Member – Global Muslim Philanthropy Fund for Children
- Chairman – Abdul Aziz Al Ghurair Refugee Education Fund
- Chairman – Abdullah Al Ghurair Education Foundation
- Chairman – Al Ghurair Investment Co. LLC

Mr. Ahmad Al Khallafi ● ● ●
Independent Non-Executive Vice Chairman

Appointed in March 2024, Mr. Ahmad Al Khallafi brings to his role as Independent Non-Executive Vice Chairman of Mashreq's Board. With a distinguished career spanning over two decades, he currently serves as the Managing Director of Hewlett Packard Enterprise (HPE) for the UAE and Africa, where he has successfully driven strategic growth and operational excellence across diverse markets.

Prior to his role at HPE, Mr. Al Khallafi played a key role in launching Emirates Integrated Telecommunications Company (Du), showcasing his ability to lead transformative projects and navigate complex business environments. His experience in managing large-scale operations, coupled with his commitment to innovation, aligns perfectly with Mashreq's vision for sustainable and customer-centric banking.

Mr Al Khallafi holds a Bachelor of Communication Engineering degree from Khalifa University and is an alumnus of the Sheikh Mohammed bin Rashid Leaders Program.

External Appointments:

- Board Member – Dubai Chamber of Commerce

Board Committee Membership Key

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

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

Serving on Mashreq's Board since 2013, Mr. Rashed Saif Ahmed Al Ghurair brings extensive experience across industries including real estate, petrochemicals, and manufacturing. His strategic vision and business acumen have contributed significantly to Mashreq's governance and operational resilience.

As a Non-Executive Director, Mr. Al Ghurair provides invaluable insights into market dynamics and long-term planning, helping to strengthen Mashreq's competitive edge. His leadership is marked by a focus on innovation, efficiency, and sustainable growth.

External Appointments:

- Chairman – National Cement Company PJSC
- Chairman – Taghleef Industries LLC
- Managing Director – Al Jazeera Petrochemicals
- Board Member – Saif Al Ghurair Investment
- Board Member – Gulf Extrusions

Mr. Saeed Saif Al Ghurair ●
Non-Executive Director

Appointed in 2021, Mr. Saeed Saif Al Ghurair brings significant expertise in commodities trading and mechanical engineering. He currently serves as CEO of Al Ghurair Commodities and is the Chairman of the Board Nomination and Compensation Committee at Mashreq Bank. His technical knowledge and strategic insights have been important in strengthening Mashreq's governance structure.

Mr Al Ghurair holds a degree in Mechanical Engineering from Northeastern Boston, USA.

External Appointments:

- Board Member – Al Ghurair Group LLC
- Board Member – Al Ghurair First
- Board Member – Dubai Chambers of Commerce
- Board Member – Taghleef Industries

Board Committee Membership Key

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

Rise every day

Ms. Mariam Ghobash ● ●
Independent Non-Executive Director

Appointed to Mashreq's Board in March 2024, Ms. Mariam Ghobash is a distinguished leader with extensive expertise in corporate governance, financial management, and strategic planning. She has held key leadership positions in both publicly listed and private companies, contributing significantly to their operational and governance frameworks. Her career spans pivotal roles in finance, asset management, and board-level decision-making, with a focus on transparency, accountability, and long-term value creation.

Her experience includes Vice-Chairperson of Aldar Properties and Invest AD, and prominent positions with the National Bank of Abu Dhabi, Al Hilal Bank, Zayed University, National Takaful Co. "Watania," and Abu Dhabi National Distribution Company. Additionally, she was a Director in the Global Special Situations Department at the Abu Dhabi Investment Council.

Ms. Ghobash's contributions have been instrumental in aligning governance practices with international best standards, and her forward-thinking approach has supported organisations in navigating complex regulatory environments while maintaining resilience and strategic clarity.

Ms. Ghobash holds a Bachelor of Science in Economics from The Wharton School, University of Pennsylvania, and has completed the General Management Program at Harvard Business School in Boston.

External Appointments:

- Board Member – Etisalat
- Board Member – Emirates Development Bank
- Board Member – Emirates Growth Fund
- Board Member – Gulf Capital

Mr. Iyad Malas ● ●
Non-Executive Director

Mr. Iyad Malas has served as a Non-Executive Director on Mashreq's Board since 2021. He has over 30 years of experience spanning finance, retail, real estate, and private equity, and has held prominent leadership positions across the Middle East and North Africa region. His career includes roles as CEO of Majid Al Futtaim Holding and Executive Chairman of the Americana Group, where he led significant growth and operational transformation initiatives.

Mr. Malas brings much of the strategic insight that has helped the Bank to build sustainable growth and operational excellence. His expertise extends to developing innovative business models, overseeing complex acquisitions, and enhancing organisational governance frameworks.

Mr. Malas holds an MBA from George Washington University, USA.

External Appointments:

- Board Member – National Cement Company PJSC
- Board Member – Tim Hortons Middle East
- Board Member – Methak Saudi Arabia

Board Committee Membership Key

● **Board Nomination Compensation Committee** ● **Board Credit Committee**
● **Board Audit Committee** ● **Board Risk Compliance and ESG Committee**

Mr. John Iossifidis ● ● ●
Independent Non-Executive Director

Mr. John Iossifidis joined Mashreq's Board in 2021, bringing over 35 years of expertise in financial services and leadership across the Middle East, Asia, and Australia. A highly respected banking executive, he has held several senior roles in leading financial institutions, including his tenure as CEO of Noor Bank and Group Head of Corporate and Institutional Banking at Emirates NBD. During his career, he has demonstrated expertise in driving growth, operational transformation, and customer-centric innovation.

As a member of Mashreq's Board, Mr. Iossifidis provides valuable strategic insight, particularly in the areas of governance, risk management, and digital transformation. His experience in navigating complex regulatory environments aligns closely with Mashreq's strategic vision and commitment to sustainable growth. His leadership style is based on collaboration, transparency, and long-term value creation.

Mr Iossifidis holds an MBA from Monash University, Australia.

External Appointments:

- Vice Chairman – Modern Mills Co. (KSA)
- Board Member – AG Melco Elevator LLC

Board Committee Membership Key

● **Board Nomination Compensation Committee** ● **Board Credit Committee**
● **Board Audit Committee** ● **Board Risk Compliance and ESG Committee**

Rise every day

Board Fact Box

An annual Board assessment is conducted to ensure effectiveness and alignment with governance standards.

In 2024, the Board and its Committees held a total of 29 meetings.

Board declaration forms are implemented and reviewed on a quarterly basis.

All members of the Board are Non-Executive.

The Board operates through four Committees to oversee key functions.

Three Board members are classified as Independent.

The Board and its Committees utilise the Diligent Platform to maintain confidentiality and secure document access.

Senior Management Profiles

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

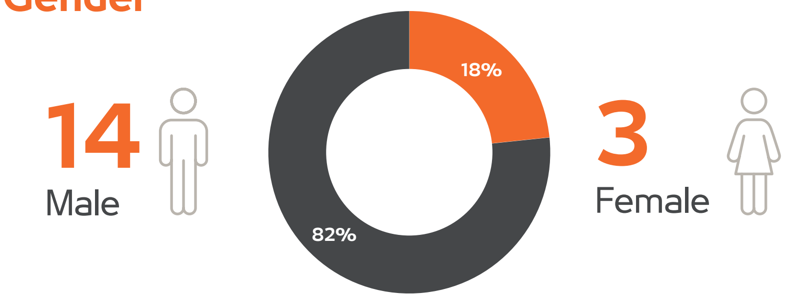
Ahmed Abdelaal
Group CEO

Ahmed Abdelaal was appointed as Group CEO of Mashreq in 2019, bringing over 30 years of extensive experience across international and regional banking. He has held progressively senior roles across multiple banking verticals, spanning major global markets.

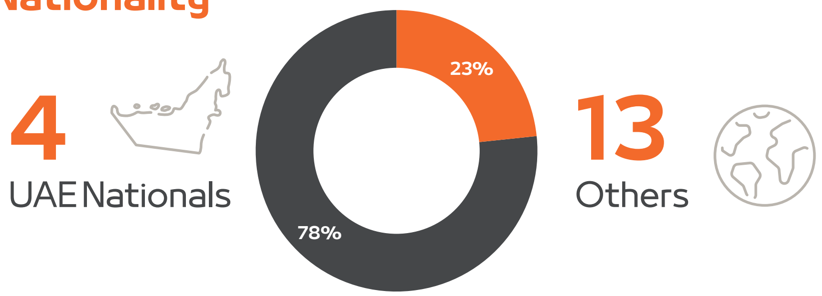
Mr. Abdelaal's expertise encompasses a broad spectrum of banking disciplines, including Corporate Banking, Investment Banking, Retail Banking, and Islamic Banking. He has demonstrated exceptional financial acumen across areas such as trade finance, contracting and real estate finance, debt and equity capital markets, project finance, advisory, payment and cash management, and portfolio management. He is also well-versed in global market products, structured trade, and supply chain solutions.

Mr. Abdelaal is an alumnus of both London Business School and Harvard Business School. He holds an MBA from LBS and is a graduate of the Advanced Management Program at Harvard. He also has a Bachelor of Economics and Political Sciences degree from Cairo University, Egypt.

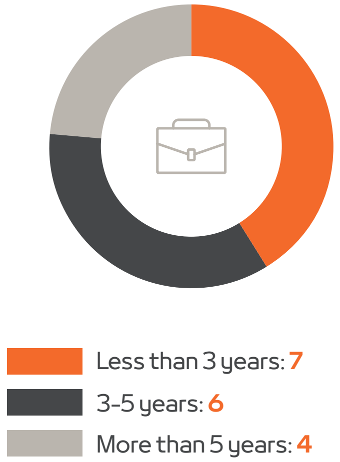
Gender



Nationality



Tenure



Norman Tambach
Group Chief Financial Officer

Norman Tambach was appointed as Group Chief Financial Officer in 2023. He brings a wealth of expertise across strategic financial engineering, mergers and acquisitions (M&A), financial operations, regulatory governance, risk management, capital management, and corporate tax planning. His ability to navigate complex financial landscapes has been instrumental in driving Mashreq's financial strategy and resilience.

Mr. Tambach holds a Master of Science in Accountancy degree from Nyenrode Business University in the Netherlands and is a Certified Public Accountant.

Anuratna Chadha
Group Chief Risk Officer

Anuratna Chadha was appointed as Group Chief Risk Officer in 2019. With over 30 years of banking experience, he has an extensive background in risk management, wholesale banking, and corporate banking across key markets, including Singapore, Japan, India, and South Africa.

Mr. Chadha holds an MBA from the Indian Institute of Management, Ahmedabad, and a Bachelor of Commerce degree from Shri Ram College of Commerce, Delhi.

Joel D. Van Dusen
Group Head of Corporate & Investment Banking

Joel D. Van Dusen was appointed as Group Head of Corporate & Investment Banking in 2020. He has held several senior leadership roles in corporate and investment banking, most recently serving as Global Head of Large Corporates, CMB at HSBC. During his tenure at HSBC, Mr. Van Dusen was a member of the Global CMB Executive Committee, where he played a key role in driving corporate strategy and operational excellence.

He holds a BA in Economics from Cornell University and pursued studies in Philosophy, Politics, and Economics (PPE) at the University of Oxford.

Fernando Morillo
Group Head of Retail Banking

Fernando Morillo was appointed as Group Head of Retail Banking in 2021. With 30 years of experience in the financial sector, he specialises in Retail, Digital, and Commercial Banking across multiple customer segments, including Private, Affluent, Emerging Affluent, Mass, SMEs, and Middle Market. His expertise spans Digital, CRM, Analytics, Marketing, and Distribution.

Mr. Morillo is a graduate of the General Management Program (GMP) at Harvard Business School. He also holds an MBA from Instituto de Empresa in Madrid and a BSc in Aeronautical Engineering, specialising in Aircraft and Spacecraft Design, from Universidad Politécnica de Madrid.

Tarek El Nahas
Group Head of International Banking.

Tarek El Nahas was appointed as Group Head of Corporate and Investment Banking in 2020. With over 25 years of experience at Citibank, he most recently served as Head of Corporate and Investment Banking for North Africa, Egypt, and the Levant. In this role, he managed teams across six countries in the MENA region, driving strategic growth and operational excellence.

Mr. El Nahas holds a Bachelor of Economics and Political Science degree from the American University in Cairo and an MSc in Economics from the London School of Economics.

Hammad Naqvi
Group Head of Treasury and Capital Markets

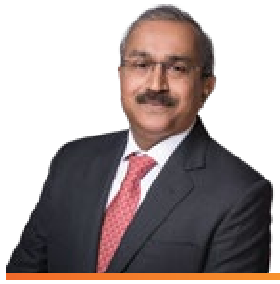
Hammad Naqvi was appointed as Group Head of Treasury and Capital Markets in 2019. With over 25 years of experience in Treasury, he joined Mashreq in 1996 following a successful career at Bank of America, where he served as Head of Treasury in Pakistan and Treasurer in Poland. Mr. Naqvi also gained valuable experience in the merchant banking division of ANZ Grindlays in Pakistan.

He holds an MBA from the Institute of Business Administration (IBA), University of Karachi.

Mark Edwards
Group Head of Operations

Mark Edwards was appointed as Group Head of Operations in 2020. With more than 25 years of experience in business operations, he has both international and regional expertise. His career spans key areas such as banking operations, shared services, business transformation, project management, and corporate integration.

Mr. Edwards is a graduate of Business Management from the University of Stirling (UK) and has completed the Executive Management Programme at INSEAD (France & Singapore).



Roy Philip Sebastian
Group Chief Credit Officer

Roy Philip Sebastian was appointed as Group Chief Credit Officer in 2019. With over 30 years of experience in Corporate Banking and Credit Risk Management, he has spent more than two decades with the HSBC Group in the Middle East. His most recent role was Regional Head of Credit Approval, Wholesale Credit, for the MENAT region.

Mr. Sebastian holds a Master of Commerce degree and is a Certified Associate of the Indian Institute of Bankers (CAIIB).

Scott Ramsay
Group Head of Compliance & Bank MLRO

Scott Ramsay was appointed as Group Head of Compliance and Bank Money Laundering Reporting Officer (MLRO) in June 2020. With over 15 years of senior management experience in banking, he has developed extensive expertise in compliance, financial crime prevention, and anti-money laundering. His leadership ensures Mashreq's alignment with global regulatory standards and best practices.

Mr. Ramsay holds a Master of Laws degree from Victoria University of Wellington in New Zealand.

Rania Nerhal
Chief Client Experience & Conduct Officer

Rania Nerhal was appointed as Chief Client Experience & Conduct Officer in 2020. With more than 25 years of experience in client relationship management, she has held executive management roles at numerous prominent financial institutions. These include Head of Client Corporate Coverage and Head of Large Corporates & Public Sector at HSBC, Egyptian American Bank, Commercial Bank of Dubai, and Al Ahli Bank of Kuwait.

Ms. Nerhal holds a Bachelor of Economics degree from the Faculty of Commerce and Foreign Trade in Cairo, Egypt.

Hamda Al Shamali
Chief People and Intellectual Capital Officer

Hamda Al Shamali was appointed as Chief People and Intellectual Capital Officer in 2022. A seasoned Emirati human resources professional, Ms Al Shamali brings more than 20 years of accomplishments with leading local and international organisations. Her strategic approach to human capital management has contributed significantly to developing Mashreq's organisational excellence and employee engagement.

Ms. Al Shamali holds a Bachelor of Applied Science in Business Administration degree from the Higher Colleges of Technology, Dubai.

Muna Al Ghurair
Group Head of Marketing & Corporate Communications

Muna Al Ghurair was appointed as Group Head of Marketing & Corporate Communications in 2022. With over 20 years of experience in communications, marketing, sales, and business development, Ms Al Ghurair has an outstanding track record working with leading payments and financial institutions in the region. Her expertise in brand positioning and strategic communications has been instrumental in driving optimum business outcomes.

Ms. Al Ghurair holds a Diploma in Marketing from the UAE Polytechnic University.

Mohamed Abdel Razek
Group Head of Technology

Mohamed Abdel Razek was appointed as Group Head of Technology in 2023. With nearly 30 years of experience, he is a respected technology professional who has successfully led Group and Regional Technology functions in large multinational corporations. His expertise spans technology transformation, operational excellence, and driving innovation to enhance business performance.

Mr. Razek holds a degree in Electrical Engineering from McGill University in Canada.

Hassan Ali
Group Chief of Internal Audit

Hassan Ali was appointed as Group Chief of Internal Audit in 2024. With nearly 20 years of experience in audit and risk management, he has held key leadership positions at Dubai Islamic Bank, where he served as Vice President – Head of Investments & Treasury Audit, and Noor Bank, where he held various roles. His extensive expertise underpins Mashreq's commitment to regulatory compliance and operational excellence.

Mr. Ali holds a Master of International Business degree from the University of Wollongong in Dubai and a Bachelor of Applied Science in Business & Management (Accounting) degree with Honours from the Higher Colleges of Technology.

Bassam Moussa
Group General Counsel

Bassam Moussa was appointed as Group General Counsel in 2023. With extensive experience in the banking and finance sector, he specialises in energy projects, corporate commercial matters, M&A, real estate, governance, and dispute resolution. His understanding of financial law and litigation has been pivotal in navigating complex legal challenges and protecting Mashreq's interests.

Mr. Moussa holds an LL.M. in International and Comparative Law from the Robert H. McKinney School of Law, Indiana, USA. He has also completed postgraduate courses in International Finance Law from the University of London, UK, and LMA Loan Documentation Training in London in 2014.

Faisal Al Shimmari
Head of ESG

Faisal Al Shimmari was appointed as Head of ESG in 2023. A seasoned Emirati leader with an accomplished 29-year career, Mr. Al Shimmari brings extensive expertise in steering organisations toward sustainable growth while adhering to the highest standards of Environmental, Social, and Governance (ESG) principles. In his role, he plays a key part in shaping Mashreq's strategic direction and advancing its sustainability agenda.

Mr. Al Shimmari holds two Master's degrees, four graduate diplomas, and a Gold Commander diploma from the Emergency Planning College (EPC) in the United Kingdom.

Corporate Governance Framework

At Mashreq, corporate governance provides the foundation of our sustained financial and operational performance. Anchored in integrity and discipline, our governance framework strengthens the trust and confidence of stakeholders, including investors, customers, business partners, and the communities we serve. This commitment is central to our growth strategy and long-term objectives..

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

The Board, comprising experienced professionals with diverse expertise, provides disciplined oversight and strategic guidance grounded in a deep understanding of the banking industry.

In partnership with the Executive Management team, the Board works hard to maintain a culture of accountability and operational excellence across all levels of the Bank. Together, they ensure that Mashreq's governance framework reflects the Bank's size, complexity, business strategy, operational structure, and risk profile while meeting regulatory expectations in all markets where we operate.

In 2024, Mashreq further strengthened its governance framework to reflect new Central Bank of the UAE and Securities and Commodities Authority (SCA) regulations. This included updates to all relevant policies and charters of the Board and Committees, aligning with international best practices. Additionally, the Bank expanded its governance framework to further strengthen oversight of local, regional, and international subsidiaries. These enhancements ensure robust governance mechanisms across the entire Group structure while reinforcing Mashreq's commitment to transparency and accountability.

Governance Structure

An important element of Mashreq's governance framework is its structured reporting model, which provides autonomy, accountability, and the efficient and effective operation of key functions. This model reinforces the Bank's commitment to effective governance and provides clarity via the following roles and responsibilities:

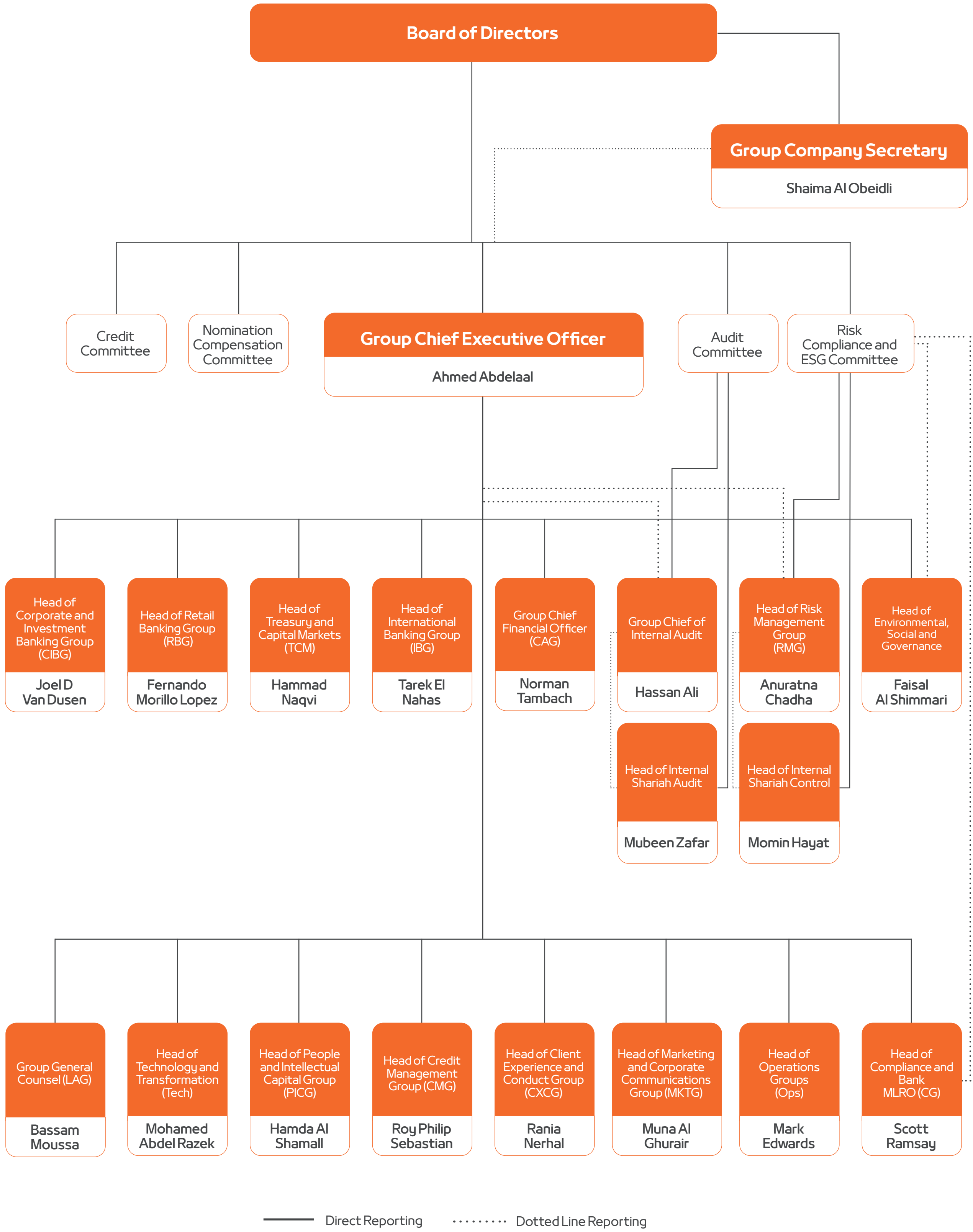
- **Group Chief Risk Officer and Head of Internal Shari'ah Control** Reports independently to the Board Risk, Compliance, and ESG Committee, ensuring a disciplined approach to risk management and compliance with Shari'ah standards.
- **Group Head of Compliance and Bank MLRO Reports** directly to the Group Chief Executive Officer with independent access to the Board Risk, Compliance, and ESG Committee, maintaining the highest standards of compliance and financial crime prevention.
- **Group Chief of Internal Audit and Head of Internal Shari'ah Audit Reports** independently to the Board Audit Committee, safeguarding transparency and adherence to internal controls across the Bank's operations.
- **Group Company Secretary** Reports directly to the Board of Directors, ensuring alignment with corporate governance principles and regulatory requirements.

Mashreq's well-defined reporting lines are integral to the Bank's commitment to good governance. By embedding autonomy and accountability across key functions, the governance framework ensures the effective operation of Mashreq's organisational structure.

For additional details on the roles and responsibilities of the Board Committees, please refer to the Board Committees section of this report.

Organisation Structure

As at 31 December 2024



Rise every day

Subsidiary Governance and Group Oversight

Mashreq's updated Group Corporate Governance Framework provides comprehensive supervision of the group structure while respecting the autonomy of its international entities, all of which are required to adhere to the Bank's Corporate Governance Policies as well as to the legal and regulatory requirements of their respective jurisdictions.

The Bank's diverse portfolio of subsidiary companies, branches, and representative offices spans jurisdictions across Europe, America, Africa, the Middle East, and Asia. Each is mandated to comply with Mashreq's Subsidiary Governance Framework, which complements the applicable local laws and regulations.

> Mashreq's updated Group Corporate Governance Framework provides comprehensive supervision of the group structure while respecting the autonomy of its international entities

In 2024, Mashreq further enhanced its subsidiary governance model by conducting a thorough review and integrating changes into the Group's Subsidiary Governance Framework. This refined policy establishes a robust mechanism for Board oversight over its subsidiaries, ensuring accountability, compliance, and strategic alignment across the group.

At 31 December 2024 and 31 December 2023, 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
		Dec 24	Dec 23	
Subsidiary				
Sukoon Insurance (PJSC)	United Arab Emirates	64.76%	64.76%	Insurance & reinsurance
Mindscape FZ LLC	United Arab Emirates	100.00%	100.00%	IT services
Mashreq Securities LLC	United Arab Emirates	100.00%	100.00%	Brokerage
Mashreq Capital (DIFC) Limited	United Arab Emirates	100.00%	100.00%	Asset and fund management
Mashreq Al Islami Finance Company (PJSC)	United Arab Emirates	99.80%	99.80%	Islamic finance company
Injaz Services FZ LLC	United Arab Emirates	100.00%	100.00%	Service provider
Invictus Limited	Cayman Islands	100.00%	100.00%	Special purpose vehicle
Al Taqania Employment Services One Person Company LLC*	United Arab Emirates	100.00%	100.00%	Employment services
Al Kafaat Employment Services One Person Company LLC*	United Arab Emirates	100.00%	100.00%	Employment services
Mashreq Global Network	Egypt	100.00%	100.00%	Employment services
Mashreq Global Services (SMC Private) Limited	Pakistan	100.00%	100.00%	Employment services
IDFAA Payment Services LLC	United Arab Emirates	-	100.00%	Payment service provider
Shorouq Commodities Trading DMCC	United Arab Emirates	100.00%	100.00%	Trading
Osool – A Finance Company (PJSC)*	United Arab Emirates	100.00%	100.00%	Finance
Mashreq Bank Pakistan Limited	Pakistan	100.00%	100.00%	Banking
Neo Ventures Ltd	United Arab Emirates	100.00%	100.00%	Corporate venture capital company
Citrus Ventures Holding Ltd	United Arab Emirates	100.00%	-	Special purpose vehicle

* Under liquidation.

Material events and important disclosures that the company encountered during 2024

In 2024, Mashreq successfully completed the sale of a majority stake in NEOPAY (IDFAA Payment Services LLC). DgPays, a leading financial infrastructure technology provider in the EMEA region and Arcapita Group Holdings Limited ("Arcapita"), a global alternative investment firm, had agreed to acquire the stake. Mashreq retains a significant minority stake in NEOPAY.

As at 31 December 2024 and 31 December 2023, the Bank had the following associates and joint venture:

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

Key Achievements
Highlights

Advancing Digital Wholesale Experience: A Year of Impact and Innovation

In 2024, Mashreq's Wholesale Digital Studio drove digital transformation, delivering exceptional results aligned with its strategic pillars: customer experience, revenue growth, risk management, and operational efficiency.

NeoVentures: The Commercialisation & Investment Engine

In 2024, Mashreq launched NeoVentures, a commercialisation hub extending its digital innovations. Engaging 35+ banks and FinTechs, it forged key partnerships, secured MOUs, and invested AED 14.7M in fintech ventures, driving growth.

Innovating Digital Retail Experience

In 2024, Mashreq enhanced security, SME banking, and wealth services while expanding in Egypt with Mashreq Neo. Key innovations reinforced its leadership in digital banking, customer experience, and financial inclusion.

Emiratisation: Fostering UAE Talent

In 2024, Mashreq revamped its Emiratisation Strategy, enhancing learning, development, and engagement for UAE Nationals. Key initiatives included a revamped Internship Programme, the 4th ACE batch, and Mashreq Pathfinders.

Reinforcing People & Intellectual Capital

In 2024, Mashreq strengthened succession planning under WEGrow, ensuring leadership readiness through assessments, tailored development, and succession metrics, reinforcing its commitment to home-grown talent and future-ready leadership.

Behavioural Development Training Initiatives

Mashreq launched WeLearn, a dynamic learning framework fostering continuous growth through tailored programs. Key initiatives include leadership development, mentorship, behavioural training, and career support for women and graduates, reinforcing a culture of excellence.

Enhancing Culture

We have excelled in client experience by fostering an innovative, dynamic workforce. Our annual engagement survey highlights our strength in respect, learning, and growth, reinforcing our customer-centric, innovation-driven culture.

Ashriqi Committee Formation

The Ashriqi Committee was established as a dedicated platform for women's initiatives within the organisation. This committee plays an important role in empowering women at Mashreq by providing opportunities for learning, growth, and career advancement.

Advancing Consumer Protection

Mashreq is committed to building enduring relationships with clients and communities, underpinned by our core values and unwavering commitment to ethical conduct.

Pioneering the Path to a Sustainable Future

We have pledged AED 110 billion in sustainable finance by 2030, supporting projects such as sustainability-linked loans with Landmark Retail and GEMS Education.

Key Achievements in 2024

Advancing Digital Wholesale Experience: A Year of Impact and Innovation

In 2024, Mashreq's Wholesale Digital Studio (WDS) reaffirmed its important role in the Bank's digital transformation efforts. Guided by Mashreq's four strategic pillars - enhancing customer experience, unlocking revenue potential, strengthening risk management, and optimising operational efficiency - WDS achieved exceptional outcomes that are reshaping the future of banking.

Driving Financial Success Through Advanced Analytics

The Advanced Analytics team emerged as a significant contributor to the Bank's financial performance, generating AED 56.5 million in revenue year-to-date. By deploying in-house, cutting-edge models using both internal and external data, the team delivered real-time insights and actionable business opportunities. These data-driven capabilities empowered teams to act decisively, resulting in tangible revenue growth and improved client outcomes.

Revolutionising Corporate Banking Journeys

WDS has also helped to transform critical processes within the corporate banking ecosystem, particularly in FI trade asset sell-down and loan syndication. By digitising these workflows, the Syndication and FI teams were able to efficiently manage high transaction volumes with precision and speed.

A standout achievement was the launch of Service Central, a unified portal that streamlines corporate client onboarding, KYC renewals, and account maintenance services. Co-created with customers through over 30 focused feedback sessions, the portal leverages advanced technology and AI to eliminate over 100 manual fields, significantly improving client experience and reducing turnaround times for both internal teams and customers.

Additionally, WDS partnered with One Data to automate over 170 regulatory reports across IBG countries. This initiative strengthened the Bank's risk management framework and bolstered compliance. The introduction of a model-assisted Early Warning System further enhanced the Bank's ability to proactively detect transaction anomalies, enabling relationship teams to navigate regulatory landscapes with confidence.

Harnessing the Power of Artificial Intelligence

WDS also positioned Mashreq at the forefront of AI innovation in 2024, introducing the Bank's first Generative AI solution for call report summarisation. This tool provides relationship managers with AI-driven insights, enabling them to uncover business opportunities and deliver better client engagement.

Charting the Path Forward

Looking ahead to 2025, WDS is focused on leveraging AI to further enhance digital onboarding and streamline client interactions. The development of a comprehensive digital product catalogue will play a central role in commercialising assets and unlocking new revenue streams.

WDS's achievements in 2024 reflect its commitment to innovation, customer-centricity, and operational excellence. By aligning latest technology with Mashreq's strategic objectives, the team continues to position the Bank as a leader in the financial sector, setting new benchmarks for the future of banking.

Through these efforts, Mashreq continues to empower UAE talent and pursue our vision of driving sustainable growth and developing a culture of excellence and innovation.

NeoVentures: The Commercialisation & Investment Engine

Building on the strong momentum of 2023, Mashreq took a bold step in 2024 by establishing NeoVentures, a registered subsidiary and dedicated commercialisation hub. NeoVentures extends the Bank's digital innovations to the broader financial ecosystem, reinforcing Mashreq's position as a leader in fintech and digital transformation.

Through engagements with over 35 regional and international banks and FinTechs, NeoVentures has showcased Mashreq's digital capabilities while forging strategic partnerships that drive meaningful revenue growth. Key products, such as loan syndication and FI trade asset sell-down, have generated significant interest, resulting in multiple Memoranda of Understanding (MOUs) with leading FinTech players.

In addition to its collaborative efforts, NeoVentures has made targeted investments in innovative ventures. This includes a AED 3,673,000 investment in NewBridge Fintech Solutions LLC, a financial marketplace offering products like DepositBook and LoanBook, as well as a AED 11,019,000 investment in NymCard, a leading FinTech solution provider.

These initiatives illustrate Mashreq's commitment to leveraging its digital expertise to deliver impactful solutions to institutional clients. By expanding its influence across the financial ecosystem, NeoVentures represents a key pillar of Mashreq's strategy to monetise digital assets and drive sustainable growth.

Innovating Digital Retail Experience

In 2024, Mashreq continued to strengthen its digital leadership with initiatives designed to enhance customer experience, security, and accessibility.

To further protect individual customers, we introduced new security features, including a security pin that enables users to secure their devices and authorise transactions more safely, reducing the risk of fraud.

For SMEs, we launched Mashreq Biz, a purpose-built digital banking solution, and NeoBiz Express, a platform that streamlines SME onboarding processes, offering faster and more efficient access to banking services.

To empower our Wealth Management clients, Mashreq introduced a new service providing 24/7 access to bond investments, delivering greater flexibility and control.

In Egypt, we expanded our presence with the launch of Mashreq Neo and e&Mashreq Neo, a joint venture with Etisalat aimed at driving increased financial inclusion.

Meanwhile, the Mashreq mobile banking app maintained its position as a top-rated platform, reflecting ongoing enhancements in user experience and security.

These initiatives highlight Mashreq's commitment to innovation, customer-centricity, and digital excellence, ensuring that we remain at the forefront of modern banking.

Emiratisation: Fostering UAE Talent

In 2024, Mashreq revamped its Emiratisation Strategy, placing greater emphasis on structured and modernised initiatives designed to enhance learning, development, and engagement among UAE Nationals. This renewed focus underscores the Bank's commitment to nurturing local talent and building a robust pipeline of future leaders.

A highlight of the year was the successful rollout of the revamped Internship Programme, which prioritises talent development and provides Nationals with opportunities to gain hands-on experience in a professional environment. Additionally, the Bank launched the 4th batch of the Advanced Certificate of Excellence (ACE) Programme, a targeted initiative aimed at equipping UAE Nationals with specialised skills in wholesale banking.

Mashreq also celebrated the launch of Mashreq Pathfinders, a structured development programme designed to create clear career pathways for Nationals in critical areas such as Retail Banking, Compliance, Technology, and Audit. This programme is a testament to Mashreq's dedication to supporting Nationals in navigating core banking functions and achieving career success.

Building on the findings of the 2023 Engagement Survey, Mashreq introduced a series of People Connect sessions to gather qualitative feedback and further enhance engagement and wellbeing among UAE Nationals. These initiatives resulted in improved engagement levels and increased representation of Nationals across all areas of the organisation.

Mashreq achieved 48% Emiratisation in 2024, an increase over 2023 which stood at 44% and in line with 2022 Emiratisation of 47%.

Reinforcing People & Intellectual Capital

In 2024, Mashreq made significant strides in strengthening its succession planning under the WEGrow talent development programme. Key initiatives were implemented to establish robust succession plans for the Group Chief Executive Officer and critical roles across three additional layers of leadership. These efforts were overseen by the Board Nomination & Compensation Committee and the Board of Directors.

This approach reflects Mashreq's commitment to fostering home-grown talent that can deliver the Bank's strategy today while ensuring the organisation remains future-ready. Following the approval of these plans, the Bank shifted its focus to the assessment and development of identified successors, introducing rigorous leadership assessments to validate their readiness.

Tailored development interventions were deployed to address different levels of successor readiness. These interventions include a combination of broad leadership development and bespoke programmes tailored to individual needs. To monitor progress, succession planning health metrics were introduced, highlighting areas of strength and opportunities for improvement.

Diversity within the successor pool has been identified as a key area of future focus, supported by a global Succession Planning Policy and regular talent and succession conference reviews.

Behavioural Development Training Initiatives

Mashreq introduced WeLearn, a dynamic learning framework designed to empower employees with relevant, engaging experiences that build the skills and capabilities required for both present and future challenges.

The framework is structured around three core pillars - Together, Today, and To Develop - fostering a culture of collaborative and continuous learning. WeLearn focuses on achieving business outcomes by enhancing employees' skills and knowledge, supported by significant investments in Human Capital Management (HCM) technology and diverse learning resources. This approach provides employees with the flexibility to tailor their learning journeys to align with their individual aspirations and career goals.

To address the varied learning needs of its workforce, Mashreq has customised its training programmes to meet the specific requirements of different talent segments, ensuring relevance and effectiveness at all levels.

In 2024, behavioural development emerged as a critical focus, with several structured initiatives introduced to support employees across all levels:

- **Empowering Managers for Success:** Equips managers with leadership tools to drive team performance, foster collaboration, and inspire growth.
- **Strategic Leadership Development Programme:** Develops senior leaders with a global mindset, customer-centric innovation, and strategic skills to address complex challenges.
- **Mentoring Programme:** Connects experienced professionals with emerging talent to promote knowledge-sharing, career growth, and personal development.
- **Mashreq Business School:** Enhances accountability, attention to detail, and wellbeing through virtual training, coaching, and collaborative projects in a supportive environment.
- **Leadership Academy:** Offers fully customised leadership development plans for senior leaders and certified programmes with leading business schools.
- **LEAD Programme:** Develops high-potential future leaders with the knowledge and skills to progress into key leadership roles.

To further support women in the workforce, Mashreq launched the Reignite Programme, providing tools, mentorship, and learning opportunities to women returning after career breaks. Designed to empower back-to-work mums, this initiative offers mentorship opportunities, skill-building workshops, networking events, and tailored career coaching.

For fresh graduates, the ACE and Pathfinder Programmes were introduced to enhance functional and behavioural competencies through diverse learning modules aligned with Mashreq's strategic goals.

Through these initiatives, Mashreq continues to invest in its people, fostering a culture of growth, innovation, and excellence.

Enhancing Culture

At Mashreq, our vision is to excel in client experience by cultivating a dynamic and energised workforce. We empower customers to achieve their full potential - because when they rise, we rise too.

As a pioneer of technological innovation in the region, Mashreq thrives on challenging the status quo. Innovation is embedded in our DNA, driving us to inspire one another and deliver exceptional, lasting impact for our customers..

Measuring Our Culture

Mashreq conducts an annual employee engagement survey to ensure alignment with its core values. The most recent survey underscored a key strength: our ability to respect and encourage one another to learn and grow. This reflects our commitment to maintaining a customer-centric culture driven by innovation.

These values guide every aspect of Mashreq's operations, shaping how we innovate, serve customers, and achieve excellence.

Ashriqi Committee Formation

In alignment with Mashreq's ESG framework, social governance strategy, and commitment to fostering diversity, inclusivity, and women's leadership, the Ashriqi Committee was established as a dedicated platform for women's initiatives within the organisation. This committee plays an important role in empowering women at Mashreq by providing opportunities for learning, growth, and career advancement.

The committee is led by an all-women panel and chaired by Muna Al Ghurair, Group Head of Marketing and Corporate Communication.

In August 2024, the Ashriqi Committee hosted a landmark event at the Mashreq Global HQ Auditorium, bringing together employees from across the Bank.

The event featured distinguished guest speakers, including:

- **Reem Baggash,** Deputy Managing Director of the World Government Summit
- **Barbara Riccardi,** Regional Head of Middle East, Caucasus, and Central Asia Corporate & Investment Banking at Natixis
- **Reem Asaad,** former Vice President at Cisco for the Middle East, Africa, Türkiye, Romania, and CIS

The event was moderated by Ashfaq Bandey, Mashreq's Head of Talent Acquisition, and served as an inspiring platform for dialogue, knowledge-sharing, and professional development.

Through initiatives like the Ashriqi Committee, Mashreq continues to champion workplace diversity and foster an environment where women can thrive and lead.

OUR CORE VALUES:

We Are Collaborators:

Our teams prioritise collective success, contributing beyond boundaries and recognising behaviours that uplift others.

We Are Empowered:

Decision-making authority lies with those closest to the action, enabling swift, customer-focused responses. Bold initiatives are celebrated, whether they succeed or lead to meaningful learning.

We Are Innovators:

We embrace curiosity and courage, valuing fresh ideas and diverse perspectives at all levels.

We Are Learners:

We own our mistakes, grow through shared experiences, and celebrate progress together.

Advancing Consumer Protection

Mashreq is committed to building enduring relationships with clients and communities, underpinned by our core values and unwavering commitment to ethical conduct. This steadfast dedication fosters trust among all stakeholders and forms the foundation for long-term success.

Adhering to applicable laws, regulations, and the Mashreq Code of Conduct, we ensure responsible business practices in all locations. By aligning our behaviour with these standards, we create a sustainable platform for operational excellence.

To uphold these principles, Mashreq prioritises:

- Robust policies and procedures to ensure consistent ethical practices
- Comprehensive training to instil core values, conduct expectations, and customer excellence standards
- Effective feedback channels to encourage continuous improvement
- A strong governance framework to monitor and enhance compliance with the Code of Conduct

By maintaining these standards, we cultivate a culture of excellence, delivering exceptional customer experiences and achieving the best outcomes for our stakeholders..

Pioneering the Path to a Sustainable Future

At Mashreq, sustainability is at the core of our operations. We firmly believe that economic growth must go together with environmental responsibility and social equity. This principle has positioned Mashreq as a leader in impactful ESG initiatives and financial inclusion, aligning our strategies with global Net Zero goals.

We have pledged AED 110 billion in sustainable finance by 2030, supporting projects such as sustainability-linked loans with Landmark Retail and GEMS Education.

Our innovative tools, including the Carbon Footprint Calculator, empower clients to make sustainable choices.

Mashreq's LEED-certified headquarters and debt counselling services further reflect our commitment to environmental stewardship and financial well-being. In addition, our Green Mortgage product offers favourable terms to promote energy-efficient homeownership.

Through the Climb2Change initiative, recognised by Forbes, Mashreq mobilised communities for the world's largest mountain cleanup campaign. Partnering with Emirates Nature-WWF, we have also supported wildlife mapping initiatives to combat urbanisation and climate change. These efforts have earned us prestigious accolades, including the Best ESG Strategy Award 2024.

Mashreq's robust governance framework ensures transparency and accountability in all ESG efforts.

The framework includes:

- **Board Risk, Compliance, and ESG Committee:** Provides strategic oversight and alignment with global standards
- **Sustainability Executive Committee:** Focuses on implementing sustainability strategies and integrating ESG principles into operations
- **ESG Committee:** Comprising cross-functional leaders to ensure operational alignment with sustainability goals
- **Specialised Sub-Committees:** Address specific areas such as climate risk, diversity, and ethical procurement

Mashreq's sustainability report is assured to AA1000AS standards, reinforcing our commitment to transparency and accountability.

At Mashreq, we take pride in leading the charge towards a sustainable future, demonstrating that innovation, governance, and social responsibility can be aligned to create lasting impact.

Mashreq did not undertake any CSR initiatives or make any social contributions during 2024. However, in alignment with Mashreq's long-term sustainability goals, such initiatives will be considered in the future.

Excelling in Corporate Governance

During 2024, Mashreq reaffirmed its commitment to transparency, accountability, and excellence by conducting a comprehensive review of global corporate governance best practices to ensure our policies and procedures align with the highest international standards.

A landmark achievement was the appointment of Mashreq's first female Board member, reflecting the Bank's dedication to fostering diversity and inclusivity at the leadership level. Additionally, Mashreq's efforts in governance were recognised on a prestigious platform, with the Bank receiving the Best Corporate Governance Award in the UAE by World Finance in the UK.

These accomplishments underline Mashreq's focus on strengthening governance as a driver of sustainable growth and stakeholder confidence.

Solidifying Operational Resilience

In 2024, Mashreq made meaningful progress in operational resilience, ensuring the uninterrupted delivery of critical services amidst an evolving risk landscape. Guided by a robust framework, the Bank enhanced its capacity to recover swiftly from disruptions, adapt to dynamic conditions, and maintain compliance with both home and host country regulations.

Key initiatives included the establishment of an enhanced Operational Resilience Framework, approved by the Group Risk Committee, which laid the groundwork for improved crisis response capabilities.

To mitigate external dependencies, the Third-Party Risk Management Framework was formalised, providing a structured approach to vendor risk assessment. Technology infrastructure enhancements were prioritised, with investments aimed at improving efficiency and resilience. These efforts were supported by the integration of advanced tools such as PRISM, AUTOBCM, and ORION, enabling comprehensive risk monitoring, business continuity planning, and intelligent analytics to proactively address vulnerabilities.

The Operational Resilience Roadmap for 2024-2026 reflects a strategic focus on sustainable resilience practices.

Progress included:

- Enhancements in regulatory compliance, governance, and policy frameworks
- Adoption of IT disaster recovery capabilities and advanced business continuity plans
- Expansion of scenario and stress testing frameworks using advanced simulation tools to evaluate real-world disruption scenarios and strengthen response strategies
- Bank-wide training programmes to embed a culture of resilience and raise awareness

These achievements illustrate Mashreq's commitment to safeguarding business continuity, meeting strategic priorities, and maintaining operational excellence. Through collaborative efforts across governance, technology, and risk functions, Mashreq is well-positioned to navigate future challenges with confidence.

Reinforcing Information Security and Data Privacy

In 2024, Mashreq's Information Security Group (ISG) continued to fortify the Bank's security posture through strategic initiatives and robust partnerships. ISG remained focused on enhancing existing security controls, ensuring resilience against evolving threats.

> In collaboration with Technology and Digital teams, ISG defined and initiated a risk-driven, five-year security programme to anticipate and mitigate future risks, aligning with the Bank's long-term business objectives.

> ***The refreshed Compliance Policies Framework was developed through extensive engagement with key stakeholders and received formal approval from the Board Risk, Compliance, and ESG Committee (BRCESGC) in March.***

Key initiatives by ISG in 2024 included:

- Empowering business units to make more autonomous information security risk decisions, fostering a culture of accountability and agility.
- Embedding security into the design and default settings of digital products and services, ensuring security is integral to the innovation process.
- Renewing PCI-DSS and SWIFT CSP certifications and adhering to CBUAE NESA standards, reinforcing regulatory compliance across jurisdictions.
- Developing a robust Identity and Access Governance capability to support the IAM programme.
- Expanding core data protection capabilities through advanced tools deployed by Technology teams, safeguarding sensitive information and ensuring data privacy.
- Commencing the development of a comprehensive cybersecurity resilience strategy, integrated into the Bank's overall operational resilience framework.

ISG also prioritised the education, training, and development of an information security mindset across all functions within the Bank. These initiatives reinforced secure behaviours and empowered employees to contribute to Mashreq's security objectives.

In summary, ISG's proactive and strategic approach in 2024 has strengthened Mashreq's security posture and fostered a culture of security awareness and resilience. These efforts ensure that the Bank remains at the forefront of industry standards and practices.

Strengthening Anti-Money Laundering

As part of Mashreq's ongoing commitment to enhancing compliance standards, the Mashreq Compliance Group undertook significant updates in 2024 to the Bank's Compliance Policies Framework. These updates encompassed financial crime and core compliance risks, reflecting the latest regulatory obligations and providing employees with greater clarity on the Bank's approach to meeting these critical requirements across its footprint.

The refreshed framework was developed through extensive engagement with key stakeholders and received formal approval from the Board Risk, Compliance, and ESG Committee (BRCESGC) in March.

In October 2024, Mashreq launched the new Gift and Entertainment (G&E) Register Tool, designed to streamline and simplify the process of requesting and reporting gifts and entertainment involving clients or third parties. This tool ensures greater transparency and accountability, reinforcing the Bank's commitment to ethical conduct and regulatory compliance.

These advancements reflect Mashreq's dedication to maintaining the highest standards of compliance and its proactive approach to mitigating financial crime risks.

Board Effectiveness and Oversight

Mashreq's Board comprises seven Non-Executive Directors, in full compliance with UAE Central Bank regulations concerning independence and female representation.

In 2024, the Board and its Committees convened 29 times, receiving comprehensive information and updates to facilitate informed decision-making. Members of the Executive Management Committee were invited to attend Board and Committee meetings as necessary to address specific topics, in adherence to regulatory requirements regarding Senior Management's participation in key discussions.

To ensure effectiveness, the composition and committee memberships of the Board are regularly reviewed and rotated. Each Director, apart from the Chairman, serves on at least one standing committee. The Board operates four standing committees, each with key responsibilities and delegated authorities from the Board.

Board Appointment and Independence

The Board is elected by shareholders during the Annual General Assembly and is fully accountable to them. Among its key responsibilities, the Board defines the Bank's risk appetite, establishes effective controls, and oversees risk management.

All Directors must be approved by the Central Bank of the UAE before their appointment or election at the General Assembly. In accordance with Federal Decree Law No. [32] of 2021 on Commercial Companies and the Bank's articles of association, Directors are required to seek re-election every three years. The current Board was appointed in 2024 for a three-year term.

Board Performance and Evaluation

Mashreq conducts regular Board evaluations to ensure operational effectiveness and maintain trust among stakeholders. These evaluations assess meeting efficiency, decision-making processes, external representation, and committee performance.

In 2024, an internal evaluation was conducted, with results reviewed by the Board Nomination & Compensation Committee. The evaluation confirmed the Board's effectiveness while identifying areas for continuous improvement.

Board Introduction, Training and Development

Mashreq provides a thorough Induction Programme to ensure new Directors can perform their duties effectively. This programme includes:

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

The Bank continuously updates the skills and knowledge of its Board to align with Mashreq's strategy and operational requirements. Sufficient resources, including time and budget, are allocated to ongoing training programmes.

An annual review ensures relevance and alignment with Directors' responsibilities.

Key training sessions in 2024 included:

- McKinsey (Gen) AI Workshop
- BCG (Gen) AI Workshop
- Annual Board Compliance Training
- Cybersecurity Resilience
- AI and the Role of the Board

Rise every day

Directors' Related Party Transactions

Statement of the details of transactions made with the related parties (Stakeholders) during the year 2024:

S. No.	Nature of Related Party	Type of Transaction and Balance	Value	Value
			2024	2023
1	Major Shareholders	Loans and Advances	2,506,660	2,841,401
2	Major Shareholders	Deposits/financial instruments under lien	1,647,558	791,963
3	Major Shareholders	Letter of credit and guarantees	1,576,704	1,383,801
4	Directors and key management personnel	Loans and Advances	153,630	123,089
5	Directors and key management personnel	Deposits/financial instruments under lien	364,947	391,189
6	Directors and key management personnel	Letter of credit and guarantees	7,212	251
7	Associates and joint venture	Loans and Advances	376,534	-
8	Associates and joint venture	Deposits/financial instruments under lien	26,031	76,625
9	Associates and joint venture	Letter of credit and guarantees	25,000	25,000
10	Major Shareholders	Interest income	165,175	183,025
11	Major Shareholders	Interest expense	11,843	5,154
12	Major Shareholders	Other income	26,518	27,902
13	Directors and key management personnel	Interest income	6,819	6,036
14	Directors and key management personnel	Interest expense	6,077	2,150
15	Directors and key management personnel	Other income	47	9
16	Associates and joint venture	Other income	2	-
17	Directors and key management personnel	Director's fee & Key Management Compensation	83,409	76,418

Board Remuneration

The Board's total remuneration paid in 2024 for the year ended 31st December 2023 was AED 3,250,000. The Board do not receive any additional allowance for attending Board or Board Committee meetings.

The Board's proposed total remuneration for the year ending 31st December 2024 to be paid in 2025, is AED 3,250,000 subject to the Board Nomination Compensation Committee and the Board's endorsement and subject to the final shareholder's approval at the Annual General Assembly meeting.

Chairman	AED 550,000
Board Members (each)	AED 450,000

Director's and their related party shareholdings

Name	Position/ Relationship	As at 31/12/2024	As at 31/12/2023	Change in shareholding
Rashed Saif Al Ghurair	Board Member	1,130	1,130	0
Mansoor Abdul Aziz Al Ghurair	Son of Chairman	66,532	1,543	64,989

Board Meetings and Attendance

The Board approves its annual meeting schedule each December, with invitations circulated at the start of the year. Agendas are prepared by the Group Company Secretary in consultation with the Chairman and Group Chief Executive Officer, and Board packs are distributed in advance.

In 2024, the Board held 10 meetings, during which key topics such as business performance, risk appetite, strategy, and budget planning were discussed.

Date of Board meeting	Number of Director attendees	Names of Absent Directors	Number of Board Resolutions passed
29 January 2024	6/7	Saeed Al Ghurair	5
26 March 2024	6/7	Rashed Al Ghurair	4
19 April 2024	6/7	Abdulaziz Al Ghurair	1
25 April 2024	7/7	-	4
25 July 2024	6/7	Saeed Al Ghurair	4
11 September 2024	6/7	John Iossifidis	1
20 September 2024	7/7	-	1
29 October 2024	7/7	-	2
12 December 2024	7/7	-	6
20th December 2024	7/7	-	2

The Board and its Committees regularly discuss topics that are fundamental to the direction of the Bank, including business performance, long-term planning, budget strategy, risk appetite and management, and other fundamental matters as required.

The key business discussed at the main Board meetings throughout the year is detailed below:

	Meetings at which topics were discussed						
Topics discussed	Jan	Mar	Apr	Jul	Sep	Oct	Dec
Financial Performance, Planning & Control	•	•	•	•		•	
Budget & Strategy							•
Liquidity Stress Testing	•		•		•		•
Global Succession Planning					•		
Business Updates	•	•	•	•	•		•
Technology and Cyber Security Updates	•					•	•
Operational Resilience Updates				•	•	•	
Consumer Complaints			•		•		•
Internal Control, Risk & Compliance	•		•	•	•	•	
Governance Updates	•	•	•	•		•	•
Board Committee Reports	•	•	•	•	•	•	•
Management Committee Reports	•	•	•	•	•	•	•
Group Updates (including branches and subsidiaries)	•	•	•	•	•	•	•
Islamic Banking Updates			•	•		•	•

Board Oversight of Conflict of Interest and Related Party Transactions

Conflict of Interest - Mashreq maintains a Conflict of Interest Register for Board members and Senior Management, overseen by the Group Company Secretary.

To ensure transparency, Board members with potential conflicts abstain from discussions and voting on related matters. The Bank also adheres to a Conflict of Interest Policy designed to uphold ethical conduct across the organisation.

Related Party Transactions - Mashreq's Policy on Related Party Transactions ensures that all dealings meet regulatory requirements and adhere to proper approval and reporting standards. The policy also ensures transparency in financial statements, highlighting the potential impact of related party transactions.

Board Oversight of Risk Management

The Board is responsible for defining the Bank's Risk Appetite, setting its strategy, and overseeing risk management. These functions are carried out through the Board Risk, Compliance, and ESG Committee (BRCESGC), which:

- Reviews and approves the Bank's Risk Appetite Statement to ensure alignment with the group's strategy
- Oversees key risk management policies, including the Risk Management Framework, Stress Test Framework, and ICAAP Policy

This BRCESGC safeguards the independence and performance of risk management functions, ensuring that Mashreq remains resilient in the face of evolving challenges.

Board Oversight of Compliance and Internal Controls

The Board plays a critical role in overseeing Mashreq's financial reporting, ensuring the transparency and integrity of disclosures, and assessing the effectiveness of the internal controls framework.

The Board Audit Committee (BAC) oversees governance under International Financial Reporting Standards (IFRS) and ensures effective internal controls by:

- Approving internal audit plans
- Reviewing the performance of Internal Audit
- Addressing and tracking identified deficiencies

In 2024, Internal Audit issued 58 reports, which were discussed in detail during quarterly BAC meetings.

Regulatory violations in 2024 were limited to minor penalties in the UAE and Bahrain, along with a warning in Qatar. Corrective actions have been implemented to ensure compliance. Details are available upon request.

Board Committees

Board Audit Committee (BAC)

Committee Composition as of 31 December 2024:

Mr. John Iossifidis
(Chairperson)

Mr. Ahmad Al Khallafi*
(Member)

Mr. Iyad Malas
(Member)

** Appointed to the Board on 7th March 2024, and Members of the Committee on 26th March 2024.*

Note:

Rashid Al Jarwan was a Committee member from 1st January 2024 to 7th March 2024.

BAC Meetings in 2024:

During 2024, the Committee had a 100% attendance with no absences.

Date of BAC Meeting	Number of Attendees	Absent Members
25th January 2024	3/3	-
24th April 2024	3/3	-
7th May 2024	3/3	-
23rd July 2024	3/3	-
24th October 2024	3/3	-

Statement from the Board Audit Committee Chairperson

Dear Shareholders,

I am pleased to present the BAC Report for the year ending 2024.

The Committee is constituted under the law of Central Bank of United Arab Emirates and shall have authority as articulated in its charter to assist the Board to fulfil its responsibilities in relation to the oversight of responsibilities including but not limited to:

- ensuring that financial statements are prepared in accordance with accounting policies and practices that are widely accepted internationally and supported by record keeping systems and that financial statements are issued annually to the public together with an independent External Auditor's opinion;
- ensure that the Bank does not present their audited financial statements at the meeting of the general assembly, or otherwise make public such statements, unless they have obtained the prior written no-objection from the Central Bank;
- to monitor the accuracy, integrity and transparency of the Bank's financial statements with adequate and timely disclosures of financial statements;
- to review the financial reporting process and establishment of significant accounting policies and practices;
- ensure adequate governance structures and control processes for all financial instruments that are measured at fair value for risk management and financial reporting purposes;
- to ensure that the Bank prepares their financial statements in accordance with the International Financial Reporting Standards and the instructions of the Central Bank;
- avoid taking any action in whatever form, which may disclose or reveal their intentions regarding distribution or repatriation of profits, retained earnings, reserves, or other component of regulatory capital, unless they have obtained the prior written no-objection from the Central Bank;
- to ensure valuation practices consistent with International Financial Reporting Standards and subject the fair value estimation framework, structure and processes to independent verification and validation;
- ensure the publication on the Bank's website of the audited financial statements together with the independent External Auditor's opinion no more than four months after the financial year end. They must also be published in the Bank's annual report;
- to supervise the effectiveness of the Bank's internal control function;
- make recommendations to the Board, for it to be put to the shareholders for their approval at General Assembly Meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and Terms of Engagement of the external auditor;
- to certify the external auditor's qualifications and independence;
- Ensure the External Auditor conducts audits in accordance with the International Standards on Auditing (ISA) that require the use of a risk and materiality based approach in planning and performing audits;
- Ensure the scope of the external audits includes areas such as the loan portfolio and loss provisions, non-performing assets, asset valuations, trading and other securities activities, derivatives, asset securitizations, consolidation of and other involvement with off-balance sheet vehicles, the Pillar 3 reporting and the adequacy of internal controls over financial reporting;
- to supervise the performance of the Bank's Internal Audit and Internal Shari'ah Audit function and independence;
- to review and approve a comprehensive Internal Audit and Internal Shari'ah Audit plan and quarterly report prepared by the internal audit team; and
- to ensure that the Internal Audit and Internal Shari'ah Audit function independently evaluates - compliance with laws, regulations, standards, Islamic Shari'ah and the instructions issued by the Central Bank and the Higher Shariah Authority.

The Committee met 5 times during the year fulfilling its responsibilities outlined in its charter. The Committee received regular updates from Compliance, Risk and Internal Audit on the UAE Central Bank findings following its examinations and thematic reviews, and discussed and monitored the progress of remedial actions identified during the examinations, including closure of findings.

The BAC reviewed the following important areas relating to the financial statements:

1. Quality and Accuracy of Financial Reporting
2. Loan Loss Provisions and Asset Quality
3. Related Party Reporting
4. Fair Value Measurement
5. Auditor Independence and Findings

The BAC undertook comprehensive measures to address the above critical matters relating to the financial statements by ensuring the accuracy and consistency of financial reporting by ensuring implementation of centralized reporting systems, regular internal audits, and enhancing staff training on IFRS and banking-specific standards. To mitigate risks from non-performing loans, the BAC reviewed provisioning levels and engaged external auditors for validation. Reporting of related party transactions were reviewed with improved governance frameworks and transparent disclosures. Challenges in fair value measurement and market volatility were managed by engaging independent valuation experts wherever required.

Finally, the BAC ensured auditor independence and resolved outstanding audit findings through diligent follow-ups, and continuous monitoring of recommendations, resulting in strengthened financial transparency and compliance across the Bank.

The independence and effectiveness of the external audit process are critical to ensuring the integrity of the Bank's financial statements. The Board Audit Committee evaluated auditor independence by reviewing compliance with regulatory requirements, such as auditor rotation policies and independence declarations submitted by the external audit firm. This evaluation also included assessing potential conflicts of interest, non-audit services provided by the firm, and adherence to professional ethics and standards. To assess the effectiveness of the audit process,

the committee reviewed the quality and depth of the audit plan, the firm's understanding of the bank's business and regulatory environment, and the timeliness and relevance of their reporting. Feedback was also obtained from key management personnel on the auditors' engagement, technical expertise, and responsiveness to issues raised during the audit. For the reappointment, the BAC evaluated the audit firm's performance during its tenure, focusing on the quality of the audit, adherence to timelines, and the firm's ability to provide independent and objective assessments. The current external audit firm has been serving as the bank's auditor for 2 years in compliance with UAE Central Bank limit for auditor tenure.

The BAC closely monitors the firm's adherence to independence requirements throughout its tenure and reviews its continued suitability annually as part of the reappointment process. The BAC played a key role in approving non-audit services provided by the external auditor. A formal policy is established to review and authorize non-audit services to ensure they do not impair independence. Further, the approval process includes evaluating the nature of the services to ensure that the non-audit services does not involve activities that could compromise the auditor's objectivity.

The BAC confirms that all related party transactions during the reporting period were reviewed to ensure compliance with applicable regulations and financial reporting standards. While the Board Credit Committee (BCC) is responsible for reviewing and approving in line with the UAE Central Bank regulations, the BAC ensures disclosure and presentation of these transactions in the financial statements, in accordance with International Financial Reporting Standards (IFRS).

Further, all related party transactions were conducted at arm's length, with terms, pricing, and conditions consistent with those offered to unrelated third parties. Additionally, wherever a Director had an interest in a transaction, such transactions were referred to the Board of Directors for independent review and approval, as per regulatory requirements and corporate governance policies.

In addition, the BAC assessed the effective governance of the requirements on profit equalization in accordance with the standards set by the UAE Central Bank. The BAC had closed sessions with the Bank's External and Internal Auditors without the presence of members of the Senior Management, to independently discuss issues that arose within the remit of the Committee. The Committee continued to coordinate its activities with the Board Risk Compliance & ESG Committee (BRCESGC) to ensure adequate flow of information between the committees and the effective coverage of all risks. The BAC ensured that the Bank's Internal Audit Plan for 2024 focused on providing adequate assurance that the Bank's internal governance and controls remained robust.

The BAC reviewed all medium and high-risk reports issued by Internal Audit to determine if they were due to significant failures or weaknesses in internal control. The BAC also ensured that actions are taken, if any, to address any deficiencies or weaknesses in case of any failures in internal control systems or risk management by thoroughly overseeing the implementation of the corrective action plans.

Topics discussed, reviewed and approved, but not limited to the below

Quality and Accuracy of Financial Reporting

Loan Loss Provisions and Asset Quality

Related Party Reporting

Fair Value Measurement

Auditor Independence and Findings

BAC Role Regarding External Auditors

Deloitte.

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

External Auditor Overview

At the 2024 Annual General Assembly, Mashreq's shareholders approved the reappointment of Deloitte & Touche (M.E.) as the Bank's External Auditor for the year. Deloitte has served as the Bank's External Auditor for one year, with Musa Al Ramahi acting as the lead audit partner since February 2023.

The BAC oversees the external audit approach, focusing on independence, terms of engagement, and the rotation of the auditing firm or partner. The BAC regularly communicates with the audit team to review audit findings, discuss accounting changes, and ensure consistent reporting throughout the year.

External Auditor Details

Deloitte & Touche (M.E.) Deloitte is a global leader in audit, consulting, financial advisory, risk advisory, and tax services. With a history spanning over 175 years, Deloitte operates in more than 150 countries. Deloitte & Touche (M.E.) LLP (DME) is the Middle East and Cyprus affiliate of Deloitte NSE LLP, a UK limited liability partnership and member firm of Deloitte Touche Tohmatsu Limited.

DME has maintained an uninterrupted presence in the Middle East since 1926, with 26 offices across 15 countries and around 5,900 professionals, including partners and directors.

External Auditor Fees

The fees paid to Deloitte & Touche (M.E.) in 2024 were as follows:

- Audit fees for Mashreq Consolidated Financial Statements: AED 1,313,900
- Other fees: AED 2,119,156

Additional Services

The following non-audit services were provided in 2024:

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

External Auditor's Reservations

For the year 2024, Deloitte issued an unqualified opinion, indicating no reservations regarding Mashreq's interim or annual financial statements.

Board Nomination & Compensation Committee (BNCC)

Committee Composition as of 31 December 2024:

Mr. Saeed Al Ghurair
(Chairperson)

Ms. Mariam Ghobash*
(Member)

Mr. Ahmad Al Khallafi*
(Member)

** Appointed to the Board on 7th March 2024, and Members of the Committee on 26th March 2024.*

Note:

Rashid Al Jarwan and Ali Lootah were Committee members from 1st January 2024 to 7th March 2024.

BNCC Meetings in 2024:

Date of BNCC Meeting	Number of Attendees	Absent Members
15th February 2024	3/3	-
9th May 2024	2/3	Ahmad Al Khallafi
2nd July 2024	3/3	-
9th December 2024	3/3	-

Statement from the Board Nomination & Compensation Committee Chairman

Dear Shareholders,

I am pleased to present the BNCC Report for the year ending 2024.

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

- ensuring that there is an adequate composition of the Board, Senior Management and Staff, according to the Fit and Proper Process, for ongoing suitability and functioning of the Bank operations and risk capacity to meet the strategic plan and business objectives;
- ensuring plans are in place for orderly succession to both the Board and Senior Management and other key positions identified;
- evaluating the performance of the Board, its Committees, and the Group Chief Executive Officer annually;
- reviewing the remuneration of the Group Chief Executive Officer and his respective Direct Reports (e.g. Group Heads and Group Company Secretary) based on the agreed MBOs; and
- satisfying itself that the remuneration and compensation framework of the Bank is in line with the risk appetite, business strategy plan, the corporate objectives, culture and values, and long-term interests of the Bank as well as in compliance with laws and standards issued by the Central Bank and other competent authorities.

The Committee met 4 times during the year fulfilling its responsibilities outlined in its charter. The Committee had concentrated on the People & Intellectual Capital Group strategic plan and priorities for the coming years, the Bank's Remuneration Policy and the global benefits overview, and the Global Pay philosophy project. The Committee has assessed remuneration practices for the Bank and subsidiaries against market practices and CB regulations.

Topics discussed, reviewed and approved, but not limited to the below

- **People & Intellectual Capital Group Updates**
- **Independent Board Evaluation Results**
- **Nomination Review for Board Election Cycle 2024-2027**
- **Compensation Updates**
- **Board Training Plan**
- **Board Remuneration for 2024**

Board Credit Committee (BCC)

Committee Composition as of 31 December 2024:

Mr. Iyad Malas (Chairperson)	**Mr. John Iossifidis** (Member)	**Mr. Ahmad Al Khallafi*** (Member)

** Appointed to the Board on 7th March 2024, and as Member of the Committee on 26th March 2024.*

Note:

Rashid Al Jarwan and Ali Lootah were Committee member from 1st January 2024 to 7th March 2024.

BCC Meetings in 2024:

Date of BCC Meeting	Number of Attendees	Absent Members
21st February 2024	3/3	-
13th May 2024	2/3	Ahmad Al Khallafi
15th July 2024	3/3	-
26th October 2024	3/3	-

Statement from the Board Credit Committee Chairman

Dear Shareholders,

I am pleased to present the BCC Report for the year ending 2024.

The Committee is responsible for establishing policies, procedures and processes to set out the extension of credit, credit limits and investment guidelines for the Bank and the Group as delegated to them by the Board.

The Committee shall ensure that:

- appropriate administrative and accounting procedures and internal control systems are in place to identify and manage large exposures.
- all credit commitments of the Bank that are in excess of the limits contained in the Executive Management Committee charters, up to such level per commitment as requires the approval of the full Board pursuant to the Central Bank's regulations on large exposure limits (as amended or updated from time to time).
- credits and investments are aligned with the Bank's strategy and business objectives; taking into consideration the risk appetite, risk tolerance, risk capacity and overall aggregate risk exposure to the Bank and Group.
- any credit or investments which are Islamic financial products and services are referred to the Internal Shari'ah Supervisory Committee (ISSC) for approval as compliant before entering into such arrangements.
- non-performing loans and bad debt are dealt with in a timely manner and in accordance with the Bank's policies. Track and analyse trends of defaulters to provide proactive monitoring of highly exposed sectors or clients and raise these to the Board as appropriate.
- credit authority is granted to balance the risk versus returns and consumer rights and satisfaction.
- only qualified employees are granted authority to make credit or investment decisions, which shall be set out in a formal delegation of authority or as prescribed by the policies of the Bank, this Charter or the Board.
- the overall performance of credit and investments for products, instruments and facilities and the risk strategy and long-term objectives of the Bank and wider Group are reviewed.
- Review and approve recommendations for loan write-offs, settlements, and waivers and review the performance of products, non-performing loans and other instruments are reviewed and approved, and policies to establish bad debt recoveries, settlements, waivers, and write-offs limits and procedures are set.
- Management committees are set up to manage credit and investments in line with any delegated powers to them from this Committee. The GCEO, GCCO and or the GCRO will oversee any sub-delegations of power from Senior Management to management. Any such management committees shall keep the Committee updated at least annually of the aggregate credits and investments and their performance for the Bank and the Group.

Topics discussed, reviewed and approved, but not limited to the below

- **High-Exposure Countries Updates**
- **Credit Facilities for Approval/Ratification**
- **Bank-Wide Credit Profile**
- **Business Banking Update**
- **Credit Risk Management Standard**

Rise every day

Board Risk Compliance & ESG Committee (BRCESGC)

Committee Composition as of 31 December 2024

Ms. Mariam Ghobash*
(Independent Chairperson)

Mr. Rashed Al Ghurair
(Member)

Mr. John Iossifidis
(Independent Member)

** Appointed to the Board on 7th March 2024, and as Chairman of the Committee on 26th March 2024.*

Note:

Rashid Al Jarwan was the Committee Chairman from 1st January 2024 to 7th March 2024.

During 2024, the Committee had a 100% attendance with no absences:

Date of BRCESG Meeting	Number of Attendees	Absent Members
28 February 2024	3/3	-
20th March 2024*	2/2	-
24th June 2024	3/3	-
2nd July 2024	3/3	-
1st October 2024	3/3	-
10th December 2024	3/3	-

** The new Board Committee composition was formed on 26th March 2024 and therefore there was a vacancy in the Committee*

The Committee was also briefed by the Group Chief Risk Officer on emerging risks, liquidity metrics, and regulatory activities. They have also reviewed and approved the Bank's Credit Risk Management Framework in line with the newly issued CB Credit Risk Managements Regulation and Standards issued on 17th October 2024.

Statement from the Board Risk Compliance & ESG Committee Chairman

Dear Shareholders,

I am pleased to present the BRCESGC Report for the year ending 2024. The BRCESGC has overall non-executive responsibility for the oversight of risk-related matters and the risks impacting the Group.

The Committee's key responsibilities include:

- to review, on behalf of the Board, the management of the Risk Management of the Bank and its principal risks;
- to review and approve, on behalf of the Board, the Bank's risk appetite statement and in doing so, satisfy itself that the risk appetite is aligned to the Group's strategy and sustained business objectives in line with the Bank's 3-year strategic plan;
- to make recommendations as it may deem necessary on any Risk Management related matters including but not limited to the Bank's risk appetite, risk tolerance and risk capacity;
- to commission, receive and consider reports on key risk issues;
- review and approve the compliance reports on a quarterly basis;
- to safeguard the independence of, and oversee the performance of, risk functions;
- to approve the stress test framework, ICAAP and other policies and procedures as recommended by the relevant management committee;
- to review the effectiveness of the Bank's whistleblowing mechanism; and
- consider any risks associated with large exposures and the limits set out in the Large Exposures Regulation issued by the Central Bank related to failures of single counterparty or group of connected counterparties.

The Committee met 6 times during the year. Various topics were discussed, reviewed, and approved not limited to the below:

- ESG Updates
- Sustainability Updates
- Group Risk Appetite Statement
- Compliance Updates and Policies
- Regulatory Deliverables (including CBUAE Stress Testing Results, and CB UAE Recovery Planning Regulation)
- ICAAP Updates and Results
- IFRS9 Governance Framework and ECL Overlay
- Consumer Protection Regulations review by PwC
- Enterprise Risk Profiles (including Bank-wide risk appetite level 1, Bank-wide Credit Profile, Interest Rate Risk in Banking Book (IRRBB), Operational Risk Profile & Business Continuity Risk Profile, Market Risk Profile, Fraud Risk Profile, Model Risk Management Update, Information Security Risk Profile, and Business Banking Update)

Furthermore, the Committee have reviewed and approved the amendments made to the Group Risk Management Framework, Stress Testing Policy, Sustainable Finance Credit Policy, Group Risk Committee Charter, Fundamental Credit Review Charter, and Pillar 3 Disclosure, Policy on Managing Risk Policy Documents, IFRS9 Governance Framework, Risk Management Framework for Islamic Banking, International Risk Management Framework (IRMF), Pillar 3 Policy, Information Security Committee (ISC) Charter, Retail Credit Policy Manual, Market Risk Management Framework, Counterparty Credit Risk Framework, Wholesale Credit Policy Manual, ICAAP Policy, Strategic Risk Management Framework, Model Risk Management Policy, and Group Sanctions Policy.

Topics discussed, reviewed and approved, but not limited to the below

Sustainability Updates

Compliance Updates

Consumer Protection

Enterprise Risk

Regulatory Deliverables

ICAAP Updates

Senior Management

EXCO Responsibility and Other Management Committees

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

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

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

Introduction to Committees

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

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

Committees and Responsibilities

Committee	Number of meetings	Responsibilities
Executive Committee (EXCO)	11	The EXCO is the most senior management committee, overseeing all of Mashreq's businesses and operations
Assets & Liabilities Committee (ALCO) & Islamic ALCO	11	The primary objective of ALCO is to manage the liquidity of the Bank, ensuring timely payment of obligations, and to oversee interest rate risk management. The Islamic ALCO focuses on the Bank's Islamic division and Shari'ah aspects, with objectives aligned with the Group ALCO.
Investment Committee (IC)	4	The IC formulates strategies, policies, and limits for the Bank's investments, approves bank-wide securities investments in UAE and international locations, and periodically reviews and monitors the performance of the Bank's investment portfolios.
Compliance Risk Management Committee (CRMC)	10	The CRMC assists Senior Management in monitoring regulatory compliance, including Anti-Money Laundering (AML), Terrorism Financing, Know Your Customer (KYC), sanctions, and Anti-Bribery and Corruption Matters (excluding fraud risk). It also considers reputational risks linked to Mashreq's customers, jurisdictions, and products/services.
Group Risk Committee (GRC)	5	The GRC formulates the Bank's approach to risk management, communicates it across the organisation, and develops the overall risk strategy, governance framework, and Risk Appetite Statement (RAS) for approval by the Board Risk Compliance and ESG Committee. It also oversees day-to-day risk management and ensures compliance with the Bank's established risk framework and limits.
Sustainability Executive Committee (SEC)	2	Established in late Q3 2023, the SEC supports Mashreq's commitment to sustainability and sustainability-linked finance initiatives, covering Environmental, Social, and Corporate Governance (ESG) responsibilities relevant to the Group.
Technology Steering Committee (TSC)	4	The TSC is the most senior management committee overseeing Mashreq's technology strategy and execution, providing governance and operational oversight.
Information Security Committee (ISC)	4	The ISC is the highest-level committee responsible for governing information security across the entire Bank.

Rise every day

Delegation of Authority

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

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

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

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Employee Remuneration and Reward Scheme

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

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

Mashreq's reward framework features:

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

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

In 2024, the total salaries and benefits paid to the Bank's Senior Management amounted to AED 81.6 Mn, reflecting Mashreq's commitment to competitive and fair compensation practices.

Stakeholder Engagement & Investor Relations

Investor Relations

Mashreq is committed to maintaining the highest standards of transparency and ensuring that stakeholders and investors are provided with timely, accurate, and comprehensive information.

In 2024, Mashreq reinforced its dedication to transparency through consistent and prompt disclosures across multiple channels. The Bank ensured open communication with stakeholders, keeping them informed about critical matters such as risk management policies, values, long-term strategic objectives, and financial performance.

Internally, Mashreq prioritised employee engagement by sharing relevant updates, ensuring alignment across the organisation.

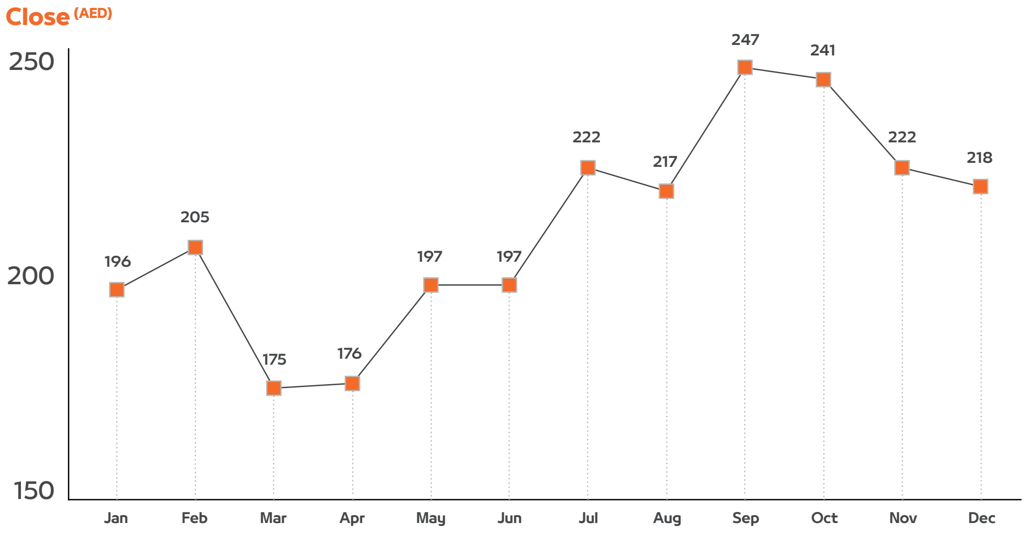
Further details about Mashreq's 2024 announcements and disclosures can be found on the Investor Relations section of Mashreq's website or on the Dubai Financial Market (DFM) website under the news and disclosures section.

For Investor Relations inquiries, please contact:
Sahel Al Mazrouei, Head of Investor Relations

T: +971 4 207 7543
E: investorrelations@mashreq.com

Share Price Performance and Trading Volume

Statement of Mashreq's share price in the market (closing price, highest price and lowest price) at the end of each month during the fiscal year 2024



	Open (AED)	Close (AED)	MoM Change	MoM % Change	High (AED)	Low (AED)
January	153.00	196.00	43.00	28%	218.50	185.00
February	200.00	205.00	5.00	3%	206.00	183.00
March	204.00	175.00	-29.00	-14%	175.00	165.00
April	169.00	176.00	7.00	4%	184.00	176.00
May	183.95	197.00	13.05	7%	199.00	196.00
June	198.00	197.00	-1.00	-1%	197.00	197.00
July	197.00	221.95	24.95	13%	222.95	208.00
August	219.95	217.00	-2.95	-1%	219.00	217.00
September	217.00	241.00	24.00	11%	241.00	239.95
October	247.00	242.00	-5.00	-2%	243.00	242.00
November	241.00	222.15	-18.85	-8%	229.00	222.05
December	223.00	218.00	-5.00	-2%	218.00	216.00

Statement of Mashreq's comparative performance with the DFM index during 2024

	Dec 2024 close	Dec 2023 close	% Change
Mashreq	218	152	43.4%
DFM	5169.43	4059.8	27.3%
MSCI EM Banks	1070.43	1023.7	4.6%

Shareholder Ownership Structure

Statement of the shareholders' ownership distribution as at 31 December 2024 (individuals, companies, governments) classified as follows: Local, Gulf, Arab and Foreign.

% of owned shares				
Shareholder classification	**Individuals**	**Companies**	**Government**	**Total**
Local	3.7%	94.34%	0	98.04%
Arab	0.02%	0%	0	0.02%
Foreign	0.79%	1.17%	0	1.96%
Total	**4.51%**	**95.52%**	**0**	**100.00%**

Note: Arab countries include Kuwait, Bahrain, Saudi Arabia, Oman, Qatar, Lebanon, Syria and Egypt.

Statement of how shareholders are distributed according to the volume of property as at 31 December 2024

Share(s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of Mashreq's capital
Less than 50,000	407	913,023	0.45
From 50,000 to less than 500,000	27	5,953,573	2.97
From 500,000 to less than 5,000,000	6	7,698,132	3.83
More than 5,000,000	6	186,045,102	92.73

The following represents shareholders owning 5% or more of Mashreq's capital as at 31 December 2024

Name of shareholder	Number of owned shares	Percentage of owned shares of the company's capital
Saif Al Ghurair Investment Group Company LLC	83,754,142	41.7%
Abdulla Ahmed Al Ghurair Investment Co	62,389,304	31.1%
Massar Investment Ltd	25,574,961	12.7%

Rise every day

General Assembly Meetings Held in 2024

Mashreq's General Assembly Meetings (GAMs) provide shareholders with a platform to engage through a hybrid meeting format, enabling them to exercise their rights to attend and participate in real-time discussions. These meetings primarily serve as a forum for shareholders with voting rights to make decisions on the Bank's high-level matters.

GAMs are convened by the Board within four months following the end of the fiscal year. Shareholders who are unable to attend in person have the option to vote by proxy. The meetings are also attended by a representative of the Bank's regulator, the Securities and Commodities Authority (SCA), as well as the Bank's external auditors.

In 2024, the General Assembly Meetings were chaired by the Chairman of the Board, with the Group Company Secretary serving as rapporteur. The resolutions and results of these meetings were disclosed to the Dubai Financial Market (DFM), with signed minutes provided to the Securities and Commodities Authority (SCA). Outcomes were also made available on the Bank's website.

During 2024, Mashreq held the following General Assembly Meetings:

General Assembly Meeting	Date	Meeting Method	Special Resolution(s)	Attendance
Annual General Assembly	7th March 2024	Hybrid	None	94.73%

Shari'ah Governance

Islamic Banking Governance Framework and Internal Shari'ah Supervision Committee (ISSC) Membership

Mashreq offers a comprehensive range of Islamic Banking products and services through its Islamic Window, branded as Mashreq Al Islami, catering to Retail, Wholesale, and Treasury clients.

The Bank operates under the regulatory framework of the UAE Central Bank (CBUAE) and the Higher Shari'ah Authority (HSA) of the CBUAE, ensuring compliance with AAOIFI standards. Oversight of Islamic Banking at Mashreq is provided by an independent Internal Shari'ah Supervision Committee (ISSC), which offers guidance on all Shari'ah-related matters.

Primary Functions of the ISSC:

- Supervise all business activities, products, services, contracts, documents, and the Bank's code of conduct.
- Issue binding pronouncements and resolutions for the Bank.
- Review and approve corrective and preventive measures to ensure compliance and avoid recurrence of non-compliance.
- Approve profit distribution management and annual financial statements.
- Issue an annual report on the Bank's adherence to Islamic Shari'ah requirements, which is submitted to the CBUAE and the AGM.
- Monitor compliance with Islamic Shari'ah through the Internal Shari'ah Controls Division and the Internal Shari'ah Audit Division.

Shari'ah Governance Framework:

Mashreq's Shari'ah Governance Framework is based on a 'three lines of defence' approach as outlined by CBUAE standards and regulations:

- First Line of Defence: The business line is responsible for ensuring initial compliance with Shari'ah principles.
- Second Line of Defence: An independent Internal Shari'ah Controls Division oversees and implements Shari'ah governance in coordination with the ISSC.
- Third Line of Defence: A separate and independent Internal Shari'ah Audit Division conducts audits of Islamic products and services to ensure full compliance.

To maintain complete independence, the Heads of Internal Shari'ah Controls and Internal Shari'ah Audit report directly to the Board or its committees regarding performance appraisal, promotions, bonuses, and removal.

The Bank also ensures the segregation of its Islamic operations from its conventional banking activities. This includes a dedicated branch for Islamic banking, separate product codes, and distinct account classes for Islamic transactions.

ISSC Membership Profiles

The Internal Shari'ah Supervision Committee (ISSC) at Mashreq comprises renowned scholars and experts in Islamic finance and jurisprudence, reflecting a wealth of experience and global recognition.

Sheikh Abdullah Bin Sulaiman Al Meneea – Chairman

Sheikh Abdullah Al Meneea has served as the founding Chairman of Mashreq's Shari'ah Board since its inception in 2006. His credentials include:

- Member of the Saudi Forum of Senior Shari'ah Scholars, advising the Kingdom of Saudi Arabia's government and public on religious matters.
- Senior Judge in Saudi courts and Chair at the court in the western region of KSA.
- Member of the Shari'ah Board of the Global Research and standard-setting body AAOIFI.
- Serves on the Shari'ah Boards of numerous financial institutions globally.

Prof. Dr. Mohammad Abdulrahim Sultan Alolama – Deputy Chairman

- Member of the Grand Islamic Scholars Body in Dubai.
- Serves on the Shari'ah Boards of several financial institutions, including Dubai Islamic Bank, Emirates Islamic Bank, National Bonds, and Mawarid Finance Company.
- Author of various books and articles on jurisprudential topics, particularly Islamic Banking.
- Holds a PhD in Comparative Islamic Law from Umm Al Qura University, Makkah Al Mukarramah, Saudi Arabia.

Dr. Ahcene Lahsasna – Executive Member

- Registered Shari'ah Advisor at Bank Negara (Central Bank of Malaysia) and the Securities Commission Malaysia.
- Serves on the Shari'ah Boards of Standard Chartered Malaysia and Etiqa General Takaful Berhad, Malaysia.
- Author of more than 20 books on diverse topics and issues in Islamic finance.
- Holds a PhD in Islamic Law and Islamic Jurisprudence from the International Islamic University, Malaysia.

Dr. Mohamed Karrat – Member

- Holds a Double PhD: the first in Comparative Jurisprudence and Western Philosophy from Al Qarawiyyin University, Morocco; the second in Islamic Finance from Sidi Mohamed Ben Abdellah University, Morocco.
- Member of the Shari'ah Sub-Committee at AAOIFI, Bahrain, and the Saudi General Authority for Awqaf.
- Author of more than 20 books and research papers on Islamic Jurisprudence and Islamic Finance.

Dr. Abdulrahman Alhammadi – Member

- Director of Zakat Resources and Media Department at the UAE Zakat Fund.
- Author of various research articles on jurisprudential topics.
- Holds a PhD in Comparative Jurisprudence from the Faculty of Graduate Studies, University of Sharjah, U.A.E.
- Completed the Excellence Expert Diploma under the UAE Government Leaders Programme.

Annual Report of the Internal Shari'ah Supervision Committee of Mashreq Al Islami (Islamic Window of Mashreqbank PSC)

Issued on: 19th January 2025

Shareholders of Mashreqbank PSC ("the Institution")

After greetings,

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Shari'ah Supervision Committee of the Institution ("ISSC") presents to you the ISSC's Annual Report regarding Shari'ah compliant businesses and operations of the Institution for the financial year ending on 31 December 2024 ("Financial Year").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

a) undertake Shari'ah supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("Institution's Activities") and issue Shari'ah resolutions in this regard, and

b. determine Shari'ah parameters necessary for the Institution's Activities, and the Institution's compliance with Islamic Shari'ah within the framework of the rules, principles, and standards set by the Higher Shari'ah Authority ("HSA") to ascertain compliance of the Institution with Islamic Shari'ah.

The senior management is responsible for compliance of the Institution with Islamic Shari'ah in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Islamic Shari'ah") in all Institution's Activities, and the Board bears the ultimate responsibility in this regard.

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Institution's activities by reviewing those activities, and monitoring them through the internal Shari'ah control division and the internal Shari'ah audit division, in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

a) Convening 07 meetings during the year 2024. Four for Internal Shari'ah Control and Three for Internal Shari'ah Audit.

b) Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.

c) Monitoring compliance of policies, procedures, business charters, accounting standards, product structures, contracts, documentation, and other documentation submitted by the Institution to the ISSC for approval. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.

d) Supervision through the internal Shari'ah controls division and the internal Shari'ah audit division, of the Institution's Activities including supervision of executed transactions and adopted procedures on the basis of random samples selected from executed transactions, and reviewing reports submitted in this regard. Providing guidance to relevant parties in the Institution – to rectify (where rectification was necessary) incidents cited in the reports prepared by the internal Shari'ah control division and the internal Shari'ah audit division – during the year, there were no such instances of non-compliance identified, and hence it was not required to set aside revenue from any transaction during the current year. The ISSC approved to collect an amount from delaying customers due to late payment and then to dispose it towards charitable purposes, and approved the entities eligible for receiving the charity amount.

e) Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.

f) A statement of Zakat amount due per share of the Institution.

g) Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with Islamic Shari'ah.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Islamic Shari'ah.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Shari'ah requirements.

5. The ISSC's Opinion on the Shari'ah Compliance Status of the Institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Member's Name	Type of Membership	Signature
Dr. Abdulrahman Alhammadi	Member	
Dr. Mohamed Karrat	Member	
Dr. Ahcene Lahsasna	Executive Member	
Prof. Dr. Mohammad Abdulrahim Sultan Alolama	Deputy Chairman	
Sheikh Abdullah Bin Sulaiman Al Meneea	Chairman	

2024 Mashreq's Governance Report was signed off by the Chairman of the Board, the Chairperson of the Board Audit Committee, the Chairperson of the Nomination Compensation Committee and the Group Chief of Internal Audit.

H.E. Abdul-Aziz Al Ghurair
Chairman of the Board of Directors

Saeed Al Ghurair
Chairperson of the Board
Nomination Compensation Committee

John Iossifidis
Chairperson of the Board
Audit Committee

Hassan Ali
Group Chief of Internal Audit

07. Financial Report

Rise every day

Mashreqbank PSC Group

Report and consolidated financial statements
for the year ended 31 December 2024

These audited consolidated financial statements are subject to approval of the Central Bank of U.A.E. and adoption by shareholders at the annual general meeting**.**

Mashreqbank PSC Group

Contents

BOARD OF DIRECTORS' REPORT

The Board of Directors has pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2024.

Incorporation and registered offices

Mashreqbank PSC was incorporated in the Emirate of Dubai in 1967 under a decree issued by The Ruler of Dubai. The address of the registered office is P.O. Box 1250, Dubai, United Arab Emirates.

Principal activities

The principal activities of the Bank are retail banking, commercial banking, investment banking, Islamic banking, brokerage and asset management. These activities are carried out through its branches in the United Arab Emirates, Bahrain, Kuwait, Egypt, Hong Kong, India, Pakistan, Qatar, the United Kingdom and the United States of America.

Financial position and results

The financial position and results of the Group for the year ended 31 December 2024 are set out in the accompanying consolidated financial statements.

Dividend

The Board of Directors has proposed a cash dividend of 211% for the year ended 31 December 2024 at the meeting held on 30 January 2025.

Directors

The following are the Directors of the Bank as at 31 December 2024:

Chairman:	Abdul Aziz Abdulla Al Ghurair
Vice Chairman:	Ahmad Ali Al Khallafi
Directors:	Rashed Saif Ahmed Al Ghurair John Gregory Iossifidis Iyad Mazher Saleh Malas Saeed Saif Ahmed Al Ghurair Mariam Saeed Ghobash

Auditors

The consolidated financial statements for the year ended 31 December 2024 have been audited by Deloitte & Touche (M.E.).

By order of the Board of Directors

………………………………………………….
Abdul Aziz Abdulla Al Ghurair
Chairman
30 January 2025

Deloitte.

Deloitte & Touche (M.E.)
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Emaar Square
Downtown Dubai
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Dubai
United Arab Emirates

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Mashreqbank PSC
Dubai
United Arab Emirates

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of **Mashreqbank PSC**("the Bank"), **and its subsidiaries** (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in United Arab Emirates**,** and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Cont'd…

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)

Key Audit Matters (continued)

Key audit matter	**Our audit approach**
Impairment of loans and advances at amortised cost	
The Group's loans and advances at amortised cost (which comprises of loans and advances to customers and Islamic financing and investment products) are carried on the consolidated statement of financial position at AED 124.8 billion as at 31 December 2024. The expected credit loss ("ECL") allowance was AED 2.6 billion as at this date, which comprises of an allowance of AED 1 billion against Stage 1 and 2 exposures and an allowance of AED 1.6 billion against exposures classified under Stage 3. The corporate portfolio of Loans and advances at amortised cost is assessed individually for the significant increase in credit risk ("SICR") and measurement of ECL. This requires management to make a reasonable and supportive assessment to capture all qualitative and quantitative forward-looking information while assessing SICR or while assessing credit-impaired criteria for the exposure. Management judgement is also applied in manually overriding stages in accordance with the Group's accounting policies. The measurement of ECL for exposures classified as Stage 1 and Stage 2 are carried out collectively by the ECL models with limited manual intervention or overrides. It is important that these ECL models and their parameters (Probability of Default (PD), Loss Given Default (LGD), Exposure At Default (EAD) and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation/monitoring process by an independent reviewer. However, the accuracy of the results produced from these ECL models is dependent on using reasonable parameters and up to date inputs to the PD, LGD, EAD and macroeconomic adjustments which are relevant for the reporting period. The exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Group in accordance with the original contractual terms.	We performed the following audit procedures on the computation and reasonableness/ appropriateness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2024: We obtained a detailed business process understanding of the Group's loans and advances measured at amortised cost including a review of the post model adjustments and management overlays in order to assess the reasonableness of these adjustments along with the other critical accounting estimates and judgments that management had applied. We have involved our subject matter experts to assist us in auditing the ECL models as at 31 December 2024. We assessed the relevant controls in the abovementioned business process to determine if they had been appropriately designed and implemented and, where applicable, also tested the operating effectiveness of those controls. We understood and evaluated the theoretical soundness of the ECL model by involving our subject matter experts to ensure its compliance with the requirements of IFRS Accounting Standards. We tested the mathematical integrity of the ECL model by performing recalculations on a sample basis. We assessed the consistency and reasonableness of various inputs and assumptions used by the Group's management to determine ECL. For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Group's methodology to determine the allowance, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the management. We assessed the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. For a sample of exposures, we checked the appropriateness of the Group's staging criteria, including the basis for movement between stages. For loans tested collectively, we also evaluated the design and implementation of relevant controls over the modelling process, including model inputs, monitoring, validation and approval. We challenged key assumptions, inspected the calculation methodology and traced a sample back to source data. We selected samples of loans and advances measured at amortised cost and assessed the accuracy of the EAD, appropriateness of the PD and calculations of the LGD used by management in their ECL calculations.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)

Key Audit Matters (continued)

Key audit matter	**Our audit approach**
Impairment of loans and advances at amortised cost	
Impaired loans and advances at amortised cost are measured on the basis of the present value of estimated future cash flows (which in the case of stage 3 exposures also includes an assessment of the fair value and recoverability of the collaterals). The impairment loss is calculated based on the shortfall between the carrying value of loans and advances at amortised cost compared to the net present value of future estimated cash flows discounted using the original effective interest rate. The factors considered when determining impairment losses on individually assessed impaired accounts include the customer's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts. The audit of the impairment of loans and advances measured at amortised cost is a key area of audit focus because of its size (representing 46.7 % of total assets) and due to the significance and complexity of the estimates and judgments which were used in classifying these loans and advances at amortised cost into various stages and determining the ECL allowance. Refer to Note 3 of the consolidated financial statements for the material accounting policy information, Note 4 for critical accounting judgements and estimates and Note 43 for disclosures on credit risk.	For exposures determined to be individually impaired, we tested on a sample basis, management's assessment of the future estimated cash flows, assessed their reasonableness and assessed the resultant allowance calculations, such as credit risk mitigation through discounted cash flows including collateral valuations and estimates of recovery as well as considered the consistency of the Group's application of its provisioning policy. We also, assessed the accuracy of disclosures in the consolidated financial statements to determine if they were in compliance with the requirements of IFRS Accounting standards.
IT systems and controls over financial reporting	
We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of changes to an application or underlying data.	Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over the relevant IT systems: We obtained an understanding of the applications relevant to the financial reporting business process and the IT infrastructure supporting those applications. We tested the general IT controls relevant to the identified automated controls and the Information Produced by the Entity (IPE) by covering access security, program changes, data centre and network operations. We examined certain Information Produced by Entity (IPE) used in the financial reporting process from relevant applications and key controls over their report logics. We performed testing on the relevant automated controls for key IT applications relevant to the financial reporting business processes.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)

Other Information

The Directors are responsible for the other information. The other information comprises the Board of Directors' report (but does not include the consolidated financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report, and the integrated report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the integrated report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

Deloitte.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units with the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2024:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the board of Directors' report is consistent with the Group's books of account;
- Note 7 to the consolidated financial statements of the Group discloses its investments in shares during the financial year ended 31 December 2024;
- Note 37 to the consolidated financial statements of the Group discloses material related party transactions, the terms under which they were conducted;
- Note 32 to the consolidated financial statements discloses social contributions made during the financial year ended 31 December 2024; and
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024.

Further, as required by UAE Federal Law No. (14) of 2018, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)

Musa Ramahi
Registration No.: 872
30 January 2025
Dubai
United Arab Emirates

Consolidated statement of financial position
as at 31 December

	Notes	2024 AED'000	2024 USD'000	2023 AED'000	2023 USD'000
ASSETS					
Cash and balances with central banks	5	**40,592,508**	**11,051,595**	41,760,286	11,369,531
Loans and advances to banks	6	**52,271,604**	**14,231,311**	39,127,032	10,652,609
Financial assets measured at fair value	7	**26,327,534**	**7,167,856**	26,031,869	7,087,359
Securities measured at amortised cost	7	**9,797,117**	**2,667,334**	9,951,525	2,709,372
Loans and advances to customers	8	**103,080,846**	**28,064,483**	93,603,237	25,484,137
Islamic financing and investment products	9	**21,677,551**	**5,901,865**	16,752,242	4,560,915
Acceptances		**3,495,184**	**951,588**	3,536,930	962,954
Reinsurance contract assets	20	**3,379,148**	**919,997**	2,756,863	750,575
Investment in associate		**296,878**	**80,827**	36,498	9,937
Investment properties	11	**151,620**	**41,280**	502,047	136,686
Property and equipment	12	**1,339,360**	**364,650**	1,381,735	376,187
Intangible assets	13	**374,333**	**101,915**	360,611	98,179
Other assets	10	**4,669,475**	**1,271,297**	4,179,734	1,137,962
Total assets		**267,453,158**	**72,815,998**	239,980,609	65,336,403
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and balances due to banks	14	**43,374,316**	**11,808,962**	37,335,048	10,164,729
Repurchase agreements with banks	15	**2,075,517**	**565,074**	1,062,992	289,407
Customers' deposits	16	**143,564,793**	**39,086,521**	132,609,671	36,103,913
Islamic customers' deposits	17	**17,374,901**	**4,730,439**	13,622,484	3,708,817
Acceptances		**3,495,184**	**951,588**	3,536,930	962,954
Medium-term loans	19	**2,071,501**	**563,981**	5,158,701	1,404,493
Subordinated debt	48	**1,831,027**	**498,510**	1,831,027	498,510
Insurance and Investment contract liabilities	20	**6,187,190**	**1,684,506**	5,334,957	1,452,479
Other liabilities	18	**9,698,535**	**2,640,494**	8,171,009	2,224,614
Total liabilities		**229,672,964**	**62,530,075**	208,662,819	56,809,916
EQUITY					
Capital and reserves					
Issued and paid up capital	21	**2,006,098**	**546,174**	2,006,098	546,174
Tier 1 capital notes	46	**2,938,400**	**800,000**	1,101,900	300,000
Other reserves	21	**(359,453)**	**(97,863)**	567,248	154,437
Retained earnings		**32,127,720**	**8,746,997**	26,658,113	7,257,858
Equity attributable to owners of the Parent including noteholders of the Group		**36,712,765**	**9,995,308**	30,333,359	8,258,469
Non-controlling interests	22	**1,067,429**	**290,615**	984,431	268,018
Total equity		**37,780,194**	**10,285,923**	31,317,790	8,526,487
Total liabilities and equity		**267,453,158**	**72,815,998**	239,980,609	65,336,403

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial condition, results of operation and cashflows of the Group as of, and for, the periods presented therein:

....
Abdul Aziz Abdulla Al Ghurair
Chairman

....
Ahmed Abdelaal
Group Chief Executive Officer

The accompanying notes form an integral part of these consolidated financial statements.

Rise every day

Mashreqbank PSC Group

Consolidated statement of profit or loss
for the year ended 31 December

	Notes	2024 AED'000	2024 USD'000	2023 AED'000	2023 USD'000
Interest income	24	**14,271,348**	**3,885,475**	11,966,493	3,257,962
Income from Islamic financing and investment products	25	**1,666,868**	**453,816**	1,290,888	351,453
Total interest income and income from Islamic financing and investment products		**15,938,216**	**4,339,291**	13,257,381	3,609,415
Interest expense	26	**(6,892,160)**	**(1,876,439)**	(5,051,561)	(1,375,323)
Distribution to depositors - Islamic products	27	**(657,945)**	**(179,130)**	(496,170)	(135,086)
Net interest income and income from Islamic products net of distribution to depositors		**8,388,111**	**2,283,722**	7,709,650	2,099,006
Fee and commission income	28	**4,560,133**	**1,241,528**	4,239,746	1,154,301
Fee and commission expense	28	**(3,095,628)**	**(842,806)**	(2,807,197)	(764,279)
Net fee and commission income		**1,464,505**	**398,722**	1,432,549	390,022
Net investment income	29	**228,576**	**62,231**	29,712	8,089
Other income, net	30	**3,334,511**	**907,844**	1,631,156	444,094
Operating income		**13,415,703**	**3,652,519**	10,803,067	2,941,211
General and administrative expenses	32	**(3,695,864)**	**(1,006,225)**	(3,341,855)	(909,843)
Operating profit before impairment		**9,719,839**	**2,646,294**	7,461,212	2,031,368
Net impairment reversal	31	**166,065**	**45,212**	1,368,794	372,664
Profit before tax		**9,885,904**	**2,691,506**	8,830,006	2,404,032
Tax expense		**(868,527)**	**(236,463)**	(153,590)	(41,818)
Profit for the year		**9,017,377**	**2,455,043**	8,676,416	2,362,214
Attributable to:					
Owners of the Parent		**8,917,202**	**2,427,770**	8,589,356	2,338,512
Non-controlling interests		**100,175**	**27,273**	87,060	23,702
		9,017,377	**2,455,043**	8,676,416	2,362,214
Earnings per share	33	**AED 44.45**	**USD 12.10**	AED 42.82	USD 11.66

The accompanying notes form an integral part of these consolidated financial statements.

Mashreqbank PSC Group

Consolidated statement of other comprehensive income
for the year ended 31 December

	2024 AED'000	2024 USD'000	2023 AED'000	2023 USD'000
Profit for the year	**9,017,377**	**2,455,044**	8,676,416	2,362,214
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss:				
Changes in fair value of financial assets measured at fair value through other comprehensive income (equity instruments), net of tax	**46,908**	**27,837**	27,130	7,387
Items that may be reclassified subsequently to profit or loss:				
Changes in currency translation reserve, net of tax [Note 21(d)]	**(242,447)**	**(66,008)**	(1,283)	(349)
Changes in fair value of financial assets measured at fair value through other comprehensive income (debt instruments), net of tax	**(279,751)**	**(91,230)**	29,260	7,966
Loss on hedging instruments designated as hedges of net investment in foreign operations	**-**	**-**	(2,228)	(607)
Changes in insurance finance income and expenses reserve	**(1,137)**	**(310)**	1,605	437
Total other comprehensive (loss)/income for the year	**(476,427)**	**(129,711)**	54,484	14,834
Total comprehensive income for the year	**8,540,950**	**2,325,333**	8,730,900	2,377,048
Attributed to:				
Owners of the Parent	**8,421,662**	**2,292,856**	8,630,169	2,349,624
Non-controlling interests	**119,288**	**32,477**	100,731	27,424
	8,540,950	**2,325,333**	8,730,900	2,377,048

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December

	Issued and paid up capital AED'000	Tier 1 capital notes AED'000	Other reserves AED'000	Retained Earnings AED'000	Equity attributable to owners of the Parent AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2023 "as previously reported"	2,006,098	1,101,900	(605,091)	21,038,417	23,541,324	877,315	24,418,639
Changes on initial application of IFRS17	-	-	7,380	50,792	58,172	32,068	90,240
Balance at 1 January 2023 (Restated)	2,006,098	1,101,900	(597,711)	21,089,209	23,599,496	909,383	24,508,879
Profit for the year	-	-	-	8,589,356	8,589,356	87,060	8,676,416
Other comprehensive income	-	-	40,813	-	40,813	13,671	54,484
Total comprehensive income for the year	-	-	40,813	8,589,356	8,630,169	100,731	8,730,900
Coupon payment to Tier 1 note holders	-		-	(93,662)	(93,662)	-	(93,662)
Transfer to impairment reserve - General	-	-	1,130,000	(1,130,000)	-	-	-
Transfer from investment revaluation reserve to retained earnings	-	-	(5,854)	5,854	-	-	-
Payment of dividends [Note 21 (f)]	-	-	-	(1,805,488)	(1,805,488)	(32,955)	(1,838,443)
Transaction with NCI	-	-	-	2,844	2,844	(8,250)	(5,406)
Non-controlling interests on acquisition of an indirect subsidiary	-	-	-	-	-	15,522	15,522
Balance at 31 December 2023	2,006,098	1,101,900	567,248	26,658,113	30,333,359	984,431	31,317,790
Balance at 1 January 2024 "as previously reported"	**2,006,098**	**1,101,900**	**567,248**	**26,658,113**	**30,333,359**	**984,431**	**31,317,790**
Profit for the year	-	-	-	**8,917,202**	**8,917,202**	**100,175**	**9,017,377**
Other comprehensive income/(loss)	-	-	**(495,540)**	-	**(495,540)**	**19,113**	**(476,427)**
Total comprehensive income/(loss) for the year	-	-	**(495,540)**	**8,917,202**	**8,421,662**	**119,288**	**8,540,950**
Issue of tier 1 Capital	-	**1,836,500**	-	**(8,022)**	**1,828,478**	-	**1,828,478**
Payment of dividends [Note 21 (f)]	-	-	-	**(3,711,282)**	**(3,711,282)**	**(32,675)**	**(3,743,957)**
Transfer between investment revaluation reserve to retained earnings	-	-	**(3,556)**	**3,556**	-	-	-
Transfer from retained earnings to impairment reserve	-	-	**365,000**	**(365,000)**	-	-	-
Coupon payment to Tier 1 note holders	-	-	-	**(159,089)**	**(159,089)**	-	**(159,089)**
Other movements [Note 21(d)]	-	-	**(792,605)**	**792,605**	-	-	-
Transaction with non-controlling interests	-	-	-	**(363)**	**(363)**	**(3,615)**	**(3,978)**
Balance at 31 December 2024	**2,006,098**	**2,938,400**	**(359,453)**	**32,127,720**	**36,712,765**	**1,067,429**	**37,780,194**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December

	2024 AED'000	2024 USD'000	2023 AED'000	2023 USD'000
Cash flows from operating activities				
Profit before taxation for the year	**9,885,904**	**2,691,507**	8,830,006	2,404,032
Adjustments for:				
Depreciation and amortisation	**277,708**	**75,608**	269,883	73,478
Allowances for impairment, net	**(166,065)**	**(45,212)**	(1,368,794)	(372,664)
Gain on disposal of property and equipment	**(12,857)**	**(3,500)**	(56,324)	(15,334)
Gain on disposal of investment properties	**7,897**	**2,150**	2,295	625
Unrealised (gain)/loss on other financial assets held at FVTPL	**(16,077)**	**(4,377)**	(15,805)	(4,303)
Fair value adjustments of investment properties	**(10,426)**	**(2,839)**	(13,005)	(3,541)
Net realized gain from sale of financial assets measured at FVTPL	**(107,720)**	**(29,328)**	(63,697)	(17,342)
Dividend income from financial assets measured at FVTOCI	**(65,926)**	**(17,949)**	(48,537)	(13,215)
Net realised loss/(gain) from sale of financial assets measured at FVTOCI and securities measured at amortised cost	**(38,023)**	**(10,352)**	99,711	27,147
Share of loss on investment in associate	**-**	**-**	7,135	1,943
Unrealised loss/(gain) on derivatives	**(17,248)**	**(4,696)**	8,548	2,327
Gain on sale/bargain purchase	**(1,211,017)**	**(329,708)**	(7,700)	(2,096)
Gain on revaluation of Forex	**(167,589)**	**(45,627)**	**-**	-
Operating cash flows before tax paid and changes in operating assets and liabilities	**8,358,561**	**2,275,677**	7,643,716	2,081,057
Tax paid	**(138,346)**	**(37,666)**	(184,080)	(50,117)
Changes in operating assets and liabilities				
Increase in deposits with central banks	**(4,574,606)**	**(1,245,469)**	(5,012,257)	(1,364,622)
Increase in loans and advances to banks with original maturity after three months	**(6,541,729)**	**(1,781,032)**	(15,705,470)	(4,275,924)
Increase in loans and advances to customers	**(9,652,081)**	**(2,627,847)**	(16,782,916)	(4,569,267)
Increase in Islamic financing and investment products	**(4,670,555)**	**(1,271,591)**	(1,936,435)	(527,208)
Increase in reinsurance assets	**(622,285)**	**(169,421)**	(364,181)	(99,151)
Decrease/(increase) in other assets	**(612,548)**	**(166,770)**	1,719,600	468,173
Decrease/(increase) in financial assets carried at FVTPL	**712,508**	**193,985**	(103,529)	(28,186)
Increase/(decrease) in repurchase agreements with banks	**1,012,526**	**275,667**	(863,190)	(235,010)
Increase in customers' deposits	**10,955,102**	**2,982,603**	33,782,349	9,197,481
(Decrease)/increase in Islamic customers' deposits	**3,752,418**	**1,021,622**	(1,356,457)	(369,305)
Increase in deposits and balances due to banks	**6,039,268**	**1,644,233**	8,935,592	2,432,778
Increase in Insurance and Investment contract liabilities	**852,232**	**232,026**	569,702	155,105
Increase in other liabilities	**1,096,849**	**298,625**	642,635	174,962
Net cash generated from operating activities	**5,967,314**	**1,624,642**	10,985,079	2,990,766
Cash flows from investing activities				
Purchase of property and equipment	**(167,298)**	**(45,548)**	(136,841)	(37,256)
Purchase on intangible assets	**(149,055)**	**(40,581)**	(201,174)	(54,771)
Proceeds from sale of property and equipment	**37,927**	**10,326**	7,268	1,979
Purchase of other financial assets measured at fair value or amortised cost	**(57,027,475)**	**(15,526,130)**	(70,415,067)	(19,170,996)
Proceeds from sale of other financial assets measured at fair value or amortised cost	**56,104,272**	**15,274,781**	61,378,480	16,710,721
Dividend income from other financial assets measured at FVTOCI	**65,926**	**17,949**	48,537	13,215
Proceeds from sale of investment properties	**352,956**	**96,095**	106,167	28,905
(Purchase)/disposal of subsidiary	**845,800**	**230,275**	(165,309)	(45,007)
Net cash used in investing activities	**63,053**	**17,167**	(9,377,939)	(2,553,210)

The accompanying notes form an integral part of these consolidated financial statements.

Rise every day

Consolidated statement of cash flows
for the year ended 31 December (continued)

	2024 AED'000	2024 USD'000	2023 AED'000	2023 USD'000
Cash flows from financing activities				
Transaction with NCI	**(3,978)**	**(1,083)**	(5,406)	(1,472)
Dividends paid	**(3,743,957)**	**(1,019,319)**	(1,838,443)	(500,529)
Medium term notes issued	**933,476**	**254,145**	480,586	130,843
Medium term notes redeemed	**(4,020,676)**	**(1,094,657)**	(545,450)	(148,503)
Tier 1 notes issued	**1,828,478**	**497,816**	-	-
Coupon payment to Tier 1 note holders	**(159,089)**	**(43,313)**	(93,662)	(25,500)
Net cash (used in)/ generated from financing activities	**(5,165,746)**	**(1,406,411)**	(2,002,375)	(545,161)
Net (decrease)/increase in cash and cash equivalents	**864,621**	**235,398**	(395,235)	(107,605)
Net foreign exchange difference	**(20,715)**	**(5,640)**	(3,511)	(956)
Cash and cash equivalents at beginning of the year	**38,106,460**	**10,374,751**	38,505,206	10,483,312
Cash and cash equivalents at end of the year (Note 35)	**38,950,366**	**10,604,509**	38,106,460	10,374,751

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2024

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 in the United Arab Emirates, 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.

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

2.1 New and revised IFRS adopted in the consolidated financial statements

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

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

New and revised IFRS	*Effective for annual periods beginning on or after*
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	1 January 2026
The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*.	
IFRS 19 Subsidiaries without Public Accountability: Disclosures	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.	
IFRS 18 Presentation and Disclosures in Financial Statements	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 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by International Accounting Standards Board ("IASB") and also complies with the applicable requirements of the laws in the U.A.E including the UAE Federal Law No. 32 of 2021 on Commercial Companies and the Decretal Federal Law No. 14 of 2018.

3.2 Basis of preparation

The consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments, including derivatives, investment properties and reserves for unit linked policies which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements are presented in Arab Emirates Dirham (AED) and all values are rounded to the nearest thousands AED, except where otherwise indicated.

The accounting policies used in the preparation of this consolidated financial statements are consistent with those audited annual consolidated financial statements for the year ended 31 December 2023.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

3.3 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank and its subsidiaries made up to 31 December each year. Control is achieved when the Bank:

- has power over an investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights raising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control over the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Summary of material accounting policy information (continued)

3.3 Basis of consolidation (continued)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss of each component of other comprehensive income is attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control is accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Parent.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Investment in associate and joint venture

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture,

3. Summary of material accounting policy information (continued)

3.3 Basis of consolidation (continued)

any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Under the equity method of accounting, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

If there is objective evidence that the group's net investment in an associate or joint venture is impaired, the requirements of IAS 36 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 Investments in Associates and Joint Ventures (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

3.4 Revenue recognition

(a) Interest income and expense

Interest income and expense for all interest-bearing financial instruments is calculated by applying the effective interest rate to the gross carrying amount of the financial instrument, except for financial assets that have subsequently become credit-impaired (or stage 3), for which interest income is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision) and are recognised within 'interest income' and 'interest expense' in the consolidated statement of profit or loss.

(b) Income from Islamic financing and investments products

The Group's policy for recognition of income from Islamic financing and investments products is described in Note 3.18 (iii).

(c) Fee and commission income and expenses

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

i) Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit-related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.

3. Summary of material accounting policy information (continued)

3.4 Revenue recognition (continued)

ii) Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(d) Dividend income

Dividend income from investments is recognised in the consolidated statement of profit or loss when the Group's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of Income can be measured reliably).

(e) Gain or loss from redemption of medium-term loans

Gain or loss from redemption of medium-term loans represents the difference between the amount paid and the carrying amount of the liability on the date of redemption.

(f) Rental income

Rental income from investment property which are leased under operating leases are recognised on a straight-line basis over the term of the relevant lease.

3.5 Leasing

The Group leases various branches, offices and premises for ATMs. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The group assesses whether a contract is, or contains, a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

3.6 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in UAE Dirham (AED), which is the functional currency of the Bank, and the presentation currency for the consolidated financial statements.

The presentation currency of the Group is the UAE Dirham (AED); however, for presentation purposes only, additional columns for US Dollar (USD) equivalent amounts have been presented in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows and certain notes to the consolidated financial statements using a fixed conversion rate of USD 1.00 = AED 3.673.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in AED using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's Currency translation reserve.

3. Summary of material accounting policy information (continued)

3.6 Foreign currencies (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Bank losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Bank losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Goodwill and fair value arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

• exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting)
• exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset affects profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further

3. Summary of material accounting policy information (continued)

Taxation (continued)

excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.8 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3. Summary of material accounting policy information (continued)

3.8 Investment properties (continued)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the profit or loss in the period of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes.

3.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Freehold land and capital work in progress are not depreciated.

Depreciation is recognised so as to write off the cost of assets or valuation of assets (other than land and capital work in progress), less their residual values over their useful lives, using the straight-line method, over the estimated useful lives of the respective assets, as follows:

	Years
Properties for own use	20 - 50
Furniture, fixtures, equipment and vehicles	4 - 15
Improvements to freehold properties and others	5 - 10

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Capital work-in-progress are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3.10 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3. Summary of material accounting policy information (continued)

3.10 Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.11 Intangible assets

Intangible assets consists of software which are stated at cost less amortisation and any accumulated impairment losses. Amortisation is charged on a straight lines over the estimated useful lives of 5 to 10 years. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.13 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the consolidated statement of profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVTOCI, as described in note 43, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

Rise every day

3. Summary of material accounting policy information (continued)

3.13 Financial instruments (continued)

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

i) Classification of financial assets

For the purposes of classifying financial assets, an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer except for certain non-derivative puttable instruments presented as equity by the issuer. All other non-derivative financial assets are 'debt instruments'. Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds.

Debt instruments:

Debt instruments, including loans and advances and Islamic financing and investments products, are measured at amortised cost if both of the following conditions are met:

i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest/profit on the principal amount outstanding

All other financial assets except for debt instruments carried at amortized cost are subsequently measured at fair value.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and Interest ('SPPI'), and that are not designated at fair value through profit or loss (FVTPL), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured as described in Note 43.

- Fair value through other comprehensive income (FVTOCI): financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVTOCI. Movements in carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instruments' amortised cost which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in 'Net Investment Income'.

- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss within 'Net investment income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they were presented separately in 'Net investment income'.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and

3. Summary of material accounting policy information (continued)

3.13 Financial instruments (continued)

3.13.1 Financial assets (continued)

i) Classification of financial assets (continued)

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).

3. Summary of material accounting policy information (continued)

3.13 Financial instruments (continued)

3.13.1 Financial assets (continued)

i) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVTOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 43 provides more detail of how the expected credit loss allowance is measured.

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. Where this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share / equity based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognized is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognized in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in the derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognizes a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownerships, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

3. Summary of material accounting policy information (continued)

3.13 Financial instruments (continued)

3.13.1 Financial assets (continued)

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.

3.13.2 Financial liabilities

Classification and subsequent measurement

Financial liabilities (including deposits and balances due to banks, repurchase agreements with banks, medium term loans, subordinated debt and customer deposits) are initially recognised as fair value and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such on initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the change in fair value due to credit risk) and partially profit or loss (the remaining amount of change in the fair value of the liability).

  This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition whereby for financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

When replacing an existing debt with a new debt from a new lender, the existing debt would be de-recognized in the financial statements, with the difference between the carrying amount and the fair value of the consideration paid recognized in profit or loss. However, when modifying or exchanging a debt while keeping the original lender, the International Financial Reporting Standards (IFRS Accounting Standards) have specific guidance on whether the transaction results in a de-recognition or is accounted for differently. This analysis is driven by the question whether the modification is "substantial" or whether the original debt has been replaced by another debt with "substantially" different terms.

3.13.3 Financial guarantee contracts and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument. Loan commitments are irrevocable commitments to provide credit under pre-specified terms and conditions.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3. Summary of material accounting policy information (continued)

3.13 Financial instruments (continued)

3.13.3 Financial guarantee contracts and loan commitments (continued)

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognized in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in Note 43).

3.13.4 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore,

- for financial assets that are classified as at FVTPL, the foreign exchange component is recognised in the consolidated statement of profit or loss;
- for financial assets that are monetary items and designated as at FVTOCI, any foreign exchange component is recognized in consolidated statement of profit or loss;
- for financial assets that are non-monetary items and designated as at FVTOCI, any foreign exchange component is recognised in the consolidated statement of comprehensive income; and
- for foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the consolidated statement of profit or loss.

3.14 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognised amounts or when the Group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.15 Derivative financial instruments

The Group deals with derivatives such as forward foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options (both written and purchased). Further details of derivatives financial instruments are disclosed in Note 41. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statement of profit or loss depends on the nature of the hedge relationship. All derivatives are carried at their fair values as assets where the fair values are positive and as liabilities where the fair values are negative. Fair values are generally obtained by reference to quoted market prices, discounted cash flow models and recognised pricing models as appropriate.

Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

The group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in note 41.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

3. Summary of material accounting policy information (continued)

3.15 Derivative financial instruments (continued)

remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the group has both a legally enforceable right and intention to offset.

(a) Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 *Financial Instruments* (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3.16 Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 41 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in consolidated statement of profit or loss, and is included in the other income line item.

Amounts previously recognised in the consolidated statement of comprehensive income and accumulated in equity are reclassified to consolidated statement of profit or loss in the periods when the hedged item affects in the recognition of a non-financial assets or a non-financial liability, the gains and losses previously recognised in consolidated statement of comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in the consolidated statement of comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecase transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated statement of profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cumulative translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.
Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the cumulative translation reserve are reclassified to the consolidated statement of profit or loss on the disposal of the foreign operation.

3.17 Insurance contracts

To allocate individual insurance contracts to groups of contracts, an entity first needs to define portfolios which include contracts with similar risks and that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts. IFRS 17 consists of 3 measurement models:

- The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin (CSM).
- The variable fee approach (VFA) is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate insurance contracts with direct participating features.
- The premium allocation approach is an optional simplified approach for the measurement of the liability for remaining coverage. An entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

The Group applies the premium allocation approach (PAA) to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less. The Group performed PAA eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the assessment performed, the Group expects all of its contracts to be eligible for PAA measurement model, except for long term individual life business which will be measured under the GMM. The Group plans to apply the GMM for long term individual life insurance policies and the (VFA) for unit linked insurance policies.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

Insurance revenue and insurance service expenses are recognised in the statement of comprehensive income based on the concept of services provided during the period. The standard requires losses to be recognised immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions.
- Initial stages of a new business acquired where the underlying contracts are onerous.
- Any other strategic decisions the board considers appropriate.

Insurance acquisition cash flows

The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Group estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money

For all contracts measured under the PAA, there is no allowance as the premiums are expected to be received within one year of the coverage period.

3. Summary of material accounting policy information (continued)

3.17 Insurance contracts (continued)

Liability for Incurred Claims ("LIC") adjusted for time value of money

The LIC is discounted and adjusted for the time value of money.

Insurance finance income and expenses

For contracts measured under the PAA, The Group applies the changes in discount rates and other financial changes within OCI. For contracts measured under the GMM and VFA, the Group includes all insurance finance income or expenses for the period in profit or loss.

Disaggregation of risk adjustment

The Group disaggregates changes in the risk adjustment for non financial risk between insurance service result and insurance finance income or expenses.

Discount rates

The Group uses the bottom-up approach for the groups of contracts measured under PAA and GMM and the top-down approach for the groups of contracts measured under VFA to derive the discount rates.

Contract boundaries

Under IFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundaries of each contract in a group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:

  i. The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and

  ii. The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognised. Such amounts relate to future insurance contracts.

Reinsurance contracts held

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss. Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group aggregates contracts for which there is a net gain at initial recognition, if any, contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently, and remaining contracts in the portfolio, if any.

3. Summary of material accounting policy information (continued)

3.17 Insurance contracts (continued)

Modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.18 Islamic financing and investment products

In addition to conventional banking products, the Group offers its customers a variety of non-interest based banking products, which are approved by its Internal Shari'ah Supervision Committee.

Any conventional terminologies that are used only for reasons of legal requirement, explanation and/or clarity will be considered as replaced with its Shari'ah compliant equivalent and will not impact the Islamic products or documentation in terms of their Shari'ah compliance.

All Islamic banking products are accounted for in conformity with the accounting policies described below:

(i) Definitions

The following terms are used in Islamic financing:

Murabaha

Murabaha is a sale of goods with an agreed upon profit mark-up on the cost.

The arrangement is referred to as a Murabaha to the Purchase Orderer where the company sells to a customer a commodity or an asset, which the company has purchased and acquired, based on a promise received from customer.

Commodity Murabaha

Commodity Murabaha is a financing transaction based on purchase and sale, whereby the bank purchases a commodity from a broker and sells it to the customer through the Murabaha agreement with a disclosed cost and profit. After signing the Murabaha agreement, the Customer sells the commodity to another broker through the bank, which acts as the Customer's messenger.

Ijarah

Ijarah is a contract, or part of contractual agreement, that transfers the usufruct of an asset (the underlying asset) for a period of time in exchange for an agreed consideration, from lessor (the owner of underlying asset i.e. the company) to a lessee (the customer).

This may involve a hybrid Ijarah arrangement (known as Ijarah Muntahia Bittamleek) which, in addition to the Ijarah contract, includes a promise (by the company) resulting in transfer of the ownership of the underlying asset to the lessee (the customer) through a sale or gift – independent of Ijarah Contract.

Istisna'

Istisna' is a contract of sale of specified items to be manufactured or constructed, with an obligation on part of the manufacturer or builder (contractor) to deliver them to the customer upon completion.

Under this arrangement, the Group provides funds to a customer for construction of a real estate and/or manufacturing of any other assets. Istisna' requires properly specifying the finished product. The customer is required to arrange/employ all the resources required to produce the specified asset(s).

3. Summary of material accounting policy information (continued)

3.18 Islamic financing and investment products (continued)

Mudarabah

Mudarabah is a partnership in profit whereby one party provides capital (Rab al-Mal) and the other party provides labour (Mudarib). The Mudarib is responsible for investing such funds in a specific enterprise or activity in return for a pre-agreed percentage of the Mudarabah profit. In case of loss, the same is borne by Rab-al-Mal. The Mudarib is not liable for losses except in case of misconduct in respect to Mudarabah fund, negligence and breach of the terms of Mudarabah contract.

Wakalah

Wakalah is an act of one party (principal) delegating another party (the agent) to perform a permissible activity on his behalf. This may involve Al-Wakalah Bi Al-Istithmar, in which the Company appoints another person an agent to invest its funds with an intention to earn profit, in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakalah.

(ii) Accounting policy

Islamic financing and investment products are measured at amortised cost, using the effective profit method, less any amounts written off, allowance for doubtful accounts and unearned income. The effective profit rate is the rate that exactly discounts estimated future cash flow through the expected life of the financial asset or liability, or, where appropriate, a shorter period. Allowance for impairment is made against Islamic financing and investment products when their recovery is in doubt taking into consideration IFRS requirements. Islamic financing and investment products are written off only when all possible courses of action to achieve recovery have proved unsuccessful.

(iii) Revenue recognition policy

Income from Islamic financing and investing assets are recognised in the consolidated statement of profit or loss using the effective profit method.

The calculation of the effective profit rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective profit rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

Murabaha

Murabaha income is recognised on effective profit rate basis over the period of the contract based on the balance outstanding.

Commodity Murabaha

Murabaha income is recognised on effective profit rate basis over the period of the contract based on the balance outstanding.

Ijarah

Ijarah income is recognised on effective profit rate basis over the lease term.

Mudarabah

Income or losses on Mudarabah financing are recognised on an accrual basis if they can be reliably estimated. Otherwise, income is recognised on distribution by the Mudarib, whereas the losses are charged to income on their declaration by the Mudarib.

3. Summary of material accounting policy information (continued)

3.18 Islamic financing and investment products (continued)

Wakalah

Estimated income from Wakalah is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

(iv) Islamic customers' deposits and distributions to depositors

Islamic customers' deposits are initially measured at fair value which is normally consideration received net of directly attributable transaction costs incurred, and subsequently measured at their amortised cost using the effective profit method.

Distributions to depositors (Islamic products) are calculated according to the Group's standard procedures and are approved by the Group's Internal Shari'ah Supervision Committee.

(v) Profit calculation, asset allocation, mechanics of equalization of returns investment account holders

- The Group has invested all the funds generated from Investment Account Holders in the Financing done by way of Shari'ah compliant structures including Murabaha, Commodity Murabaha, Wakala & Ijarah, and the returns are managed by the Bank in a central profit pool. Subsequently the profits are allocated to Investment Account Holders using the Internal Shariah Supervisory Committee approved profit allocation mechanism for Investment Account Holders.
- Profit Equalization Reserve: The Bank maintains a Profit Equalization Reserve (PER) for the purpose of 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.

3.19 Provision for employees' end of service indemnity

Provision is made for the employees' end of service indemnity in accordance with the UAE labour law for their periods of service up to the financial position date. In addition, in accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at the reporting date, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. The expected liability at the date of leaving the service has been discounted to net present value using an appropriate discount rate based on management's assumption of average annual increment/promotion costs. The present value of the obligation as at 31 December 2023 is not materially different from the provision computed in accordance with the UAE Labour Law.

The provision arising is disclosed as 'provision for employees' end of service indemnity' in the consolidated statement of financial position under 'other liabilities' (Note 18).

Pension and national contribution for UAE citizens are made by the Group in accordance with Federal Law No. 7 of 1999 and no further liability exists.

3.20 Acceptances

Acceptances are recognised as a financial liability in the consolidated statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

3.21 Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and other balances with the UAE Central Bank (excluding statutory reserve) and money market placements which are maturing within three months from the value date of the deposit or placement. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

4.1 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring Expected Credit Loss (ECL) is further detailed in note 43.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL, including measurement of ECL for default exposures;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4.2 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

4.3 Derivative financial instruments

Subsequent to initial recognition, the fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models, recognised market accepted pricing models and from counterparty statements. When prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison with similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

4.4 The ultimate liability arising from claims made under insurance contracts

The estimation of ultimate liability arising from the claims made under insurance contracts is the Group's most critical accounting estimate. There are sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. Estimates have to be made at the end of the reporting period for both the expected ultimate cost of claims reported and for the expected ultimate cost of claims incurred but not reported ("IBNR"). Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. At the end of each reporting period, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.5 Classification of the Equity Tier 1 instrument under IAS 32

The Bank has issued Additional Tier 1 (AT1) capital securities listed on the Luxembourg Stock Exchange, which have been classified as equity in accordance with IAS 32: Financial Instruments – Classification. The key features of the instruments are as follows:

- no fixed date of maturity;
- payment of interest and/or capital is solely at the discretion of the Bank;
- the instruments are subordinated and rank just above the ordinary shareholders; and
- these securities also allow the Bank to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of CBUAE.

The determination of equity classification of these instruments requires significant judgement as certain clauses, particularly the "Events of Default", require interpretation. The Directors, after factoring in the clauses relating to the write-down, non-payment and subordination in the instrument offering document consider that the Bank will not reach the point of insolvency before a write-down is affected due to a non-viability event. Accordingly, such clauses were assessed for the purpose of determining the debt vs equity classification and appropriate independent advice was obtained in forming judgement around this matter.

5. Cash and balances with central banks

a) The analysis of the Group's cash and balances with central banks is as follows:

	2024 AED'000	2023 AED'000
Cash on hand	**1,762,079**	1,677,242
Balances with central banks:		
Current accounts and other balances	**23,620,228**	29,747,449
Statutory deposits	**14,810,201**	10,235,595
Certificates of deposit	**400,000**	100,000
	40,592,508	41,760,286

b) The geographical analysis of the cash and balances with central banks is as follows:

	2024 AED'000	2023 AED'000
Within the UAE	**23,209,145**	24,281,412
Outside the UAE	**17,383,363**	17,478,874
	40,592,508	41,760,286

c) The Group is required to maintain statutory deposits with various central banks on demand, time and other deposits as per the statutory requirements. The statutory deposits are not available for use in the Group's day-to-day operations. Cash on hand and current account balances are non-interest-bearing. Certificate of deposits are at an average interest rate of 4.93% (31 December 2023: 5.59%) per annum.

6. Loans and advances to banks

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

	2024 AED'000	2023 AED'000
Demand	**5,067,842**	2,393,637
Time	**47,322,099**	36,872,794
	52,389,941	39,266,431
Less: Allowance for impairment	**(118,337)**	(139,399)
	52,271,604	39,127,032

b) The above represent loans and advances to:

	2024 AED'000	2023 AED'000
Banks within the UAE	**6,669,039**	3,351,384
Banks outside the UAE	**45,720,902**	35,915,047
	52,389,941	39,266,431
Less: Allowance for impairment	**(118,337)**	(139,399)
	52,271,604	39,127,032

6. Loans and advances to banks (continued)

c) Allowance for impairment movement:

	2024 **AED'000**	2023 AED'000
At beginning of the year	**139,399**	120,936
(Reversal)/charge during the year (Note 31)	**(16,553)**	22,285
Exchange and other adjustments	**(4,509)**	(3,822)
At end of the year	**118,337**	139,399

7. Other financial assets

a) The analysis of the Group's other financial assets is as follows:

Financial assets measured at fair value

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

	2024 **AED'000**	2023 AED'000
Debt securities	**895,716**	1,500,907
Equities		
Quoted	**23,689**	22,530
Unquoted	**1,032**	1,132
Funds	**1,326,137**	1,310,716
	2,246,574	2,835,285

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

	2024 **AED'000**	2023 AED'000
Debt securities	**23,001,663**	22,343,507
Equities		
Quoted	**755,933**	705,698
Unquoted	**79,946**	56,049
Funds	**243,418**	91,330
	24,080,960	23,196,584
Total financial assets measured at fair value (A)	**26,327,534**	26,031,869

At 31 December 2024, debt securities held at FVTOCI includes the allowance for expected credit loss amounting to AED 11 million (31 December 2023: AED 9 million) and is recorded as stage 1.

7. Other financial assets (continued)

iii) Securities measured at amortised cost:

	2024 **AED'000**	2023 AED'000
Debt securities	**9,827,791**	9,996,660
Less: Allowance for impairment	**(30,674)**	(45,135)
Total securities measured at amortised cost (B)	**9,797,117**	9,951,525
Total other financial assets [(A) + (B)]	**36,124,651**	35,983,394

b) The geographical analysis of other financial assets is as follows:

	2024 **AED'000**	2023 AED'000
Within the UAE	**21,343,315**	21,407,372
Outside the UAE	**14,812,010**	14,621,157
	36,155,325	36,028,529
Less: Allowance for impairment	**(30,674)**	(45,135)
	36,124,651	35,983,394

c) The analysis of other financial assets by industry sector is as follows:

	2024 **AED'000**	2023 AED'000
Government and public sector	**15,272,719**	15,036,030
Commercial and business	**2,313,343**	1,574,185
Financial institutions	**18,538,589**	19,338,440
Other	**-**	34,739
	36,124,651	35,983,394

d) The movement of the allowance for impairment of other financial assets measured at amortised cost during the year was as follows:

	2024 **AED'000**	2023 AED'000
At the beginning of the year	**45,135**	28,415
(Reversal)/charge during the year (Note 31)	**(14,549)**	18,925
Exchange and other adjustments	**88**	-
Written off during the year	**-**	(2,205)
At end of the year	**30,674**	45,135

e) The fair value of securities measured at amortised cost amounted to AED 9.54 billion as of 31 December 2024 (31 December 2023: AED 9.72 billion) (Note 43).

f) At 31 December 2024, certain financial assets measured at amortized cost, financial assets measured at fair value included debt securities with an aggregate carrying value of AED 1,279 million (fair value of AED 1,310 million) [31 December 2023: Carrying value of AED 864 million (fair value of AED 890 million)] which were collateralized as at that date against repurchase agreements with banks ("Repo") of AED 1,169 million (31 December 2023: AED 751 million).

7. Other financial assets (continued)

g) During the year ended 31 December 2024, the Group has reviewed its portfolio and sold certain other financial assets measured at amortized cost, resulting in a gain of AED 0.26 million (31 December 2023: Loss of AED 0.42 million) on the sale.

h) As of 31 December 2024, there are no significant concentrations of credit risk for debt securities measured at amortised cost. The carrying amount reflected above represents the Group's maximum exposure for credit risk for such assets.

i) During the year ended 31 December 2024, dividends received from financial assets measured at FVTOCI amounting to AED 66 million (31 December 2023: AED 48.5 million) were recognized as net investment income in the consolidated statement of profit or loss (Note 29).

j) As of 31 December 2024, change in fair value of other financial assets measured at FVTPL resulted in gain of AED 16 million (31 December 2023: gain of AED 16 million) and was recognized as investment income in the consolidated statement of profit or loss (Note 29).

k) As of 31 December 2024, change in fair value of other financial assets measured at FVTOCI resulted in a loss of AED 233 million (31 December 2023: gain of AED 56 million) and was recognised in the consolidated statement of comprehensive income.

l) During the year ended 31 December 2024, the Group purchased and disposed equity shares amounting to AED 522 million (31 December 2023: AED 306 million) and AED 489 million (31 December 2023: AED 327 million), respectively.

8. Loans and advances to customers

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

	2024 AED'000	2023 AED'000
Loans	**96,996,669**	88,030,519
Overdrafts	**4,024,512**	4,384,895
Credit cards	**3,666,857**	2,899,433
Others	**893,460**	913,077
Total	**105,581,498**	96,227,924
Less: Allowance for impairment	**(2,500,652)**	(2,624,687)
	103,080,846	93,603,237

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

	2024 AED'000	2023 AED'000
Manufacturing	**23,133,877**	17,899,380
Construction	**8,906,290**	7,030,366
Trade	**21,960,671**	22,015,486
Services	**15,632,555**	12,012,952
Financial institutions	**4,953,676**	3,410,506
Personal	**10,859,373**	9,535,850
Residential mortgage	**11,089,651**	10,640,029
Government and related enterprises	**9,045,405**	13,683,355
	105,581,498	96,227,924
Less: Allowance for impairment	**(2,500,652)**	(2,624,687)
	103,080,846	93,603,237

8. Loans and advances to customers (continued)

c) In certain cases, the Group continues to carry certain classified doubtful debts and delinquent accounts on its books which have been fully provided. Interest is accrued on most of these accounts for litigation purposes only. As at 31 December 2024 and 2023, legal proceedings are pursued for some of these accounts by the Group in the normal course of business.

d) The movements in the allowance for impairment and suspended interest on loans and advances to customers are as follows:

	2024 AED'000	2023 AED'000
At beginning of the year	**2,624,687**	4,312,366
Charge/(reversal) of impairment allowance for the year (Note 31)	**58,683**	(1,238,374)
Exchange and other adjustments	**44,032**	112,188
Written off during the year	**(226,750)**	(561,493)
At end of the year	**2,500,652**	2,624,687

e) The allowance for impairment includes a specific provision of AED 1,585 million for stage 3 loans of the Group as at 31 December 2024 (31 December 2023: AED 1,612 million).

9. Islamic financing and investment products

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

	2024 AED'000	2023 AED'000
Financing		
Murabaha	**17,473,960**	13,776,759
Ijarah	**3,639,102**	4,291,091
	21,113,062	18,067,850
Investment		
Wakalah	**2,898,718**	1,583,931
Total	**24,011,780**	19,651,781
Less: Unearned income	**(2,259,031)**	(2,550,451)
Allowance for impairment	**(75,198)**	(349,088)
	21,677,551	16,752,242

Rise every day

9. Islamic financing and investment products

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

	2024 AED'000	2023 AED'000
Manufacturing	**3,291,508**	1,382,668
Construction	**1,905,384**	2,220,566
Trade	**1,192,918**	1,917,377
Services	**5,631,988**	2,754,127
Financial institutions	**1,214,657**	1,011,679
Personal	**6,532,409**	6,597,675
Residential mortgage	**1,035,913**	1,209,607
Government and related enterprises	**3,207,003**	2,558,082
Total	**24,011,780**	19,651,781
Less: Unearned income	**(2,259,031)**	(2,550,451)
Allowance for impairment	**(75,198)**	(349,088)
	21,677,551	16,752,242

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

	2024 AED'000	2023 AED'000
At beginning of the year	**349,088**	469,466
Reversal of impairment allowance for the year (Note 31)	**(249,032)**	(96,973)
Exchange and other adjustment	**(24,858)**	(23,405)
At end of the year	**75,198**	349,088

d) The allowance for impairment includes a specific provision of AED 34 million for stage 3 Islamic financing and investment exposure of the Group as at 31 December 2024 (31 December 2023: AED 300 million).

10. Other assets

	2024 AED'000	2023 AED'000
Interest receivable	**212,699**	194,712
Prepayments	**201,573**	163,159
Positive fair value of derivatives (Note 41)	**2,297,670**	2,011,891
Credit card related receivables	**395,285**	543,505
Taxes paid in advance	**207,333**	106,467
Commission/income receivable	**56,112**	40,128
Advances to suppliers/vendors	**308,477**	281,876
Others	**990,326**	837,996
	4,669,475	4,179,734

11. Investment properties

	2024 AED'000	2023 AED'000
At fair value		
At beginning of the year	**502,047**	464,840
Purchases	**-**	143,873
Change in fair value during the year (Note 30)	**10,426**	13,005
Sale of investment property	**(360,853)**	(119,671)
At end of the year	**151,620**	502,047

All of the Group's investment properties are freehold properties and located in the U.A.E these were classified as level 3 in the fair value hierarchy.

Valuation processes

The Group has complied with the requirements of the Insurance Authority Board Decision No. (25) of 2014 with regards to the valuation of the investment properties and were accounted accordingly for the purpose of financial reporting. The Group's investment properties were valued as at 31 December 2024 by independent external professionally qualified valuers who hold recognized relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value is in accordance with relevant appraisal and valuation standards issued by the Royal Institute of Chartered Surveyors ("RICS").

Valuation techniques underlying management's estimation of fair value

Valuation of the Group's investment properties was determined using either of Discounted Cash Flow ("DCF"), Income capitalization method, and sales comparison methods based on the available inputs.

The DCF method involves forecasting future cash flows from the property based on precisely stated market-based assumptions by adopting an appropriate discount rate and capitalization rate. Income capitalization method considers a market rent that may be achieved based on the comparable evidence and deducting appropriate maintenance and vacancy rates to derive the Net Rent achievable which then capitalized at an appropriate risk yield to derive the Fair Value of the subject property. Sales comparison method considers the value of comparable properties in proximity adjusted for differences in key attributes such as property size and quality of interior fittings.

Sensitivity on the fair value of investment properties based on each methodology is as follows:

For the sales comparison method, if the prices of the comparable properties were to increase / decrease by 1% and considering all other assumptions to remain constant, the fair value would increase / decrease by AED 0.1 million (31 December 2023: the fair value would increase / decrease by AED 3.9 million).

For the Income capitalization method, if the capitalization rate were to decrease / increase by 1% and considering all other assumptions to remain constant, the fair value would increase / decrease by AED 20 million/ AED15.5 million respectively. (31 December 2023: the fair value would increase / decrease by AED 7.8 million/ AED 7.3 million respectively)

For 31 December 2023, under the DCF method, if the capitalization rate were to decrease / increase by 0.25% and considering all other assumptions to remain constant, the fair value would increase / decrease by 3.3% / 3.1% respectively.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

12. Property and equipment

	Properties for own use AED'000	Furniture, fixtures, equipment and vehicles AED'000	Improvements to freehold properties and others AED'000	Right-of-use assets AED'000	Capital work-in-progress AED'000	Total AED'000
Cost						
At 31 December 2022	1,190,424	414,255	248,387	150,377	80,235	2,083,678
Additions during the year	6	53,545	28,948	40,500	22,140	145,139
Transfers	962	3,250	9,390	-	(13,602)	-
Disposals/write-offs/elimination	(438)	(34,032)	(11,756)	(32,976)	-	(79,202)
At 31 December 2023	**1,190,954**	**437,018**	**274,969**	**157,901**	**88,773**	**2,149,615**
Additions during the year	**-**	**57,486**	**27,732**	**64,819**	**17,427**	**167,464**
Transfers	**-**	**8,033**	**1,272**	**-**	**(9,305)**	**-**
Disposals/write-offs/elimination	**(59,692)**	**(43,735)**	**(88,262)**	**(45,013)**	**-**	**(236,702)**
At 31 December 2024	**1,131,262**	**458,802**	**215,711**	**177,707**	**96,895**	**2,080,377**
Accumulated depreciation and impairment						
At 31 December 2022	281,322	237,393	79,893	89,585	-	688,193
Charge for the year (Note 32)	29,772	53,696	35,695	36,875	-	156,038
Disposals/write-offs/elimination	(306)	(31,412)	(11,658)	(32,975)	-	(76,351)
At 31 December 2023	**310,788**	**259,677**	**103,930**	**93,485**	**-**	**767,880**
Charge for the year (Note 32)	**28,839**	**53,046**	**34,553**	**39,005**	**-**	**155,443**
Disposals/write-offs/elimination	**(34,837)**	**(37,908)**	**(65,144)**	**(44,417)**	**-**	**(182,306)**
At 31 December 2024	**304,790**	**274,815**	**73,339**	**88,073**	**-**	**741,017**
Carrying amount						
At 31 December 2024	**826,472**	**183,987**	**142,372**	**89,634**	**96,895**	**1,339,360**
At 31 December 2023	880,166	177,341	171,039	64,416	88,773	1,381,735

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

13. Intangible assets

	Software AED'000
Cost	
At 31 December 2022	487,647
Additions during the year	247,039
Disposals/write-offs/elimination	(77,365)
At 31 December 2023	657,321
Additions during the year	**149,054**
Disposals/write-offs/elimination	**(66,026)**
At 31 December 2024	**740,349**
Accumulated amortization and impairment	
At 31 December 2022	256,980
Charge for the year (Note 32)	113,845
Disposals/write-offs/elimination	(74,115)
At 31 December 2023	296,710
Charge for the year (Note 32)	**122,265**
Disposals/write-offs/elimination	**(52,959)**
At 31 December 2024	**366,016**
Carrying amount	
At 31 December 2024	**374,333**
At 31 December 2023	360,611

14. Deposits and balances due to banks

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

	2024 AED'000	2023 AED'000
Time	**28,230,111**	23,646,123
Demand	**9,289,142**	8,473,770
Overnight	**5,855,063**	5,215,155
	43,374,316	37,335,048

b) The above represent deposits and balances due to banks from:

	2024 AED'000	2023 AED'000
Banks within the UAE	**9,554,641**	5,884,355
Banks outside the UAE	**33,819,675**	31,450,693
	43,374,316	37,335,048

Rise every day

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

15. Repurchase agreements with banks

	2024 AED'000	2023 AED'000
Repurchase agreements	**2,075,517**	1,062,992

The above repurchase agreements with banks are at an average interest rate of 5.01% (2023: 5.7%) per annum. Collateral provided as security against these Repo borrowings are disclosed in Note 7(f) to the consolidated financial statements.

16. Customers' deposits

a) The analysis of customers' deposits is as follows:

	2024 AED'000	2023 AED'000
Current and other accounts	**86,176,336**	76,292,432
Saving accounts	**11,204,167**	6,650,330
Time deposits	**46,184,290**	49,666,909
	143,564,793	132,609,671

b) Analysis by industry sector:

	2024 AED'000	2023 AED'000
Government and public sector	**12,778,569**	12,961,466
Commercial and business	**87,186,913**	84,724,846
Personal	**37,249,561**	30,758,554
Financial institutions	**6,198,823**	3,898,712
Other	**150,927**	266,093
	143,564,793	132,609,671

17. Islamic customers' deposits

a) The analysis of Islamic customers' deposits is as follows:

	2024 AED'000	2023 AED'000
Current and other accounts	**8,267,801**	5,292,200
Saving accounts	**523,524**	225,748
Time deposits	**8,583,576**	8,104,536
	17,374,901	13,622,484

The amount under time deposits include AED 15.5 million relating to Investment risk reserve (31 December 2023: AED 14 million).

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

17. Islamic customers' deposits (continued)

b) Analysis by industry sector:

	2024 AED'000	2023 AED'000
Government and public sector	**3,762,282**	2,623,643
Commercial and business	**9,260,731**	8,516,616
Personal	**3,775,127**	2,325,452
Financial institutions	**576,761**	156,773
	17,374,901	13,622,484

18. Other liabilities

	2024 AED'000	2023 AED'000
Interest payable	**1,089,597**	829,669
Negative fair value of derivatives (Note 41)	**1,669,256**	1,399,096
Accrued expenses	**1,515,647**	1,249,435
Income received in advance	**521,473**	672,350
Pay orders issued	**857,409**	961,370
Provision for employees' end of service indemnity*	**306,838**	284,207
Provision for taxation	**822,542**	86,050
Lease liability	**79,702**	52,583
Others	**2,364,916**	1,845,605
Allowance for impairment – off balance sheet**	**471,155**	790,644
	9,698,535	8,171,009

*Provision for employees' end of service indemnity included AED 264 million (2023: AED 259 million) for estimated amounts required to cover employees' end of service indemnity at the reporting date as per UAE Labour Law.

The remaining amount of provision for employees' end of service indemnity relates to overseas branches and subsidiaries outside UAE and is computed based on the local laws and regulations of respective jurisdictions.

**The net reversal of allowance for impairment on off balance sheet and acceptance during the year ended 31 December 2024 amounted to AED 320 million (2023: allowance for impairment of AED 77 million). Refer to note 31.

19. Medium-term loans

	2024 AED'000	2023 AED'000
Medium term notes	**2,071,501**	5,158,701

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

	2024 AED'000	2023 AED'000
Year		
2024	**-**	3,916,957
2025	**699,760**	727,299
2026	**73,460**	-
2027	**96,850**	62,800
2028	**415,049**	415,049
2029	**786,382**	36,596
	2,071,501	5,158,701

Rise every day

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

19. Medium-term loans (continued)

	2024 **AED'000**	2023 AED'000
U.S. Dollars	**1,369,125**	3,753,460
Japanese Yen	**140,340**	312,840
Singapore Dollars	**53,876**	-
Chinese Yuan	**477,042**	1,060,259
South African Rand	**31,118**	32,142
	2,071,501	5,158,701

The Group established a Euro Medium Term Note (EMTN) programme for USD 5 billion (AED 18.37 billion) under an agreement dated 15 March 2010.

During the year ended 31 December 2024, medium-term notes of AED 4 billion were redeemed (31 December 2023: AED 546 million).

20. Insurance and investment contract liabilities and reinsurance contract assets

	2024 **AED'000**	2023 AED'000
Insurance and investment contract liabilities		
Liabilities for Incurred Claims (LIC) under Premium Allocation Approach (PAA)		
Present value of their future cashflows	**3,786,799**	3,167,348
Risk adjustment for non-financial risk	**263,538**	234,587
	4,050,337	3,401,935
Liabilities for Incurred Claims (LIC) not under Premium Allocation Approach (PAA)	**4,782**	2,673
Liabilities for Remaining Coverage (LRC)		
Excluding loss component	**1,122,024**	816,881
Loss component	**22,700**	22,678
	1,144,724	839,559
Investment contract liabilities	**987,347**	1,090,790
	6,187,190	5,334,957
Reinsurance contract assets		
Incurred claims for contracts under Premium Allocation Approach (PAA)		
Present value of future cashflows	**2,932,498**	2,463,108
Risk adjustment for non-financial risk	**208,584**	187,756
	3,141,082	2,650,864
Remaining coverage excluding loss-recovery component	**229,028**	101,908
Remaining coverage loss recovery component	**5,365**	2,226
Incurred claims for contracts not under PAA	**3,673**	1,865
	3,379,148	2,756,863

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

21. Issued and paid-up capital and other reserves

(a) Issued and paid-up capital
As at 31 December 2024, 200,609,830 ordinary shares of AED 10 each (2023: 200,609,830 ordinary shares of AED 10 each) were fully issued and paid up.

Other reserves:

The movement in these reserves is as follows:

	Statutory and legal reserve AED'000	**General reserve AED'000**	**Insurance finance income and expenses reserve AED'000**	**Impairment reserve – General* AED'000**	**Currency translation reserve AED'000**	**Investment revaluation reserve AED'000**	**Total AED'000**
2023							
As at 1 January (Restated)	1,027,494	312,000	7,380	-	(130,804)	(1,813,781)	(597,711)
Other comprehensive income/(loss)	-	-	1,074	-	(3,511)	43,250	40,813
Transfer from investment revaluation reserve to retained earnings	-	-	-	-	-	(5,854)	(5,854)
Transfer to impairment reserve - General	-	-	-	1,130,000	-	-	1,130,000
As at 31 December	1,027,494	312,000	8,454	1,130,000	(134,315)	(1,776,385	567,248
2024							
As at 1 January	**1,027,494**	**312,000**	**8,454**	**1,130,000**	**(134,315)**	**(1,776,385)**	**567,248**
Other comprehensive (loss)/income	-	-	**(736)**	-	**(242,447)**	**(252,357)**	**(495,540)**
Transfer from retained earnings to impairment reserve	-	-	-	**365,000**	-	-	**365,000**
Other movements [note 21 (d)]	-	-	-	-	**(792,605)**	-	**(792,605)**
Transfer from investment revaluation reserve to retained earnings	-	-	-	-	-	**(3,556)**	**(3,556)**
As at 31 December	**1,027,494**	**312,000**	**7,718**	**1,495,000**	**(1,169,367)**	**(2,032,298)**	**(359,453)**

*** 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.

	2024 **AED'000**	2023 AED'000
Regulatory general provision - under CRMS	**2,560,746**	2,382,553
Aggregate expected credit loss for stage 1 and 2	**1,252,699**	1,395,215
Impairment reserve - General	**1,495,000**	1,130,000
As at 31 December	**2,747,699**	2,525,215

Rise every day

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

21. Issued and paid-up capital and other reserves (continued)

(b) Statutory and legal reserves

In accordance with UAE Federal Law No. 32 of 2021, 10% of net profit for the year is to be transferred to the statutory reserve. Such transfers to reserves may cease when they reach the levels established by the respective regulatory authorities (in the UAE, this level is 50% of the issued and paid up share capital). The legal reserve relates to the Group's foreign operations. Neither the statutory reserve nor the legal reserve is available for distribution.

(c) General reserve

The general reserve is computed pursuant to the Bank's Articles of Association and can be used for the purposes determined by the Annual General Meeting.

(d) Currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. AED), are recognised directly in consolidated statement of comprehensive income and accumulated in the Currency translation reserve. Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are included in the Currency translation reserve. Exchange differences previously accumulated in the Currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to the consolidated statement of profit or loss on the disposal or reduction of net equity via distribution of the foreign operation.

Included within other movements is an amount of AED 792.61 million relating to the cumulative impact of foreign currency translation adjustments pertaining to Mashreqbank Egypt Branch which has been accounted for during the current year.

(e) Investments revaluation reserve

Investments revaluation reserve shows the effects from the fair value measurement of financial assets measured at FVTOCI. The change in fair value for the year amounted to a loss of AED 233 million (2023: gain of AED 56 million) and was reflected in the consolidated statement of comprehensive income [Note 7(k)].

(f) Dividends on equity instruments

At the Annual General Meeting of the shareholders held on 22 February 2024, the shareholders approved a cash dividend of 185% for the year ended 31 December 2023 (31 December 2022: Cash dividend of 90%) of the issued and paid up capital amounting to AED 3.7 billion (31 December 2022: AED 1.8 billion).

22. Non-controlling interests

	2024 AED'000	2023 AED'000
At beginning of the year	**984,431**	909,383
Share of profit for the year	**100,175**	87,060
Share of other comprehensive income for the year	**19,113**	13,671
Dividend paid	**(32,675)**	(32,955)
Transaction with non-controlling interests	**(3,615)**	7,272
At end of the year	**1,067,429**	984,431

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

23. Contingent liabilities and commitments

(a) The analysis of the Group's contingent liabilities and commitments is as follows:

	2024 AED'000	2023 AED'000
Guarantees	**23,677,271**	26,275,568
Letters of credit	**14,633,158**	13,286,749
Commitments for capital expenditure	**444,615**	263,099
At end of the year	**38,755,044**	39,825,416

(b) Irrevocable undrawn credit facilities commitments as at 31 December 2024 amounted to AED 14.70 billion (2023: AED 11.96 billion).

The analysis of contingent liabilities and commitments by geographic region and industry sector is shown in Note 38 to the consolidated financial statements.

24. Interest income

	2024 AED'000	2023 AED'000
Loans and advances to customers	**7,421,609**	6,330,191
Loans and advances to banks	**3,309,203**	2,723,576
Central banks	**1,453,681**	1,282,955
Securities measured at amortised cost	**427,585**	519,903
Financial assets measured at fair value	**1,659,270**	1,109,868
	14,271,348	11,966,493

25. Income from Islamic financing and investment products

	2024 AED'000	2023 AED'000
Financing		
Murabaha	**1,071,288**	776,676
Ijarah	**243,861**	285,674
Other	**12,802**	10,902
	1,327,951	1,073,252
Investment		
Wakalah	**266,838**	153,926
Other	**72,079**	63,710
	338,917	217,636
Total	**1,666,868**	1,290,888

26. Interest expense

	2024 AED'000	2023 AED'000
Customers' deposits	**4,782,745**	3,283,288
Deposits and balances due to banks	**1,772,232**	1,363,864
Medium-term loans	**192,559**	260,149
Subordinated debt	**144,624**	144,260
	6,892,160	5,051,561

27. Distribution to depositors – Islamic products

This represents the share of income allocated to depositors of the Group. The allocation and distribution to depositors is approved by the Group's Internal Shari'ah Supervision Committee.

28. Net fee and commission income

	2024 AED'000	2023 AED'000
Fee and commission income		
Commission income	**574,580**	699,576
Fees and charges on banking services	**1,199,456**	957,937
Credit card related fees	**2,601,110**	2,405,662
Others	**184,987**	176,571
Total	**4,560,133**	4,239,746
Fee and commission expenses		
Commission expense	**(18,021)**	(33,053)
Insurance commission	**(675,041)**	(583,969)
Credit card related expenses	**(2,136,257)**	(2,004,181)
Others	**(266,309)**	(185,994)
Total	**(3,095,628)**	(2,807,197)
Net fee and commission income	**1,464,505**	1,432,549

29. Net investment income

	2024 AED'000	2023 AED'000
Net realised gain from sale of other financial assets measured at FVTPL	**107,720**	63,697
Unrealised gain on other financial assets measured at FVTPL [Note 7(j)]	**16,077**	15,805
Dividend income from other financial assets measured at FVTPL	**830**	1,384
Net realised gain\(loss) from sale of other financial assets measured at amortised cost/ FVTOCI	**38,023**	(99,711)
Dividend income from other financial assets measured at FVTOCI [Note 7 (i)]	**65,926**	48,537
	228,576	29,712

30. Other income, net

	2024 AED'000	2023 AED'000
Foreign exchange gains	**1,093,166**	667,607
Insurance related income	**915,778**	794,511
Gain on disposal of property and equipment	**12,857**	56,324
Unrealised (loss)/gain on derivatives	**17,248**	(8,548)
Unrealised gain on investment properties (Note 11)	**10,426**	13,005
Others*	**1,285,036**	108,257
	3,334,511	1,631,156

*Included within others during the year is a capital gain of AED 1,211 million from the sale of 65% of the Bank's direct interest in IDFAA Payment Service LLC.

The transaction was completed on 30th December 2024 after the conditions precedent defined in the Sale Purchase Agreement materialized, the Bank lost control and the entity was deconsolidated. This resulted in a total consideration of AED 1,285 million, consisting of a fixed consideration of AED 846 million in cash, a contingent consideration measured at net present value of AED 179 million recognized in other assets and an investment in associate measured at fair value of AED 260 million. The capital gain of 1,211 million is net of the book value of the subsidiary at 30th December 2024 of AED 74 million. The Group retains significant influence in IDFAA through 35% indirect ownership via its 100 % subsidiary Citrus Ventures Holding Ltd.

31. Net impairment reversal

	2024 AED'000	2023 AED'000
Loans and advances to banks [Note 6(c)]	**(16,553)**	22,285
Securities measured at amortised cost [Note 7(d)]	**(14,549)**	18,925
Financial assets measured at FVTOCI	**1,862**	4,003
Loans and advances to customers [Note 8(d)]	**58,683**	(1,238,374)
Islamic financing and investment products [Note 9(c)]	**(249,032)**	(96,973)
Other assets	**263,183**	(4,184)
Change in impairment allowance on off-balance sheet items	**(319,727)**	(76,936)
Loans and advances to customers including Islamic financing and investment products written off	**285,815**	249,199
Recovery of loans and advances to customers including Islamic financing and investment products previously written off	**(175,747)**	(246,739)
	(166,065)	(1,368,794)

32. General and administrative expenses

	2024 AED'000	2023 AED'000
Salaries and employees related expenses	**2,134,424**	1,929,004
Depreciation on property and equipment (Note 12)	**155,443**	156,038
Amortisation on intangible assets (Note 13)	**122,265**	113,845
Social contribution	**1,000**	533
Others	**1,282,732**	1,142,435
	3,695,864	3,341,855

33. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the year:

	2024 AED'000	2023 AED'000
Profit for the year (AED'000) (Attributed to owners of the Parent)	**8,917,202**	8,589,356
Weighted average number of shares in issue	**200,609,830**	200,609,830
Basic earnings per share (AED)	**44.45**	42.82

34. Proposed dividends

The board of Directors has proposed 211% cash dividend for the year ended 31 December 2024 at their meeting held on 30 January 2025.

35. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts and other balances with central banks, certificates of deposits, balances with banks and money market placements which are maturing within three months from the date of the deposit or placement, as below:

	2024 AED'000	2023 AED'000
Cash on hand	**1,762,079**	1,677,242
Current accounts and other balances with central banks	**23,620,228**	29,747,449
Certificates of deposit maturing within 3 months	**400,000**	100,000
Loans and advances to banks with original maturity of less than 3 months	**13,168,059**	6,581,769
	38,950,366	38,106,460

36. Investment in subsidiaries and associate

At 31 December 2024 and 31 December 2023, 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**
		31 December 2024	**31 December 2023**	
Subsidiary				
Sukoon Insurance (PJSC)	United Arab Emirates	64.76%	64.76%	Insurance & reinsurance
Mindscape FZ LLC	United Arab Emirates	100.00%	100.00%	IT services
Mashreq Securities LLC	United Arab Emirates	100.00%	100.00%	Brokerage
Mashreq Capital (DIFC) Limited	United Arab Emirates	100.00%	100.00%	Asset and fund management
Mashreq Al Islami Finance Company (PJSC)	United Arab Emirates	99.80%	99.80%	Islamic finance company
Injaz Services FZ LLC	United Arab Emirates	100.00%	100.00%	Service provider
Invictus Limited	Cayman Islands	100.00%	100.00%	Special purpose vehicle
Al Taqania Employment Services One Person Company LLC*	United Arab Emirates	100.00%	100.00%	Employment services
Al Kafaat Employment Services One Person Company LLC*	United Arab Emirates	100.00%	100.00%	Employment services
Mashreq Global Network	Egypt	100.00%	100.00%	Employment services
Mashreq Global Services (SMC Private) Limited	Pakistan	100.00%	100.00%	Employment services
IDFAA Payment Services LLC	United Arab Emirates	-	100.00%	Payment service provider
Shorouq Commodities Trading DMCC	United Arab Emirates	100.00%	100.00%	Trading
Osool – A Finance Company (PJSC)*	United Arab Emirates	100.00%	100.00%	Finance
Mashreq Bank Pakistan Limited	Pakistan	100.00%	100.00%	Banking
Neo Ventures Ltd	United Arab Emirates	100.00%	100.00%	Corporate venture capital company
Citrus Ventures Holding Ltd	United Arab Emirates	100.00%	-	Special purpose vehicle

* Under liquidation.

As at 31 December 2024 and 31 December 2023, the Bank had the following associates and joint venture:

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

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

37. Related party transactions

a) Certain related parties (such as, directors, key management personnel and major shareholders of the Group and companies of which they are principal owners) are customers of the Group in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties. Such related party transactions are disclosed below.

b) Related party balances included in the consolidated statement of financial position are as follows:

	2024	2023
	AED'000	AED'000
		(Restated)
Balances with major shareholders		
Loans and advances to customers	**2,506,660**	2,841,401
Deposits/financial instruments under lien	**1,647,558**	791,963
Letter of credit and guarantees	**1,576,704**	1,383,801
Balances with directors and key management personnel		
Loans and advances to customers	**153,630**	123,089
Deposits/financial instruments under lien	**364,947**	391,189
Letter of credit and guarantees	**7,212**	251
Balances with associates and joint venture		
Loans and advances	**376,534**	-
Deposits/financial instruments under lien	**26,031**	76,625
Letter of credit and guarantees	**25,000**	25,000

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

	2024	2023
	AED'000	AED'000
Transactions with major shareholders		
Interest income	**165,175**	183,025
Interest expense	**11,843**	5,154
Other income	**26,518**	27,902
Transactions with directors and key management personnel		
Interest income	**6,819**	6,036
Interest expense	**6,077**	2,150
Other income	**47**	9
Transactions with associates and joint venture		
Other income	**2**	-

d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

e) Compensation of key management personnel comprises of salaries, bonuses and other benefits amounted in total to AED 83 million (2023: AED 76 million).

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

38. Concentration of assets, liabilities and off-balance sheet items

	31 December 2024			31 December 2023		
	Assets AED'000	**Liabilities AED'000**	**Letter of credit and guarantees AED'000**	Assets AED'000	Liabilities AED'000	Letter of credit and guarantees AED'000
a) Geographic regions						
UAE	**130,570,914**	**156,584,922**	**24,647,847**	129,440,550	138,304,360	22,739,543
Other Middle East countries	**57,309,619**	**24,811,561**	**5,227,897**	51,263,373	25,315,371	5,204,523
O.E.C.D.	**38,296,615**	**16,659,543**	**3,267,099**	30,466,026	18,201,266	5,802,239
Others	**41,276,010**	**31,616,938**	**5,167,586**	28,810,660	26,841,822	5,816,012
	267,453,158	**229,672,964**	**38,310,429**	239,980,609	208,662,819	39,562,317
b) Industry sectors						
Government and public sector	**27,442,105**	**17,447,048**	**9,107**	31,071,637	15,873,822	-
Commercial and business	**85,125,474**	**101,358,788**	**28,311,026**	69,880,726	98,982,252	24,753,810
Personal	**28,538,597**	**42,411,564**	**610,069**	26,563,307	34,442,362	195,587
Financial institutions	**124,502,618**	**67,289,402**	**9,370,531**	110,365,897	58,139,572	14,612,920
Others	**1,844,364**	**1,166,162**	**9,696**	2,099,042	1,224,811	-
At 31 December 2024	**267,453,158**	**229,672,964**	**38,310,429**	239,980,609	208,662,819	39,562,317

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

39. Segmental information

IFRS 8 – Operating Segments – requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Reportable segments

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the Group's CEO (the Group's chief operating decision maker) in order to allocate resources to the segment and to assess its performance. Information reported to the Group's CEO for the purpose of resource allocation and assessment of performance is based on following strategic business units offering products and services to different markets.

The Group's reportable segments under IFRS 8 are therefore as follows:

a) 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.

b) 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.

c) The Treasury & Capital Markets segment consists of customer flow business and proprietary business and funding centre management. Customer flow business includes transactions for foreign exchange, derivatives, margin FX, futures, hedging, investment products, domestic equities (brokerage) and asset management undertaken on behalf of customers. The proprietary business includes trading and investing activity undertaken on behalf of the Group.

d) 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 assets held centrally due to their strategic significance to the Group

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of general and administrative expenses, allowances for impairment and tax expenses.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

39. Segmental information (continued)

	31 December 2024				
	Wholesale banking AED'000	Retail AED'000	Treasury and capital markets AED'000	Insurance & others AED'000	Total AED'000
Net interest income and earnings from Islamic products	3,432,025	2,834,663	734,046	1,387,377	8,388,111
Fee and commission, net investment and other income	1,350,271	1,427,797	417,545	1,831,979	5,027,592
Operating income	4,782,296	4,262,460	1,151,591	3,219,356	13,415,703
General and administrative expenses	(1,234,018)	(1,946,052)	(170,827)	(344,967)	(3,695,864)
Operating profit before impairment					9,719,839
Net impairment reversal					166,065
Profit before taxes					9,885,904
Tax expense					(868,527)
Profit for the year					9,017,377
Attributed to:					
Owners of the Parent					8,917,202
Non-controlling interests					100,175
					9,017,377
Segment Assets	145,352,620	31,958,290	59,557,145	30,585,103	267,453,158
Segment Liabilities	120,813,545	74,432,274	20,841,120	13,586,025	229,672,964

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

39. Segmental information (continued)

31 December 2023	Wholesale banking AED'000	Retail AED'000	Treasury and capital markets AED'000	Insurance & others AED'000	Total AED'000
Net interest income and earnings from Islamic products	3,370,323	2,656,619	697,415	985,293	7,709,650
Fee and commission, net investment and other income	1,095,906	1,296,875	294,931	405,705	3,093,417
Operating income	4,466,229	3,953,494	992,346	1,390,998	10,803,067
General and administrative expenses	(1,118,236)	(1,717,776)	(154,591)	(351,252)	(3,341,855)
Operating profit before impairment					7,461,212
Net impairment Charge					1,368,794
Profit before taxes					8,830,006
Tax expense					(153,590)
Profit for the year					8,676,416
Attributed to:					
Owners of the Parent					8,589,356
Non-controlling interests					87,060
					8,676,416
Segment Assets	126,500,499	28,896,099	59,412,605	25,171,406	239,980,609
Segment Liabilities	113,844,776	63,595,569	18,706,914	12,515,560	208,662,819

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

39. Segmental information (continued)

Geographical information

The Group operates in four principal geographical areas - UAE. (Country of domicile), other Middle East Countries (Kuwait, Bahrain, Egypt and Qatar), O.E.C.D. (USA and UK) and other countries (India and Hong Kong).

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Operating income from external customers*		Non-current assets**	
	2024 AED'000	2023 AED'000	**2024 AED'000**	2023 AED'000
UAE	**12,133,363**	8,183,177	**1,725,588**	2,165,513
Other Middle East countries	**793,086**	1,791,784	**86,711**	55,013
O.E.C.D.	**349,634**	669,561	**20,428**	14,424
Other countries	**139,620**	158,545	**32,586**	9,443
	13,415,703	10,803,067	**1,865,313**	2,244,393

*Operating income from external customers is based on the Group's operational centres.

**Non-current assets include property & equipment, intangible assets and investment properties. The additions to non-current assets during the year relate to investment properties, property & equipment and intangible assets which has been disclosed in note 11, 12 and 13. Refer to note 12 and 13 for depreciation and amortisation, and note 11 for the sale of investment property.

Revenue from major products and services

Revenue from major products and services are disclosed in Notes 24, 25, 28, 29 and 30 in the consolidated financial statements.

Information about major customers

No single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2024 and 2023.

40. Classification of financial assets and liabilities

a) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2024:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and balances with central banks	**-**	**-**	**40,592,508**	**40,592,508**
Loans and advances to banks	**-**	**-**	**52,271,604**	**52,271,604**
Financial assets measured at fair value	**2,246,574**	**24,080,960**	**-**	**26,327,534**
Securities measured at amortised cost	**-**	**-**	**9,797,117**	**9,797,117**
Loans and advances to customers	**-**	**-**	**103,080,846**	**103,080,846**
Islamic financing and investment products	**-**	**-**	**21,677,551**	**21,677,551**
Acceptances	**-**	**-**	**3,495,184**	**3,495,184**
Other assets	**2,297,670**	**-**	**1,641,831**	**3,939,501**
Total	**4,544,244**	**24,080,960**	**232,556,641**	**261,181,845**

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

40. Classification of financial assets and liabilities (continued)

a) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2024 (continued):

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial liabilities:				
Deposits and balances due to banks	-	-	**43,374,316**	**43,374,316**
Repurchase agreements with banks	-	-	**2,075,517**	**2,075,517**
Customers' deposits	-	-	**143,564,793**	**143,564,793**
Islamic customers' deposits	-	-	**17,374,901**	**17,374,901**
Acceptances	-	-	**3,495,184**	**3,495,184**
Medium-term loans	-	-	**2,071,501**	**2,071,501**
Subordinated debt	-	-	**1,831,027**	**1,831,027**
Other liabilities	**1,669,256**	-	**6,378,425**	**8,047,681**
Total	**1,669,256**	-	**220,165,664**	**221,834,920**

b) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2023:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and balances with central banks	-	-	41,760,286	41,760,286
Loans and advances to banks	-	-	39,127,032	39,127,032
Financial assets measured at fair value	2,835,285	23,196,584	-	26,031,869
Securities measured at amortised cost	-	-	9,951,525	9,951,525
Loans and advances to customers	-	-	93,603,237	93,603,237
Islamic financing and investment products	-	-	16,752,242	16,752,242
Acceptances	-	-	3,536,930	3,536,930
Other assets	2,011,891	-	1,616,341	3,628,232
Total	4,847,176	23,196,584	206,347,593	234,391,353
Financial liabilities:				
Deposits and balances due to banks	-	-	37,335,048	37,335,048
Repurchase agreements with banks	-	-	1,062,992	1,062,992
Customers' deposits	-	-	132,609,671	132,609,671
Islamic customers' deposits	-	-	13,622,484	13,622,484
Acceptances	-	-	3,536,930	3,536,930
Medium-term loans	-	-	5,158,701	5,158,701
Subordinated debt	-	-	1,831,027	1,831,027
Other liabilities	1,399,096	-	5,729,306	7,128,402
Total	1,399,096	-	200,886,159	202,285,255

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

41. Derivatives

In the ordinary course of business, the Group utilises the following derivative financial instruments for both trading and hedging purposes. These derivative financial instruments are based on observable market inputs - i.e. Level 2:

(a) Swaps are commitments to exchange one set of cash flows for another. For interest rate swaps, counter-parties generally exchange fixed and floating rate interest payments in a single currency without exchanging principal. For currency swaps, fixed interest payments and principal are exchanged in different currencies. For cross-currency rate swaps, principal, fixed and floating interest payments are exchanged in different currencies.

(b) Credit Default Swap (CDS) is a swap contract in which the buyer of the CDS makes a series of payments to the seller and, in exchange, receives a payoff if a debt instrument goes into default and fails to pay.

(c) Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Foreign currency and interest rate futures are transacted in standardised amounts on regulated exchanges and changes in futures contract values are marked to market daily.

(d) Forward rate agreements are similar to interest rate futures, but are individually negotiated. They call for a cash settlement for the difference between a contracted interest rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

(e) Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

The Group measures a net Credit Value Adjustment (CVA) on outstanding OTC derivative contracts to account for market value of 'credit risk' due to any failure to perform on contractual agreements by a counterparty. CVA is computed on all OTC derivatives asset classes including Foreign Exchange, Interest Rates, Equities and Commodities etc. CVA ensure derivatives transactions are priced or/and adequate reserves are built to account for expected credit losses in the derivatives portfolios. CVA is a function of our expected exposure to counterparts, probability of default and recovery rates. Internally the Group manages and monitor the exposure to this risk by defining controls and limits around a 'peak future exposure' (PFE) measure and in many cases by collateralizing facilities under Credit Support Annex (CSA).

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

41. Derivatives (continued)

	Positive fair value AED'000	**Negative fair value AED'000**	**Notional amount AED'000**	**Up to 3 months AED'000**	**3 - 6 months AED'000**	**6 - 12 months AED'000**	**1 - 5 years AED'000**	**Over 5 years AED'000**
31 December 2024								
Derivatives held for trading								
Forward foreign exchange contract	**508,388**	**671,981**	**132,677,376**	**121,894,686**	**5,556,914**	**4,955,310**	**270,466**	**-**
Foreign exchange options (bought)	**44,618**	**44,617**	**2,228,846**	**535,580**	**792,015**	**901,251**	**-**	**-**
Foreign exchange options (sold)	**-**	**-**	**1,612,346**	**344,841**	**540,006**	**727,499**	**-**	**-**
Interest rate swaps	**1,708,548**	**849,055**	**36,570,624**	**2,675,038**	**3,942,123**	**3,604,238**	**9,362,639**	**16,986,586**
Credit default swaps	**-**	**4,426**	**55,095**	**-**	**-**	**-**	**36,730**	**18,365**
Currency swap	**6,468**	**3,609**	**1,356,105**	**1,356,105**	**-**	**-**	**-**	**-**
Futures contracts purchased (Customer)	**8,528**	**8,251**	**731,388**	**726,424**	**4,964**	**-**	**-**	**-**
Futures contracts sold (Customer)	**32**	**3,356**	**158,113**	**158,113**	**-**	**-**	**-**	**-**
Futures contracts purchased (Bank)	**8,251**	**8,757**	**811,859**	**806,895**	**4,964**	**-**	**-**	**-**
Futures contracts sold (Bank)	**3,356**	**32**	**158,113**	**158,113**	**-**	**-**	**-**	**-**
Total	**2,288,189**	**1,594,084**	**176,359,865**	**128,655,795**	**10,840,986**	**10,188,298**	**9,669,835**	**17,004,951**
Held as fair value hedge								
Interest rate swap	**9,481**	**75,172**	**917,289**	**187,744**	**256,136**	**203,828**	**269,581**	**-**
Total	**2,297,670**	**1,669,256**	**177,277,154**	**128,843,539**	**11,097,122**	**10,392,126**	**9,939,416**	**17,004,951**

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

41. Derivatives (continued)

	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Up to 3 months AED'000	3 - 6 months AED'000	6 - 12 months AED'000	1 - 5 year AED'000	Over 5 years AED'000
31 December 2023								
Derivatives held for trading								
Forward foreign exchange contract	260,010	231,590	65,196,411	55,681,660	3,415,064	4,607,736	1,418,011	73,940
Foreign exchange options (bought)	1,825	1,825	2,155,314	1,937,040	218,274	-	-	-
Foreign exchange options (sold)	-	-	1,195,570	1,079,103	116,467	-	-	-
Interest rate swaps	1,711,800	1,039,475	32,173,976	177,091	663,471	703,557	15,683,937	14,945,920
Credit default swaps	-	3,001	55,095	-	-	-	36,730	18,365
Futures contracts purchased (Customer)	2,561	12,451	1,092,242	1,089,731	2,511	-	-	-
Futures contracts sold (Customer)	592	1,319	115,030	113,484	1,546	-	-	-
Futures contracts purchased (Bank)	12,488	2,561	1,106,127	1,103,616	2,511	-	-	-
Futures contracts sold (Bank)	1,318	592	115,030	113,484	1,546	-	-	-
Total	1,990,594	1,292,814	103,204,795	61,295,209	4,421,390	5,311,293	17,138,678	15,038,225
Held as fair value hedge								
Cross-currency swap	21,297	106,282	1,735,231	17,447	104,864	719,007	816,448	77,465
Total	2,011,891	1,399,096	104,940,026	61,312,656	4,526,254	6,030,300	17,955,126	15,115,690

42. Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the consolidated statement of financial position, are:

- To comply with the capital requirements set by the Basel Committee on Banking Supervision (BCBS) and the regulators of the banking markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base and capital buffer to support the development of its business and provide adequate cushion to withstand a variety of stress scenarios and/or unforeseen risks.

Regulatory capital

On June 26, 2012, the BCBS issued the Basel III rules on the information banks must publicly disclose when detailing the composition of their capital, which set out a framework to ensure that the components of banks capital bases are publicly disclosed in standardised formats across and within jurisdictions for banks subject to Basel III.

Basel III is designed to materially improve the quality of regulatory capital and introduces a new minimum common equity capital requirement. Basel III also raises the minimum capital requirements and introduces capital conservation and countercyclical buffers to induce banks to hold capital in excess of regulatory minimums.

The Central Bank of the UAE sets and monitors capital requirements for the Group as a whole. The Parent company and overseas banking operations are directly supervised by their local regulators. In February 2017, the Central Bank of the UAE published enhanced regulatory capital rules vide notifications 52 and 60/2017 which implemented Basel III in the UAE.

The Group's regulatory capital is analysed into two tiers, in line with the Central Bank regulation:

- Tier 1 capital, split into Common equity tier 1 (CET 1) which includes issued and paid-up share capital, retained earnings, statutory and legal reserves, accumulated other comprehensive income and Additional tier 1 (AT 1) comprising of instrument issued by banks which are eligible for inclusion on AT 1 and are not included in CET 1
- Tier 2 capital, which includes collective allowance for impairment and qualifying subordinated liabilities.
- Regulatory adjustment is applied in CET 1, capital consisting mainly of goodwill and other intangibles, deferred tax assets. Additionally, threshold deduction is applied in case of exceeding the threshold limit.

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

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 Group's assets are risk-weighted as to their relative credit, market, and operational risk. Credit risk includes both on and off-balance sheet risks. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes interest rate risk, foreign exchange risk, equity exposure risk, commodity risk, and options risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

42. Capital management (continued)

Regulatory capital (continued)

As part of its Capital Management, the Bank conducts an Internal Capital Adequacy Assessment Process (ICAAP) to demonstrate to the Central Bank of the UAE that the Bank has implemented methods and procedures to ensure adequate capital resources and action plans in stress conditions, with due attention to all material risks. The Central Bank of the UAE conducts a Supervisory Review and Evaluation Process (SREP) to assess the soundness of the Bank's ICAAP.

The Group's policy is to maintain a strong capital base so as to maintain market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. Historically the Group has followed a conservative dividend policy to increase capital from internal resources to meet future growth. To further strengthen the capital base and to ensure effective management of capital, the Group has issued medium-term floating rates notes.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

There have been no material changes in the Group's management of capital during the year.

a) The Group's regulatory capital positions as at 31 December 2024 and 31 December 2023 were as follows:

	2024 AED'000	2023 AED'000
Common equity Tier 1 capital		
Issued and paid-up capital	**2,006,098**	2,006,098
Statutory and legal reserve	**1,027,494**	1,027,494
General reserve	**312,000**	312,000
Currency translation reserve	**(1,169,367)**	(134,315)
Investments revaluation reserve	**(2,042,235)**	(1,776,385)
Retained earnings	**27,894,851**	22,946,832
Less: Regulatory deductions	**(393,640)**	(313,924)
Total (A)	**27,635,201**	24,067,800
Additional Tier 1 capital	**2,938,400**	1,101,900
Total Tier 1 capital (B)	**30,573,601**	25,169,700
Tier 2 capital		
Subordinated debt	**1,831,027**	1,831,027
Collective impairment allowance	**1,043,916**	1,985,461
Total	**2,874,943**	3,816,488
Total capital base (C)	**33,448,544**	28,986,188
Credit risk	**170,716,431**	158,836,848
Market risk	**2,679,453**	2,881,726
Operational risk	**17,861,805**	13,813,001
Total risk-weighted assets (D)	**191,257,689**	175,531,575
Capital adequacy ratio [(C)/(D) x 100]	**17.49%**	16.51%

The capital adequacy ratio is calculated after deduction of proposed dividend as required by the Standards for Capital Adequacy issued by UAE Central Bank.

42. Capital management (continued)

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based on the inherent risk it carries. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Finance and Risk Groups, and is subject to review by the Bank's Assets and Liabilities Committee (ALCO) as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

43. Risk management

The Risk Management Group ("RMG") is responsible for identifying, analysing, measuring, and managing risk to ensure that the Group (i) remains within its risk appetite; and (ii) generates sustainable risk-adjusted returns as mandated by the shareholders.

The Group is exposed to the following Financial and Non-Financial risks:

- Credit risk
- Market and Counterparty Credit Risk
- Operational risk & Resilience
- Liquidity risk
- Model Risk
- Shari'ah Non-Compliance Risk
- Reputational Risk
- Compliance and Regulatory Risk
- Environmental, Social and Governance Risk
- Strategic Risk
- Information Security Risk

The Group's ability to consistently foster a robust risk management culture and framework is an important factor in its financial strength and stability.

Risk Management Framework

The Board of Directors (the "Board") through the Board Risk, Compliance and Environmental Social Governance Committee ("BRCESGC") has overall responsibility for establishment and oversight of the Group's risk management framework. They are assisted by various Board level and Management level committees for fulfilling their responsibilities, e.g. the Executive Management Committee ("ExCo"), Group Risk Committee ("GRC"), Assets and Liabilities Committee ("ALCO"), Compliance Risk Management Committee ("CRMC") and Information Security Committee ("ISC"). These committees are appointed by the Board to assist in carrying out its functions with respect to all aspects of risk management. The roles and delegated authorities of these committees are set out in their respective Terms of References (ToRs)/ Charters.

While the Board carries ultimate responsibility for overall risk management, the GRC assists the Board/Board Risk, Compliance and ESG Committee in discharging these responsibilities including functioning as a management committee, for day-to-day management of risks in-line with the approved risk framework and within the Group Risk Appetite Statement (GRAS).

The GRC has overall responsibility for oversight of risk management framework and risk appetite of the Group. The GRC is also responsible for the approval of risk management policies and procedures of the Group, to ensure adherence to the approved policies and close monitoring of different risks within the Group. The GRC also approves policy exceptions, establishes, and monitors various concentration limits (such as limits for country, industry sector etc.) as part of the risk appetite and reviews credit portfolio to manage asset quality.

43. Risk management (continued)

The Risk Management Group ("RMG") is independent of business groups and is led by a Chief Risk Officer ("CRO") with responsibility for deploying group risk management and oversight of all material risks within the Group. The RMG is primarily responsible for defining the framework for management of all material risks within the Group.

The Internal Audit Group ("IAG") acts as the third line of defence function within the Group, independent from both the business units ("first line of defence") and Risk Management and Compliance ("second line of defence"). IAG provides independent assurance to stakeholders and senior management on compliance with all risk policies and procedures in the Group and the effectiveness of the risk management processes. This is undertaken through periodic reviews of all risk-taking units within the Bank, in addition to Risk Management.

Capital Management

The Group's capital management ensures that regulatory requirements are met and that the Group's operating activities, including its branches and subsidiaries, are capitalized in line with the Group's risk appetite, target ratios and in accordance with local regulatory requirements.

The Bank's capital management approach further aims to facilitate the allocation and use of capital to generate a return that appropriately compensates shareholders for the risks incurred. Capital adequacy is actively managed and forms a key component of the Group's budget and forecasting process. The capital plan is tested under a range of stress scenarios as part of the Group's quarterly Internal Capital Adequacy Assessment Process. The capital management approach is set and governed primarily by the ALCO.

Risk Appetite & Stress Testing

The key to the Group's long-term sustainable growth and profitability lies in ensuring that there is a strong link between its risk appetite and strategy.

Risk Appetite for the Group is set and approved by the BRCESGC. The Group's risk appetite statement is disseminated down to business groups in alignment with business strategies for these groups.

Stress testing is a key management tool within the Group used to evaluate the sensitivity of current and forward risk profiles to shocks of varying nature and severity. Stress testing within the Group is governed by the Group's stress testing policy which sets out the approaches for stress testing and associated roles and responsibilities. The primary governance committee overseeing risk appetite and stress testing is the BRCESGC.

Internal Capital Adequacy Assessment Process (ICAAP)

The purpose of the ICAAP is to ensure that the Bank assesses and maintain sufficient capital to cover their material risk and remain resilient under both normal and stressed conditions, and to inform the Board of the ongoing assessment of the bank's risks, how the bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors.

This process includes the computation of the bank's aggregated capital and the monitoring of the Group's capital adequacy under a variety of stressed scenarios to assess and report the impact upon the Group's capital buffer (measured as available capital less required risk capital) and recommending actions, as warranted. The risk assessment is approved by the BRCESGC as part of the ICAAP submission

Credit risk management

Credit risk is the risk of suffering financial loss as a result of any of the Group's customers failing or unwilling to fulfil their contractual obligations to the Group. Credit risk arises mainly from loan and advances, loan commitments arising from such lending activities, trade finance and treasury activities but can also arise from financial guarantees, letter of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debts instruments, derivatives as well as settlement balances with market counterparties.

43. Risk management (continued)

Credit risk management (continued)

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.

Loans and advances (including loan commitments, LCs and LGs)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

Under IFRS 9, bank estimates expected credit loss (ECL) based on macro adjusted PD, LGD & EAD measures. Additionally, it also captures deterioration and lifetime likelihood of defaults. Over the course of 2024, all the IFRS 9 PD models underwent performance monitoring reviews with additional data points incorporated in alignment with the Model Monitoring Standards

Credit risk grading

The Group uses specific internal rating models tailored to various industry segments/counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) are an input into this rating model. This is further supplemented with external data input. The credit grades are calibrated such that risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a 6 and 8 rating grade is lower than the difference in the PD between a 18 and 20 rating grade.

The Risk Rating system for performing assets ranges from 1 to 25, each grade being associated with a PD. Non-performing borrowers are rated 50, 60, 70 and 80, corresponding to NAUR (Non-accrual Under Restructuring), Substandard, Doubtful, Loss classifications and 99 for Write-off.

Borrower risk ratings are mapped into the following 5 Grades:

Grade	Risk Rating	Definition
Grade 1	1-12	Low Risk
Grade 2	13-17	Satisfactory Risk
Grade 3	18-20	High Risk
Grade 4	21-25	Watch List
Grade 5	50,60,70,80	Impaired

43. Risk management (continued)

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition of a facility as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a Significant Increase in Credit Risk ('SICR') since initial recognition is identified, then the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Amongst other factors, the identification of SICR is measured via a change in one year probability of default between the date of inception of facility and the date of IFRS 9 ECL run. Other factors include restructuring and account irregularities.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial assets in Stage 1 have their ECL measured at an amount equal to lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 have their ECL measured based on expected credit losses on a lifetime basis.
- Financial assets in Stage 3 are measured at an amount equal to lifetime expected credit losses or specific provision.

Significant increase in credit risk (SICR)

The Group considers a financial asset to have experienced SICR when a significant change in probability of default occurs between the origination date of a specific facility and the IFRS 9 ECL run date. In addition, a range of qualitative criteria are also considered.

Quantitative criteria

Corporate loans:

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following quantitative factors:

- Operating performance
- Operating efficiency
- Debt service/ covenant breaches
- Distressed restructure
- Account performance/irregularities
- Liquidity assessment
- Capital structure.

Retail:

For Retail portfolio, if the borrowers meet one or more of the following criteria:

- Adverse findings for an account/ borrower as per credit bureau data;
- Loan rescheduling before 30 Days Past Due (DPD);
- Accounts overdue between 30 and 90 days.

Treasury:

- Significant increase in probability of default of the underlying treasury instrument;
- Significant change in the investment's expected performance & behaviour of borrower (collateral value, payment holiday, payment to income ratio etc.).

Rise every day

43. Risk management (continued)

Expected credit loss measurement (continued)

Qualitative criteria:

Corporate Loans

For corporate loans, the following is also considered in determining a significant increase in probability of default:

- Net worth erosion
- Fraudulent activity
- Significant operations disruption
- Departure of key members of management
- Industry outlook
- Income stability Unavailable/inadequate financial information/financial statements
- Qualified report by external auditors
- Pending significant litigation
- Increase in operational risk
- Continued delay and non-cooperation by the borrower in providing key relevant documentation

Backstop:

A borrower that is more than 30 days past due on its contractual obligations is presumed to have a significantly increased credit risk as a backstop unless this presumption can be reasonably rebutted based on supportable forward-looking information. The borrower is also flagged in the system and is therefore subject to closer monitoring.

Definition of default and credit-impaired assets

The Group defines a set of criteria and conditions used to determine whether an entity is considered to have 'defaulted". A default is considered to have occurred with regard to a particular obligor when it meets one or more of the following criteria:

Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria:

- The Bank considers that the obligor is unlikely to pay its credit obligation to the Group in full without recourse by the Bank to actions like realizing security (if held).
- The Bank puts the credit obligation on a non-accrued status.
- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The Bank sells the credit obligation at a material credit-related economic loss.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest and other fees.
- The Bank has filed for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation to the Banking Group.
- The obligor is past due more than 90 days on any material credit obligation to the Banking Group.

43. Risk management (continued)

Definition of default and credit-impaired assets (continued)

The criteria above have been applied to all financial instruments held by the Group and is consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD) and Loss Given Default (LGD) throughout the Group's expected credit loss calculations.

Measuring ECL – Explanation of inputs, assumptions, and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition of a specific facility or whether an asset is considered credit-impaired. The Group has adopted a forward exposure method for computing the ECL for each facility. The bank has opted for a monthly granular computation of PD, EAD and LGD:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expected to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the effective interest rate or an approximation thereof.

Lifetime expected credit losses are expected credit loss resulting from all probable default events over the expected lifetime of the financial instrument. Expected credit losses are the probability-weighted average of credit losses and the weighing factor is the Probability of Default (PD) for a lifetime.

During economically challenging periods, the Group may choose to increase the scenario weightage of the pessimistic scenario under guidance from respective regulatory authorities in order to maintain higher level of ECL provisions & lower the scenario weightage of pessimistic scenario once a favourable trend is noticed in the macro economic climate.

The macroeconomic factors used in the IFRS 9 models take into account such information. The macroeconomic data for IFRS 9 PDs term structure gets refreshed every 3 months. The update was last made in September 2024.

The Group has implemented risk rating models since 2005 which has enabled the Bank to rate borrowers based on their financial and qualitative information. These models have undergone periodic performance monitoring exercise and rating models are used as an input into IFRS 9 macroeconomic models to derive a PD term structure for each rating grade in the IFRS 9 ECL computation.

In 2024, all the IFRS 9 PD models underwent performance monitoring reviews in alignment with the Model Monitoring Standards.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayments loans, this is based on the contractual repayments owed by the borrower over a 12 month period or lifetime basis.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Measuring ECL – Explanation of inputs, assumptions, and estimation techniques (continued)

- For revolving committed products, the exposure at default is predicted by taking current drawn balance and considering a "credit conversion factor" which allows for the expected drawdown of the remaining committed limit by the time of default.
- For contingent products like LC & LG, the exposure at default is predicted using a Credit conversion factor inline with the Basel regulatory guidelines.

The LGDs are determined based on the factors which impact recoveries made following default. These vary by product type.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set by different borrower segments (e.g. Corporates, Financial Institutions etc.) in order to reflect differences in asset structures, collection strategies and historical recovery experience.

The Group has revised the Wholesale LGD framework during 2020 in order to reflect recent recovery experience and additional admissible security types. Forward-looking economic information is also included in determining the 12-month and lifetime LGD. In 2024 all the LGD models underwent performance monitoring in alignment with the Model Monitoring Standards

Forward looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

A formalized scenario generation process was established enables the bank to be objective and transparent in its IFRS 9 macroeconomic scenarios, which also ensures continued appropriateness and relevance of scenarios in IFRS 9 ECL computation

For unbiased and probability-weighted ECL calculation, the Group uses probabilities of 60%, 20% and 20% for baseline, optimistic and pessimistic macro-economic scenario respectively

Sensitivity analysis

The Group has calculated ECL sensitivity analysis for wholesale portfolio. The impact on ECL due to changes in the forecasted probabilities of default as a result of variations in significant macroeconomic variables used in IFRS 9 corporate model by +10% and -10% in each scenario would result in an ECL reduction by AED 55 million and an ECL increase by AED 68 million respectively.

Current Year Provisions (ECL) :

The calculation process, the methodology, and the results for provisions have been reviewed and approved by the Committee responsible for the oversight of provisions. Accordingly, the responsible Committee has formally reviewed, as presented by the CRO, the calculation process, the methodology, and the results of the provisions. Thereafter, the provisions have been presented and approved by the delegated body of the Board", as per Article 9 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024 issued by UAE Central Bank.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk – Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial assets which are subject to ECL. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets:

	2024				2023			
Credit risk exposures relating to on balance sheet assets:	**Stage 1 12-month AED'000**	**Stage 2 Lifetime AED'000**	**Stage 3 Lifetime AED'000**	**Total AED'000**	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Cash and balances with Central Bank	**40,592,508**	-	-	**40,592,508**	41,760,286	-	-	41,760,286
Loss allowance	-	-	-	-	-	-	-	-
Carrying amount	**40,592,508**	-	-	**40,592,508**	41,760,286	-	-	41,760,286
Loans and advances to banks								
Investment-grade	**25,471,311**	**33**	-	**25,471,344**	14,912,035	343,226	-	15,255,261
BB+& below	**13,924,577**	**6,410,677**	-	**20,335,254**	11,196,684	5,424,443	-	16,621,127
Unrated	**4,928,813**	**1,654,530**	-	**6,583,343**	5,776,792	1,603,514	9,737	7,390,043
	44,324,701	**8,065,240**	-	**52,389,941**	31,885,511	7,371,183	9,737	39,266,431
Loss allowance	**(79,487)**	**(38,850)**	-	**(118,337)**	(66,007)	(63,655)	(9,737)	(139,399)
Carrying amount	**44,245,214**	**8,026,390**	-	**52,271,604**	31,819,504	7,307,528	-	39,127,032

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

	2024			
Loans and advances to customers	**Stage 1 12-month AED'000**	**Stage 2 Lifetime AED'000**	**Stage 3 Lifetime AED'000**	**Total AED'000**
Grading 1	**38,841,274**	**72,697**	**-**	**38,913,971**
Grading 2	**53,358,569**	**2,446,496**	**-**	**55,805,065**
Grading 3	**5,290,425**	**2,089,557**	**-**	**7,379,982**
Grading 4	**35,022**	**1,486,748**	**-**	**1,521,770**
Grading 5	**-**	**-**	**1,960,710**	**1,960,710**
	97,525,290	**6,095,498**	**1,960,710**	**105,581,498**
Loss allowance	**(591,016)**	**(324,802)**	**(1,584,834)**	**(2,500,652)**
Carrying amount	**96,934,274**	**5,770,696**	**375,876**	**103,080,846**
Islamic financing and investment products				
Grading 1	**5,889,254**	**-**	**-**	**5,889,254**
Grading 2	**9,268,275**	**73,142**	**-**	**9,341,417**
Grading 3	**5,481,109**	**633,016**	**-**	**6,114,125**
Grading 4	**-**	**177,414**	**-**	**177,414**
Grading 5	**-**	**-**	**230,539**	**230,539**
	20,638,638	**883,572**	**230,539**	**21,752,749**
Loss allowance	**(30,437)**	**(10,428)**	**(34,333)**	**(75,198)**
Carrying amount	**20,608,201**	**873,144**	**196,206**	**21,677,551**

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

	2023			
Loans and advances to customers	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Grading 1	25,807,530	83,130	-	25,890,660
Grading 2	50,859,521	2,100,416	-	52,959,937
Grading 3	12,858,257	2,176,072	-	15,034,329
Grading 4	28,974	674,447	-	703,421
Grading 5	-	-	1,639,577	1,639,577
	89,554,282	5,034,065	1,639,577	96,227,924
Loss allowance	(553,661)	(459,159)	(1,611,867)	(2,624,687)
Carrying amount	89,000,621	4,574,906	27,710	93,603,237
Islamic financing and investment products				
Grading 1	2,314,718	-	-	2,314,718
Grading 2	6,281,248	58,730	-	6,339,978
Grading 3	7,295,092	607,163	-	7,902,255
Grading 4	-	226,424	-	226,424
Grading 5	-	-	317,955	317,955
	15,891,058	892,317	317,955	17,101,330
Loss allowance	(23,284)	(26,232)	(299,572)	(349,088)
Carrying amount	15,867,774	866,085	18,383	16,752,242

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

Credit risk exposures relating to on balance sheet assets:	**2024** **Stage 1** **12-month** **AED'000**	**Stage 2** **Lifetime** **AED'000**	**Stage 3** **Lifetime** **AED'000**	**Total** **AED'000**
Securities measured at amortised cost				
Investment - grade	**7,116,912**	**-**	**-**	**7,116,912**
BB+ & below	**2,710,879**	**-**	**-**	**2,710,879**
Unrated	**-**	**-**	**-**	**-**
	9,827,791	**-**	**-**	**9,827,791**
Loss allowance	**(30,674)**	**-**	**-**	**(30,674)**
Carrying amount	**9,797,117**	**-**	**-**	**9,797,117**
Financial assets measured at FVTOCI (debt securities)				
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**

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

Credit risk exposures relating to on balance sheet assets:	2023 Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Securities measured at amortised cost				
Investment - grade	6,058,428	-	-	6,058,428
BB+ & below	3,938,232	-	-	3,938,232
Unrated	-	-	-	-
	9,996,660	-	-	9,996,660
Loss allowance	(45,135)	-	-	(45,135)
Carrying amount	9,951,525	-	-	9,951,525
Financial assets measured at FVTOCI (debt securities)				
Investment - grade	21,659,736	-	-	21,659,736
BB+ & below	689,419	-	-	689,419
Unrated	3,370	-	-	3,370
	22,352,525	-	-	22,352,525
Loss allowance	(9,018)	-	-	(9,018)
Carrying amount	22,343,507	-	-	22,343,507

The table below shows the maximum exposure to credit risk for financial assets that are not subject to impairment.

	2024 **AED'000**	2023 AED'000
Trading assets		
- Debt securities	**895,716**	1,500,907
- Derivatives	**2,288,189**	1,990,594
Hedging derivatives	**9,481**	21,297
	3,193,386	3,512,798

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

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. The macroeconomic data for IFRS 9 PDs is typically updated every 3 months. The update was last made in October 2024 based on September 2024 macros.

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.

Collateral and other credit enhancements

Collateral against loans and advances to customers is generally held in the form of mortgage interests over property, other registered securities over assets and guarantees. Estimates of fair value are based on the value of the collateral assessed at the time of borrowing. Collateral generally is not held over amounts loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. The benefit of collateral held are reflected in the ECL through LGD estimates. Allocation of both general and specific collateral is done at a account level to estimate LGD.

Financial instruments such as Repo transactions, embedded leverage note programs, etc. receive no ECL allocation on account of them being fully collateralized after application of relevant haircuts.

The Group closely monitors collateral held for financial assets considered to be credit impaired, as it becomes more likely that the Group will take possession of the collateral to offset potential credit losses. Financial assets that are credit impaired and related collateral held in order to offset potential losses are shown below. The table below details the fair value of the collateral which is updated regularly:

	Loans and advances to customers & Islamic financing and investment products		**Loans and advances to banks**	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
Against individually impaired:				
Properties	**542,781**	252,345	-	-
Cash	**34,633**	43,856	-	-
Others	**54,612**	76,813	-	-
	632,026	373,014	-	-
Against not impaired:				
Properties	**27,735,347**	22,997,331	**-**	-
Debt securities	**5,027,036**	2,550,686	**-**	-
Equities	**1,070,568**	1,171,573	**-**	-
Cash	**8,875,586**	8,004,986	**1,185,043**	2,447,118
Others	**2,381,263**	1,415,819	**-**	-
	45,089,800	36,140,395	**1,185,043**	2,447,118
Total	**45,721,826**	36,513,409	**1,185,043**	2,447,118

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Loss allowance

The following tables explain the changes in the loss allowances for the year ended 31 December 2024 and 31 December 2023:

	2024			
Loans and advances to banks:	**Stage 1 12-month ECL AED'000**	**Stage 2 Lifetime ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Loss allowance as at 1 January	**66,007**	**63,655**	**9,737**	**139,399**
Transfers				
Transfer from Stage 1 to Stage 2	**(35,073)**	**35,073**	**-**	**-**
Transfer from Stage 2 to Stage 1	**379**	**(379)**	**-**	**-**
New financial assets originated	**99,421**	**-**	**-**	**99,421**
Changes in PDs/LGDs/EADs	**(51,247)**	**(59,499)**	**(9,737)**	**(120,483)**
Loss allowance as at 31 December	**79,487**	**38,850**	**-**	**118,337**

	2023			
Loans and advances to banks:	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 1 January	71,219	31,496	18,221	120,936
Transfers				
Transfer from Stage 1 to Stage 2	(58,152)	58,152	-	-
Transfer from Stage 2 to Stage 1	193	(193)	-	-
New financial assets originated	102,068	-	-	102,068
Changes in PDs/LGDs/EADs	(49,321)	(25,800)	(8,484)	(83,605)
Loss allowance as at 31 December	66,007	63,655	9,737	139,399

Rise every day

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Loss allowance (continued)

The following tables explain the changes in the loss allowances for the year ended 31 December 2024 and 31 December 2023 (continued):

	2024			
Loans and advances to customers	**Stage 1 12-month ECL AED'000**	**Stage 2 Lifetime ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Loss allowance as at 1 January	**553,661**	**459,159**	**1,611,867**	**2,624,687**
Transfers				
Transfer from Stage 1 to Stage 2	**(146,296)**	**146,296**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(109,451)**	**-**	**109,451**	**-**
Transfer from Stage 2 to Stage 1	**10,309**	**(10,309)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(107,011)**	**107,011**	**-**
Transfer from Stage 3 to Stage 1	**-**	**-**	**-**	**-**
Transfer from Stage 3 to Stage 2	**-**	**1,175**	**(1,175)**	**-**
New financial assets originated	**282,082**	**-**	**-**	**282,082**
Changes in PDs/LGDs/EADs	**711**	**(164,508)**	**(15,570)**	**(179,367)**
Write-offs	**-**	**-**	**(226,750)**	**(226,750)**
Loss allowance as at 31 December	**591,016**	**324,802**	**1,584,834**	**2,500,652**

	2023			
Loans and advances to customers	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 1 January	560,263	1,488,855	2,263,248	4,312,366
Transfers				
Transfer from Stage 1 to Stage 2	(110,159)	110,159	-	-
Transfer from Stage 1 to Stage 3	(34,434)	-	34,434	-
Transfer from Stage 2 to Stage 1	9,235	(9,235)	-	-
Transfer from Stage 2 to Stage 3	-	(31,699)	31,699	-
Transfer from Stage 3 to Stage 1	9	-	(9)	-
Transfer from Stage 3 to Stage 2	-	48,560	(48,560)	-
New financial assets originated	316,545	-	-	316,545
Changes in PDs/LGDs/EADs	(187,798)	(1,147,481)	(107,452)	(1,442,731)
Write-offs	-	-	(561,493)	(561,493)
Loss allowance as at 31 December	553,661	459,159	1,611,867	2,624,687

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Loss allowance (continued)

The following tables explain the changes in the loss allowances for the year ended 31 December 2024 and 31 December 2023 (continued):

	2024			
Islamic financing and investment products	**Stage 1 12-month ECL AED'000**	**Stage 2 Lifetime ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Loss allowance as at 1 January	**23,284**	**26,232**	**299,572**	**349,088**
Transfers				
Transfer from Stage 1 to Stage 2	**(6,517)**	**6,517**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(1,351)**	**-**	**1,351**	**-**
Transfer from Stage 2 to Stage 1	**100**	**(100)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(19,537)**	**19,537**	**-**
Transfer from Stage 3 to Stage 1	**-**	**-**	**-**	**-**
Transfer from Stage 3 to Stage 2	**-**	**-**	**-**	**-**
New financial assets originated	**23,665**	**-**	**-**	**23,665**
Changes in PDs/LGDs/EADs	**(8,744)**	**(2,684)**	**(286,127)**	**(297,555)**
Loss allowance as at 31 December	**30,437**	**10,428**	**34,333**	**75,198**

	2023			
Islamic financing and investment products	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loss allowance as at 1 January	20,796	9,787	438,883	469,466
Transfers				
Transfer from Stage 1 to Stage 2	(4,878)	4,878	-	-
Transfer from Stage 1 to Stage 3	(565)	-	565	-
Transfer from Stage 2 to Stage 1	55	(55)	-	-
Transfer from Stage 2 to Stage 3	-	(3,300)	3,300	-
Transfer from Stage 3 to Stage 2	-	31,421	(31,421)	-
New financial assets originated	19,376	-	-	19,376
Changes in PDs/LGDs/EADs	(11,500)	(16,499)	(111,755)	(139,754)
Loss allowance as at 31 December	23,284	26,232	299,572	349,088

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Loss allowance (continued)

The following tables explain the changes in the loss allowances for the year ended 31 December 2024 and 31 December 2023 (continued):

	2024			
	Stage 1 12-month ECL AED'000	**Stage 2 Lifetime ECL AED'000**	**Stage 3 Lifetime ECL AED'000**	**Total AED'000**
Securities measured at amortised cost				
Loss allowance as at 1 January	**45,135**	**-**	**-**	**45,135**
Transfers				
New financial assets originated	**13,762**	**-**	**-**	**13,762**
Changes in PDs/LGDs/EADs	**(28,223)**	**-**	**-**	**(28,223)**
Write off	**-**	**-**	**-**	**-**
Loss allowance as at 31 December	**30,674**	**-**	**-**	**30,674**

	2023			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Securities measured at amortised cost				
Loss allowance as at 1 January	26,210	-	2,205	28,415
Transfers				
New financial assets originated	39,037	-	-	39,037
Changes in PDs/LGDs/EADs	(20,112)	-	(3)	(20,115)
Write off	-	-	(2,202)	(2,202)
Loss allowance as at 31 December	45,135	-	-	45,135

The loss allowance as at 31 December 2024 on off balance sheet and acceptances amounted to AED 89 million on Stage 1, AED 47 million on Stage 2, and 335 on Stage 3 (2023: AED 103 million on Stage 1, AED 46 million on Stage 2, and 642 million on Stage 3)

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Gross carrying amount

The following tables further explains the changes in the gross carrying amount for the year ended 31 December 2024 and 31 December 2023:

	2024			
	Stage 1 12-month AED'000	**Stage 2 Lifetime AED'000**	**Stage 3 Lifetime AED'000**	**Total AED'000**
Cash and balances with central banks				
Gross carrying amount as at 1 January	**41,760,286**	**-**	**-**	**41,760,286**
New financial assets, net of repayments and others	**(1,167,778)**	**-**	**-**	**(1,167,778)**
Gross carrying amount as at 31 December	**40,592,508**	**-**	**-**	**40,592,508**

	2023			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Cash and balances with central banks				
Gross carrying amount as at 1 January	31,435,930	-	-	31,435,930
New financial assets, net of repayments and others	10,324,356	-	-	10,324,356
Gross carrying amount as at 31 December	41,760,286	-	-	41,760,286

	2024			
	Stage 1 12-month AED'000	**Stage 2 Lifetime AED'000**	**Stage 3 Lifetime AED'000**	**Total AED'000**
Loans and advances to banks				
Gross carrying amount as at January	**31,885,511**	**7,371,183**	**9,737**	**39,266,431**
Transfer from Stage 1 to Stage 2	**(6,953,774)**	**6,953,774**	**-**	**-**
Transfer from Stage 2 to Stage 1	**278,858**	**(278,858)**	**-**	**-**
New financial assets, net of repayments and others	**19,114,106**	**(5,980,859)**	**(9,737)**	**13,123,510**
Gross carrying amount as at 31 December	**44,324,701**	**8,065,240**	**-**	**52,389,941**

Rise every day

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Gross carrying amount (continued)

The following tables further explains the changes in the gross carrying amount for the year ended 31 December 2024 and 31 December 2023 (continued):

	2023			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to banks				
Gross carrying amount as at January	25,289,523	3,859,855	25,195	29,174,573
Transfer from Stage 1 to Stage 2	(7,812,626)	7,812,626	-	-
Transfer from Stage 2 to Stage 1	22,305	(22,305)	-	-
New financial assets, net of repayments and others	14,386,309	(4,278,993)	(15,458)	10,091,858
Gross carrying amount as at 31 December	31,885,511	7,371,183	9,737	39,266,431

	2024			
	Stage 1 12-month AED'000	**Stage 2 Lifetime AED'000**	**Stage 3 Lifetime AED'000**	**Total AED'000**
Financial assets measured at FVTOCI (debt securities) and securities measured at amortised cost				
Gross carrying amount as at 1 January	**32,349,185**	**-**	**-**	**32,349,185**
New financial assets, net of repayments and others	**491,046**	**-**	**-**	**491,046**
Write-offs	**-**	**-**	**-**	**-**
Gross carrying amount as at 31 December	**32,840,231**	**-**	**-**	**32,840,231**

	2023			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Financial assets measured at FVTOCI (debt securities) and securities measured at amortised cost				
Gross carrying amount as at 1 January	23,388,911	-	2,205	23,391,116
New financial assets, net of repayments and others	8,960,274	-	(3)	8,960,271
Write-offs	-	-	(2,202)	(2,202)
Gross carrying amount as at 31 December	32,349,185	-	-	32,349,185

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Gross carrying amount (continued)

The following tables further explains the changes in the gross carrying amount for the year ended 31 December 2024 and 31 December 2023 (continued):

	2024			
	Stage 1 12-month AED'000	**Stage 2 Lifetime AED'000**	**Stage 3 Lifetime AED'000**	**Total AED'000**
Loans and advances to customers				
Gross carrying amount as at January	**89,554,282**	**5,034,065**	**1,639,577**	**96,227,924**
Transfers				
Transfer from Stage 1 to Stage 2	**(4,057,851)**	**4,057,851**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(200,765)**	**-**	**200,765**	**-**
Transfer from Stage 2 to Stage 1	**530,651**	**(530,651)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(433,672)**	**433,672**	**-**
Transfer from Stage 3 to Stage 2	**-**	**221,994**	**(221,994)**	**-**
New financial assets, net of repayments and others	**11,698,973**	**(2,254,089)**	**135,440**	**9,580,324**
Write-offs	**-**	**-**	**(226,750)**	**(226,750)**
Gross carrying amount as at 31 December	**97,525,290**	**6,095,498**	**1,960,710**	**105,581,498**

	2023			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to customers				
Gross carrying amount as at January	72,575,677	5,043,401	2,323,632	79,942,710
Transfers				
Transfer from Stage 1 to Stage 2	(2,841,083)	2,841,083	-	-
Transfer from Stage 1 to Stage 3	(138,026)	-	138,026	-
Transfer from Stage 2 to Stage 1	369,347	(369,347)	-	-
Transfer from Stage 2 to Stage 3	-	(355,029)	355,029	-
Transfer from Stage 3 to Stage 2	-	164,850	(164,850)	-
New financial assets, net of repayments and others	19,588,367	(2,290,893)	(450,767)	16,846,707
Write-offs	-	-	(561,493)	(561,493)
Gross carrying amount as at 31 December	89,554,282	5,034,065	1,639,577	96,227,924

Rise every day

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Gross carrying amount (continued)

The following tables further explains the changes in the gross carrying amount for the year ended 31 December 2024 and 31 December 2023 (continued):

	2024			
	Stage 1 12-month AED'000	**Stage 2 Lifetime AED'000**	**Stage 3 Lifetime AED'000**	**Total AED'000**
Islamic financing and investment products				
Gross carrying amount as at 1 January	**15,891,058**	**892,317**	**317,955**	**17,101,330**
Transfers				
Transfer from Stage 1 to Stage 2	**(564,036)**	**564,036**	**-**	**-**
Transfer from Stage 1 to Stage 3	**(5,012)**	**-**	**5,012**	**-**
Transfer from Stage 2 to Stage 1	**17,074**	**(17,074)**	**-**	**-**
Transfer from Stage 2 to Stage 3	**-**	**(186,208)**	**186,208**	**-**
Transfer from Stage 3 to Stage 2	**-**	**-**	**-**	**-**
New financial assets, net of repayments and others	**5,299,554**	**(369,499)**	**(278,636)**	**4,651,419**
Gross carrying amount as at 31 December	**20,638,638**	**883,572**	**230,539**	**21,752,749**

	2023			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Islamic financing and investment products				
Gross carrying amount as at 1 January	14,356,381	247,127	538,855	15,142,363
Transfers				
Transfer from Stage 1 to Stage 2	(401,866)	401,866	-	-
Transfer from Stage 1 to Stage 3	(2,800)	-	2,800	-
Transfer from Stage 2 to Stage 1	12,505	(12,505)	-	-
Transfer from Stage 2 to Stage 3	-	(15,613)	15,613	-
Transfer from Stage 3 to Stage 2	-	86,215	(86,215)	-
New financial assets, net of repayments and others	1,926,838	185,227	(153,098)	1,958,967
Gross carrying amount as at 31 December	15,891,058	892,317	317,955	17,101,330

Write-off policy

Once a loan is fully provided for, the outstanding exposure of the borrower may be written-off. Where a loan is only partially provided for, it may be written-off to the extent provided for with approval of the relevant authority.
However, it is ensured that aforesaid does not alter in any way the bank's recourse against the borrower, and the process for follow-up for recovery of exposure with the borrower remains unchanged. Group ensures that the data & MI is available, for both internal and external reporting.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Write-off policy (continued)

The Group will not hold a Stage 3 exposure on the balance sheet for more than 5 years since the date of migration to Stage 3. After this time, such exposures will be subject to a full write-off. Any exceptions to this should be subject to appropriate sign-off and oversight, based upon robust legal or accounting justification and supported by appropriate documentation available for review by the CBUAE. If the borrower has been in arrears for a prolonged period, full or partial write-off is performed based on realistic expectation of recovery.

For exposures under an insolvency procedure, write-off is performed if the legal expenses are expected to consume most of the recovered amount. Partial write-off may be justified when there is evidence that the borrower is unable to repay the amount of the exposure in full and there is a reasonable expectation of recovering a part of the exposure.

Modification of financial assets

The Group modifies terms of loans provided to customers from time-to-time primarily due to ongoing client needs, commercial renegotiations or for managing distressed loans. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, The Group may determine that credit risk has significantly improved after restructuring, and such assets are moved from Stage 3 to Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only done when modified assets have performed in accordance with the new terms and after a certain time period as required by extant UAECB guidelines The gross carrying amounts of modified financial assets held at 31 December 2024 was immaterial.

Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Operational risk excludes strategic and reputational risk.

Operational Risk Governance

Whilst the Group cannot eliminate all operational risks, it has developed a comprehensive framework of identifying, assessing, controlling, mitigating, monitoring and reporting Operational risk and consists of the following:

- Ownership of the risk & controls by businesses and functional units;
- Monitoring and validation by business;
- Oversight by Operational risk management team; and
- Independent review by Internal Audit

Operational risk management follows three lines of defence model.

The first line of defence is the Business Line Management. The operational risk governance will recognize that Business Units (BUs) are the owners of risk and hence responsible for identifying and managing the risks, inherent in the products, services and activities, within their BUs.

The second line of defence is the Operational Risk Management function, the Chief Risk Officer, the Operational Risk & Resilience Committee (ORRC) and the Group Risk Committee. They are collectively responsible for designing, implementing, coordinating, reporting and facilitating effective Operational Risk Management on Group-wide basis.

The third line of defence is the Internal Audit who are responsible to independently assess the effectiveness and efficiency of the internal control, and for independently validate and provide an independent assurance to the Board Audit Committee (BAC) on the adequacy and effectiveness of the Operational Risk Management Framework.

The Board has the overall responsibility for managing operational risk at the Bank and ensure that the three line of defence approach is implemented and operated in an appropriate and acceptable manner.

The Group has adopted The Standardized Approach (TSA) to determine its operational risk capital requirements.

43. Risk management (continued)

Operational Risk Appetite

The Group's operational risk appetite articulates the boundaries for quantitative and qualitative operational risks that the Bank is willing to take (or not take), with respect to pursuit of its strategic objectives. It helps in setting the risk culture across the Bank and facilitates an effective implementation of the Bank's Operational Risk Management Framework. The operational risk appetite is applied for decision-making and comprehending operational risk exposures across the Bank through implementation of policies, controls and operational risk tolerances

Operational Risk Management Framework

The Group's Operational Risk Management Framework ("ORMF") is a set of interrelated tools and processes that are used to identify, assess, measure, monitor and remediate operational risks. Its components have been designed to operate together to provide a comprehensive approach to managing the Group's most material operational risks. ORMF components include the setup of the three lines of defence as well as roles and responsibilities for the Operational Risk management process and appropriate independent challenge, the Group's approach to setting Operational Risk appetite and adhering to it, the Operational Risk type and control taxonomies, the minimum standards for Operational Risk management processes including tools, independent governance, and the Bank's Operational Risk capital model. Tools implemented for the identification and assessment of Operational risk include and is not limited to:

a) Risk and Control Self-Assessment
b) Operational Risk Event Management
c) Key Risk Indicator Management
d) New Business Systems & Process Approval (NPPA); and
e) Issues and Action Management

The Bank has also implemented a comprehensive Business Continuity Management System (BCMS) aligned to national and international Standards and regulations to ensure that Mashreq has the capabilities to respond and recover within the impact appetite and the predefined recovery time objectives following any business disruption. Additionally, the Bank has developed a comprehensive Third-Party Risk Management Framework in line with regulatory expectations and industry best practices.

Incident management

The reporting of Operational risk incidents is a critical component of the Group's Operational risk management framework. This ensures greater risk transparency across the organisation and helps to identify gaps and facilitate timely remedial action for potential risk exposures.

The Central Bank of U.A.E. published final guidelines on operational risk management in October 2018. These guidelines lay out detailed supervisory expectations relating to operational risk governance, identification and assessment, systems and reporting. ORMF is aligned to Circular No. 163/2018, the 'Operational Risk Regulation' and the 'Operational Risk Standards

Market Risk Management

Market risk is the risk that fair value or cash flows of financial instruments held by the Group or its income may be adversely affected by movement in market factors, such as interest rates, credit spreads, foreign exchange rates, equity and commodity prices.

Market risk at the Group is governed by a comprehensive control framework as defined by the approved Market Risk Framework. This function is independent of any risk taking businesses. The Market Risk function folds under Risk Management Group and reports to the Chief Risk Officer of the Group.

Market risk arises from the Group's trading and non-trading activities. The Market Risk Management function primarily manages risks arising from its proprietary trading activities. Risk exposure arising from non-trading activities is managed by the Assets & Liabilities Committee (ALCO). Trading risks are primarily concentrated in Treasury and Capital Markets (TCM) and are managed by a robust framework of market risk limits that reflect the Group's market risk appetite. Appropriate limits are placed on position sizes, stop loss levels, as well as on market factor sensitivities depending on the size and complexity of trading strategies involved. A comprehensive risk

43. Risk management (continued)

Market Risk Management (continued)

reporting framework is in place whereby, positions are monitored daily against the established limits and monitoring reports are circulated to the Market Risk Management and the respective Business Heads. In case of a limit exception, corrective action is taken in line with the Market Risk Framework or the concerned trading desk's limits mandate.

Each trading desk has a 'permitted product list' comprising of products and structures which have been determined to be appropriate for the TCM desk to trade. Any addition to this list is made after approval from Head of TCM, Head of Market Risk and Chief Risk Officer who assess the risks associated with the product and verify that they can be controlled effectively prior to approving the product.

The bank uses Value at Risk (VaR) methodology as its core analytical tool to assess risks across proprietary trading desks. VaR is an estimate of the potential losses arising in a portfolio over a specified time horizon due to adverse changes in underlying market factors. The Bank calculates its one-day VaR at a 99% confidence interval mainly using Monte Carlo Simulations approach across its trading portfolio and open FX position. VaR results are highly dependent on assumptions around input variables used in the model and also VaR does not provide the 'worst case' possible loss.

Being a statistical technique, VaR is known to have limitations and therefore its interpretation needs to be further supplemented by other limits, sensitivity triggers or stress tests. Stress testing is conducted by generating extreme, but plausible scenarios, such as significant movements in interest rates, credit spreads, etc. and analysing their effect on the Group's trading positions.

Stress testing is conducted by generating extreme, but plausible scenarios, such as significant movements in interest rates, credit spreads, etc. and analysing their effect on the Group's trading positions.

In 2024, VaR was being calculated regularly and as of 29th December 2024, the 99% 1-day VaR was estimated at USD 0.85 million (31 December 2023: USD 1.31 million) for the bank wide market risk positions (stemming mainly from proprietary trading FX net open position). The Bank's VaR model considers FX risk in all currencies, including GCC pegged currencies except USD and AED.

The 1day VaR looks comparable on a y-o-y basis.

There has been no significant change to the Group's exposure to market risks or the way these risks are managed and measured.

a) Counterparty Credit Risk

Counterparty Credit Risk is one of the most significant risks in OTC derivatives trading and securities financing transaction (SFTs) related activities. These risks are further sub categorized into two forms:

i) Pre-Settlement Risk

Counterparty credit risk is defined as the risk attributable to the downgrading and/or insolvency of a counterparty on its obligations prior to the final settlement of the transaction's cash flow. Internally the Group manages and monitors the exposure to this risk by defining controls and limits around a 'peak future exposure' (PFE) measure and in many cases by collateralizing facilities under Credit Support Annex (CSA). PFE is an estimate of the amount, at a 95% confidence level, a counterparty may owe over the life of a derivative transaction (or portfolio of transactions).

The Group further measures a net Credit Value Adjustment (CVA) on all outstanding OTC derivative contracts to account for market value of 'credit risk' due to any failure to perform on contractual agreements by a counterparty. CVA is a function of our expected exposure to counterparts, probability of default and recovery rates. CVA ensure derivatives transactions are priced or/and adequate reserves are built to account for expected credit losses.

43. Risk management (continued)

ii) Settlement Risk

Settlement Risk arises when a bank, exchanges securities or cash payments to a counterparty on a value date and is unable to verify that payment or securities have been received in exchange until after it has paid or delivered its side of the transaction. The bank manages this exposure by dealing preferentially on a DvP/PvP basis or by defining control mechanism around settlement limits at a counterparty level.

Model Risk

Model risk is the risk, which is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. During the course of usage of models, the Bank may be exposed to potential losses occurring from making decisions based on incorrect models or the inappropriate usage of models. This potential loss is referred to as Model Risk. Model risk can lead to financial loss, poor business and strategic decision making, or damage to a bank's reputation. Models are used at Mashreq Bank (MB) for many purposes, including predicting client behaviour, valuation of financial products and the measurement and management of risk. MB follows CB UAE requirements mentioned in the Model Management Standards and Guidelines (MMSG).

Shari'ah Non-Compliance Risk

Mashreq Bank carries out Islamic business under a fully embedded Islamic Banking Window ("Islamic window") which offers clients a complete suite of Shari'ah compliant products and solutions. Islamic Banks (IBs) must be prudent towards Shari'ah compliance, and such compliance requirements must permeate throughout the organization and their products and activities. Being a licensed Islamic Financial Institution ("IFI"), the Islamic Window has to conduct its activities and businesses in accordance with the provisions of Islamic Shari'ah, as outlined by CB-UAE Notice No. 2123/ 2020 on Standards Re Shari'ah Governance for Islamic Financial Institutions in May 2020 and Standard Re Risk Management Requirements For Islamic Banks in February 2021.

Mashreq Bank's Board ("the Board") is ultimately responsible for the Bank's compliance with Islamic Shari'ah, where applicable, in light of the Central Bank's Standard Re. Shari'ah Governance for Islamic Financial Institutions. The CB UAE Standards on Risk Management Requirements for Islamic Banks states that an Islamic Bank (IB) must establish, implement and maintain a risk governance framework that enables it to identify, assess, monitor, mitigate and control risks. The risk governance framework consists of policies, procedures processes, systems, controls and limits. The Risk Management Framework for Islamic Banking of the Bank outlines policies and procedures within Mashreq Bank for compliance with relevant sections of these standards.

Reputation Risk

Reputational risk is recognized as a critical component of the Bank's overall Risk Management strategy. The significance of maintaining a positive reputation cannot be overstated, as it directly influences customer trust, investor confidence, and regulatory relationships. The ultimate responsibility for reputational risk management lies with the executive leadership of the Bank. The Board of Directors, CEO, and the Senior Management team comprising the Executive Committee (EXCO) members and their Direct Reports are accountable for fostering a culture of ethical conduct and ensuring that the Bank's activities align with its values and mission. Each business unit within the Bank is responsible for identifying and managing reputational risks associated with its operations. Business leaders are accountable for implementing policies and procedures that mitigate reputational risks arising from their activities. All employees play a crucial role in safeguarding the Bank's reputation. Training programs are implemented to raise awareness about reputational risk, ethical conduct, and the impact of individual actions on the Bank's standing in the market.

Compliance and Regulatory Risk

Compliance Risk is the risk of legal or regulatory sanctions, loss to reputation or material financial loss a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self- regulatory organization standards, and codes of conduct applicable to its banking activities. In the usual course of conduct of Business, Mashreq may be exposed to potential Compliance risks (FC and RC risks). Mashreq applies a risk-based approach to assessing, managing, monitoring and mitigating Compliance risks. The overall Compliance programme consists of key components like Risk Appetite, Risk Assessment (FCRA and Product risk assessments), Periodic and trigger-based

43. Risk management (continued)

Compliance and Regulatory Risk (continued)

KYC refresh, Transaction Monitoring and Unusual Activity Reporting, Investigations, STR filing and other reporting, Training and awareness, RCSAs, Issues management and escalation, 2nd and 3rd LOD assurances and audits.

Environmental, Social and Governance Risk

Environmental, Social and Governance risk encompasses the risks related to environmental, social and governance issues such as climate change, sustainability, social responsibility and governance practices like board oversight, succession planning, compensation, diversity, equity and inclusion etc. Managing environmental, social and governance risk involves considering these factors in the lending and investment decision-making process and assessing the potential financial impact of ESG-related events. Identification, assessment, mitigation and management of ESG Risk is achieved through the Bank's Sustainable Finance Framework and Sustainable Credit Policy.

Strategic Risk

Strategic risk is the risk of loss arising from ineffective formulation of strategy, business plans or the implementation of these in a manner that is inconsistent with internal factors and external environment. Crystallization of Strategic risk leads to one or more of lower earnings, impact on financial resources (capital and funding) and loss of viability of the business. Specifically, Strategic risk emanates from:

a. Formulating of inadequate business strategies
b. Organization not being able to react to changes in business or macroeconomic environment in a timely manner. This is also referred to as 'Business risk'; and
c. Changing competitive environment due to changes in economic conditions, peer actions or other external factors (e.g. client preferences, technology).

Mashreq Bank's approach to manage Strategic Risk is elaborated upon in the Strategic Risk Management Framework (SRMF) document.

Information Security Risk

Information security risk comprises the risk to an organization and its stakeholders that could occur due to the threats and vulnerabilities associated with the operation and use of information systems and the environments in which those systems operate. The Bank's policies in respect of Information Security Risks are set out in the Group Information Security Policy Manual. The Bank has an established framework for the reporting of Risk Appetite Statement (RAS) and Security Metrics across the Technology function and Business Lines, and strict thresholds are applied to each potential risk in order to identify any potential weakness in the applied controls. The Bank conducts periodic security assessments to ensure that the controls implemented are compliant to the agreed risk tolerance, in addition the Bank also ensures compliance with all external regulators in relation to Information Security and Technology Risk related mandates.

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

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial assets and liabilities to different extents. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities repricing at different times.

The Group uses simulation-modelling tools to measure and monitor interest rate sensitivity. The results are analysed and monitored by the Assets and Liabilities Committee ("ALCO"). Since majority of the Group's assets are floating rate, deposits and loans generally are repriced within a short period of each other providing a natural hedge, which reduces interest rate risk exposure. Moreover, the majority of the Group's assets and liabilities reprice within one year, thereby further limiting interest rate risk. The Group also has a significant current and savings account balances in deposits which are largely interest free.

The impact of 50 basis points sudden movement in benchmark interest rate on net interest income over a 12 months period as at 31 December 2024 would be a decrease in net interest income by -3.1% (in case of decrease of interest rates) and would have been an increase in net interest income by 3.1 % (in case of increase of interest rates) [31 December 2023: -2.9% and +2.9%] respectively.

During the year ended 31 December 2024, the effective interest rate on loans and advances to banks and certificates of deposits with central banks was 5.5% (31 December 2023: 5.3%), on loans and advances measured at amortised cost 6.9% (31 December 2023: 7.0%), on customers' deposits 2.7% (31 December 2023: 2.3%) and on due to banks (including repurchase agreements) 4.5% (31 December 2023: 5.0%).

The following table depicts the interest rate sensitivity position and interest rate gap position based on contractual repricing arrangement:

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Interest rate risk management (continued)

Interest rate repricing analysis:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2024							
Assets							
Cash and balances with central banks	21,300,489	-	-	-	-	19,292,019	40,592,508
Loans and advances to banks	34,085,028	8,797,577	4,219,141	245,297	-	4,924,561	52,271,604
Financial assets measured at fair value	7,859,289	5,655,961	3,003,717	1,418,919	6,265,533	2,124,115	26,327,534
Securities measured at amortised cost	1,467,159	311,272	1,229,595	3,257,368	3,525,384	6,339	9,797,117
Loans and advances to customers	71,283,747	10,968,012	2,971,237	15,567,780	701,269	1,588,801	103,080,846
Islamic financing and investment products	13,882,433	571,958	327,046	2,238,291	3,876,046	781,777	21,677,551
Acceptances	-	-	-	-	-	3,495,184	3,495,184
Reinsurance contract assets	-	-	-	-	-	3,379,148	3,379,148
Investment in associate	-	-	-	-	-	296,878	296,878
Investment properties	-	-	-	-	-	151,620	151,620
Property and equipment	-	-	-	-	-	1,339,360	1,339,360
Intangible assets	-	-	-	-	-	374,333	374,333
Other assets	-	-	-	-	-	4,669,475	4,669,475
Total assets	**149,878,145**	**26,304,780**	**11,750,736**	**22,727,655**	**14,368,232**	**42,423,610**	**267,453,158**

43. Risk management (continued)

Interest rate risk management (continued)

Interest rate repricing analysis (continued):

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2024							
Liabilities and equity							
Deposits and balances due to banks	27,131,429	3,893,078	1,742,648	-	-	10,607,161	43,374,316
Repurchase agreements with banks	2,075,517	-	-	-	-	-	2,075,517
Customers' deposits	53,396,330	10,232,579	6,544,853	1,726,787	325,783	71,338,461	143,564,793
Islamic customers' deposits	7,336,089	1,318,006	1,458,054	946,314	-	6,316,438	17,374,901
Acceptances	-	-	-	-	-	3,495,184	3,495,184
Other liabilities	-	-	-	-	-	9,698,535	9,698,535
Medium-term loans	296,218	252,788	150,754	1,371,741	-	-	2,071,501
Subordinated debt	-	-	-	-	1,831,027	-	1,831,027
Insurance contract and investment liabilities	-	-	-	-	-	6,187,190	6,187,190
Equity attributable to shareholders of the Parent	-	-	-	-	-	36,712,765	36,712,765
Non-controlling interest	-	-	-	-	-	1,067,429	1,067,429
Total liabilities and equity	**90,235,583**	**15,696,451**	**9,896,309**	**4,044,842**	**2,156,810**	**145,423,163**	**267,453,158**
On balance sheet gap	59,642,562	10,608,329	1,854,427	18,682,813	12,211,422	(102,999,553)	-
Off balance sheet gap	(64,844)	(16,904)	(10,018)	91,766	-	-	-
Cumulative interest rate sensitivity gap	**59,577,718**	**70,169,143**	**72,013,552**	**90,788,131**	**102,999,553**	**-**	**-**

43. Risk management (continued)

Interest rate risk management (continued)

Interest rate repricing analysis:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2023							
Assets							
Cash and balances with central banks (Restated)	28,518,716	-	-	-	-	13,241,570	41,760,286
Loans and advances to banks	17,073,242	10,634,450	3,314,054	5,143,191	-	2,962,095	39,127,032
Financial assets measured at fair value	8,496,553	4,103,446	4,788,392	978,761	5,636,318	2,028,399	26,031,869
Securities measured at amortised cost	1,717,683	547,483	608,199	3,627,043	3,451,117	-	9,951,525
Loans and advances to customers	65,138,163	10,745,164	3,151,029	11,857,358	1,162,923	1,548,600	93,603,237
Islamic financing and investment products	8,691,212	261,777	628,878	1,499,283	3,577,200	2,093,892	16,752,242
Acceptances	-	-	-	-	-	3,536,930	3,536,930
Reinsurance contract assets	-	-	-	-	-	2,756,863	2,756,863
Investment in associate	-	-	-	-	-	36,498	36,498
Investment properties	-	-	-	-	-	502,047	502,047
Property and equipment	-	-	-	-	-	1,381,735	1,381,735
Intangible assets	-	-	-	-	-	360,611	360,611
Other assets	-	-	-	-	-	4,179,734	4,179,734
Total assets	129,635,569	26,292,320	12,490,552	23,105,636	13,827,558	34,628,974	239,980,609

Rise every day

43. Risk management (continued)

Interest rate risk management (continued)

Interest rate repricing analysis (continued):

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2023							
Liabilities and equity							
Deposits and balances due to banks	14,983,950	3,519,750	2,007,962	281,091	18,714	16,523,581	37,335,048
Repurchase agreements with banks	1,062,992	-	-	-	-	-	1,062,992
Customers' deposits	57,083,361	8,261,427	5,484,818	1,988,025	391,880	59,400,160	132,609,671
Islamic customers' deposits	6,702,805	1,050,823	1,972,313	53,035	-	3,843,508	13,622,484
Acceptances	-	-	-	-	-	3,536,930	3,536,930
Other liabilities	-	-	-	-	82,850	8,088,159	8,171,009
Medium-term loans	3,587,906	-	910,595	623,604	36,596	-	5,158,701
Subordinated debt	-	-	-	-	1,831,027	-	1,831,027
Insurance contract and investment liabilities	-	-	-	-	-	5,334,957	5,334,957
Equity attributable to shareholders of the Parent	-	-	-	-	-	30,333,359	30,333,359
Non-controlling interest	-	-	-	-	-	984,431	984,431
Total liabilities and equity	83,421,014	12,832,000	10,375,688	2,945,755	2,361,067	128,045,085	239,980,609
On balance sheet gap	33,557,698	13,460,320	2,114,864	20,159,881	11,466,491	(80,759,254)	-
Off balance sheet gap	(1,486,192)	371,444	1,004,278	110,470	-	-	-
Cumulative interest rate sensitivity gap	32,071,506	45,903,270	49,022,412	69,292,763	80,759,254	-	-

43. Risk management (continued)

Currency risk management

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. Limits on positions by currencies are monitored on a regular basis. The Group's exposures as follows:

	31 December 2024			31 December 2023		
	Net spot position AED'000	**Net Forward position AED'000**	**Net Position AED'000**	Net spot position AED'000	Net Forward position AED'000	Net Position AED'000
U.S. Dollars	**32,927,511**	**(9,664,949)**	**23,262,562**	19,131,510	(4,063,208)	15,068,302
Qatari Riyals	**(255,321)**	**66,824**	**(188,497)**	(157,392)	(66,126)	(223,518)
Pound Sterling	**(780,976)**	**812,836**	**31,860**	(850,793)	908,355	57,562
Euro	**(8,624,012)**	**8,562,641**	**(61,371)**	(5,825,213)	5,814,623	(10,590)
Bahrain Dinar	**953,517**	**(801,867)**	**151,650**	1,722,023	(1,590,647)	131,376
Saudi Riyal	**53,380**	**(43,723)**	**9,657**	73,884	(72,025)	1,859
Japanese Yen	**(995,263)**	**1,000,602**	**5,339**	(441,401)	450,982	9,581
Swiss Francs	**16,146**	**(20,442)**	**(4,296)**	(26,522)	26,200	(322)
Kuwaiti Dinar	**9,076**	**(155,020)**	**(145,944)**	(85,780)	(57,260)	(143,040)
Chinese Yuan	**(1,581,441)**	**1,478,117**	**(103,324)**	(1,787,618)	1,925,436	137,818
Other	**1,782,130**	**(655,258)**	**1,126,872**	566,635	(804,571)	(237,936)
Total	**23,504,747**	**579,761**	**24,084,508**	12,319,333	2,471,759	14,791,092

The exchange rate of AED against US Dollar is pegged and the Group's exposure to currency risk is limited to that extent.

Most of the major positions are in currencies that are pegged to the U.S. Dollar; therefore, any change in their exchange rates will have insignificant sensitivity on the consolidated statement of profit or loss or consolidated statement of comprehensive income.

Liquidity risk management

Liquidity risk is the risk that the Group's entities, in various locations and in various currencies, will be unable to meet a financial commitment to a customer, creditor, or investor when due.

The Group's senior management's focus on liquidity management is to:

- better understand the various sources of liquidity risk, particularly under stressed conditions;
- ensure the Group's short term and long term resilience, as measured by the Basel III guidelines, is sufficiently robust to meet realistic adverse scenarios;
- develop effective contingency funding plans to deal with liquidity crises;
- develop liquidity risk tolerance levels within the Internal Capital Adequacy Assessment Process (ICAAP) framework; and
- demonstrate that the bank can survive the closure of one or more funding markets by ensuring that funding can be readily raised from a variety of sources.

43. Risk management (continued)

Liquidity risk management (continued)

In compliance with Basel Committee on Banking Supervision ("BCBS") document titled "Principles for Sound Liquidity Management" and CBUAE "Regulations re Liquidity at Banks" (Circular Number 33/2015) and accompanying Guidance Manual, the Group has established a robust liquidity management framework that is well integrated into the bank-wide risk management process. A primary objective of the liquidity management framework is to ensure with a high degree of confidence that the Bank is in a position to address both its daily liquidity obligations as well as withstand a period of liquidity stress. In addition to maintaining sound liquidity governance and management practices, the Bank also holds an adequate liquidity cushion comprised of High Quality Liquid Assets ("HQLA") to be in a position to survive such periods of liquidity stress. The Bank's Liquidity Management Framework has two tiers:

1. **Board of Directors oversight** through review and approval of Liquidity Management Policy and definition of Liquidity Risk Tolerance Limits.
2. **Strategies, policies and practices developed by the ALCO** to manage liquidity risk in accordance with the Board of directors approved risk tolerance and ensure that the bank maintains sufficient liquidity.

The Group's Board of Directors (the "Board") bears the ultimate responsibility for liquidity risk management within the Bank. The Board members hence are familiar with liquidity risk and how it is managed as well as have a thorough understanding of how other risks including credit, market, operational and reputation risks affect the bank's overall liquidity risk.

Mashreqbank's Head Office ("HO") and International Banking Group ("IBG") Asset and Liability Committees ("ALCO") are responsible for formulating policies for implementing the Board approved liquidity risk appetite. In this regard, the following policies, procedures and systems have been implemented:

a) Robust ALCO oversight through timely, pertinent information and analysis

ALCOs have a broad range of authority delegated by the Board of Directors to manage the Group's asset and liability structure and funding strategy. ALCOs meet on a regular basis to review liquidity ratios, asset and liability structure, interest rate and foreign exchange exposures, internal and statutory ratio compliance, funding and repricing gaps and general domestic and international economic and financial market conditions. ALCOs determine the structure, responsibilities and controls for managing liquidity risk and for overseeing the liquidity position at all locations. The Asset Liability Management ("ALM") function in the Group is then responsible for implementing the ALCO policies.

The Head Office ALCO comprises of the Chief Executive Officer, the Head of Corporate Affairs, Chief Risk Officer, Chief Credit Officer, Head of Retail Banking Group, Head of Corporate Banking Group, Head of International Banking Group and the Head of Treasury & Capital Markets.

The IBG ALCO comprises of Head of International Banking, Head of Retail Banking, Chief Risk Officer, Head of Treasury & Capital Markets, Funding Centre, Finance and representatives from respective international locations.

b) Maintenance of Adequate High Quality Liquid Assets ("HQLA") cushion

The Bank holds a portfolio of HQLA aligned with the established liquidity risk tolerance of the bank, which means at a minimum it is sufficient to meet all regulatory and internal ratios under normal operating conditions, and enough to meet the liquidity needs under stressed conditions as estimated by Stress tests.

c) Gap limits

The minimum size of net placements in highly liquid money market instruments and HQLA bond portfolio is based on stress testing exercise, which takes into account the stability of deposits from different sources as well as contingent funding requirements of overseas branches. The Money Book and HQLA deployments are also required to adhere to gap limits, to ensure that the bank is in a position to meet short term and intraday liquidity needs.

43. Risk management (continued)

d) Liquidity risk management over different time horizons and currencies

The time horizons over which the Bank manages liquidity risk range from intraday basis, day-to-day cashflow movements, fund raising capacity over short and medium-term (up to one year) as well as vulnerabilities to events, activities and strategies beyond one year that can put a significant strain on the Bank's cash generation capability

e) Forward looking Funding Plan ensuring effective diversification in the sources and tenor of funding

Mashreqbank develops its funding plan as part of its annual planning exercise. The plan places emphasis on diversifying the funding sources and maintaining market access to different sources of funding.

The Group has historically relied on customer deposits for its funding needs. Over the years, the Group has successfully introduced various cash management products and retail savings' schemes which have enabled it to mobilise low cost, broad based deposits. In order to diversify the funding sources, a Euro Medium Term Notes program was launched in 2004 and, as of 31 December 2024 has an outstanding balance of AED 2.07 billion (2023: AED 5.2 billion) [Note 19] in medium-term loans. The Bank also established Certificate of Deposit (CD) programmes through its London branch in 2014 and its Hong Kong Branch in 2018. Recently the Bank established a Trust Certificate (Sukuk) Issuance Programme in 2024.

f) Stress Testing for a variety of short-term and protracted Group-specific and market-wide stress scenarios

Stress tests enable the Bank to analyze the impact of stress scenarios on its consolidated group wise liquidity position as well as on the liquidity position of individual entities. The stress scenarios have been designed to incorporate the major funding and market liquidity risks to which the Bank is exposed. ALCO and the Board reviews the bank's choice of scenarios and related assumptions as well as the results of the stress tests.

g) Contingency Funding Plan outlining the Bank's step by step response to Liquidity contingency situations of different magnitudes

Mashreqbank has a formal contingency funding plan ("CFP"), which is updated, reviewed and approved by the HO ALCO and the Board on an annual basis. The CFP provides a list of liquidity generation tools which would be used to counter liquidity stress at different stages of the contingency.

h) FTP Framework for allocating liquidity costs, benefits and risks to all business activities

Mashreqbank has a well-developed FTP policy and system that aims to create transparency in profitability and insulate Business Units from interest rate risk.

i) Regular Internal as well as CBUAE audits focused on HQLA cushion and Liquidity management policies and procedures

Mashreqbank's liquidity policies, procedures and systems are subject to end to end review by internal audit as well as by the CBUAE.

The Bank has strengthened its liquidity buffer by raising deposits in line with loan growth. Prudent liquidity management by the Bank, has helped to ensure that the Bank is able to meet its clients' banking services requirements effectively and without disruption. The Russia Ukraine war and the Israel-Hamas crisis have not significantly impacted the on UAE banking sector's liquidity.

The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Maturity profile:

The maturity profile of assets, liabilities and equity as at 31 December 2024 were as follows:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Assets						
Cash and balances with central banks	40,592,508	-	-	-	-	40,592,508
Loans and advances to banks	27,610,771	10,204,918	7,595,672	6,860,243	-	52,271,604
Financial assets measured at fair value	9,024,513	5,655,961	3,003,717	1,455,598	7,187,745	26,327,534
Securities measured at amortised cost	1,485,388	311,166	1,228,037	3,252,701	3,519,825	9,797,117
Loans and advances to customers	35,611,493	8,192,501	8,441,861	24,606,907	26,228,084	103,080,846
Islamic financing and investment products	9,120,178	2,660,699	553,149	2,987,103	6,356,422	21,677,551
Acceptances	2,636,157	462,929	347,636	48,462	-	3,495,184
Reinsurance contract assets	1,342,486	618,807	656,315	740,019	21,521	3,379,148
Investment in associate	-	-	-	-	296,878	296,878
Investment properties	-	-	-	-	151,620	151,620
Property and equipment	-	-	-	-	1,339,360	1,339,360
Intangible assets	-	-	-	-	374,333	374,333
Other assets	4,144,562	150,299	179,012	190,951	4,651	4,669,475
Total assets	131,568,056	28,257,280	22,005,399	40,141,984	45,480,439	267,453,158

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Maturity profile (continued)

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Liabilities and equity						
Deposits and balances due to banks	36,184,911	4,436,682	2,385,423	367,300	-	43,374,316
Repurchase agreements with banks	2,075,517	-	-	-	-	2,075,517
Customers' deposits	123,919,233	10,241,187	7,295,629	1,781,442	327,302	143,564,793
Islamic customers' deposits	13,650,602	1,318,026	1,459,959	946,314	-	17,374,901
Acceptances	2,636,157	462,929	347,636	48,462	-	3,495,184
Other liabilities	8,582,741	482,707	379,919	153,332	99,836	9,698,535
Medium-term loans	296,218	252,788	150,754	1,371,741	-	2,071,501
Subordinated debt	-	-	-	-	1,831,027	1,831,027
Insurance and investment contract liabilities	1,846,842	830,785	927,249	1,600,863	981,451	6,187,190
Equity attributable to shareholders of the Parent	-	-	-	-	36,712,765	36,712,765
Non-controlling interest	-	-	-	-	1,067,429	1,067,429
Total liabilities and equity	189,192,221	18,025,104	12,946,569	6,269,454	41,019,810	267,453,158
Guarantees	4,889,113	2,007,709	3,853,309	5,538,554	7,388,586	23,677,271
Letters of credit	11,294,171	2,148,056	1,106,965	22,355	61,611	14,633,158
Total	16,183,284	4,155,765	4,960,274	5,560,909	7,450,197	38,310,429

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Maturity profile:

The maturity profile of assets, liabilities and equity as at 31 December 2023 were as follows:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Assets						
Cash and balances with central banks	41,760,286	-	-	-	-	41,760,286
Loans and advances to banks	14,456,759	9,856,606	5,756,220	9,057,447	-	39,127,032
Financial assets measured at fair value	9,658,921	4,103,446	4,788,392	994,937	6,486,173	26,031,869
Securities measured at amortised cost	1,717,638	546,593	607,976	3,620,521	3,458,797	9,951,525
Loans and advances to customers	26,834,907	8,470,520	4,233,991	24,144,451	29,919,368	93,603,237
Islamic financing and investment products	7,681,017	364,259	724,658	2,169,766	5,812,542	16,752,242
Acceptances	1,730,889	1,074,135	627,583	104,323	-	3,536,930
Reinsurance contract assets	860,314	521,326	550,108	805,712	19,403	2,756,863
Investment in associate	-	-	-	-	36,498	36,498
Investment properties	-	-	-	-	502,047	502,047
Property and equipment	-	-	-	-	1,381,735	1,381,735
Intangible assets	-	-	-	-	360,611	360,611
Other assets	3,925,138	88,721	49,964	92,149	23,762	4,179,734
Total assets	108,625,869	25,025,606	17,338,892	40,989,306	48,000,936	239,980,609

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Maturity profile (continued)

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Liabilities and equity						
Deposits and balances due to banks	24,062,080	4,229,397	2,088,779	281,092	6,673,700	37,335,048
Repurchase agreements with banks	1,062,992	-	-	-	-	1,062,992
Customers' deposits	115,999,612	8,539,857	5,584,044	2,094,278	391,880	132,609,671
Islamic customers' deposits	10,546,293	1,050,843	1,972,313	53,035	-	13,622,484
Acceptances	1,730,888	1,074,135	627,583	104,324	-	3,536,930
Other liabilities	7,237,582	380,712	228,175	136,466	188,074	8,171,009
Medium-term loans	3,587,906	-	910,595	623,604	36,596	5,158,701
Subordinated debt	-	-	-	-	1,831,027	1,831,027
Insurance and investment contract liabilities	1,353,115	702,015	732,292	1,629,384	918,151	5,334,957
Equity attributable to shareholders of the Parent	-	-	-	-	30,333,359	30,333,359
Non-controlling interest	-	-	-	-	984,431	984,431
Total liabilities and equity	165,580,468	15,976,959	12,143,781	4,922,183	41,357,218	239,980,609
Guarantees	6,828,710	3,179,342	3,658,273	3,521,544	9,087,699	26,275,568
Letters of credit	8,994,670	2,750,866	1,325,772	209,882	5,559	13,286,749
Total	15,823,380	5,930,208	4,984,045	3,731,426	9,093,258	39,562,317

Rise every day

43. Risk management (continued)

Maturity profile (continued)

The following table summarises the maturity profile based on contractual undiscounted repayment obligations as at 31 December 2024:

	Within 3 months AED'000	**Over 3 to 6 months AED'000**	**Over 6 to 12 months AED'000**	**Over 1 to 5 years AED'000**	**Over 5 years AED'000**	**Total AED'000**
Liabilities and equity						
Deposits and balances due to banks	**36,268,510**	**4,505,404**	**2,432,064**	**439,021**	**-**	**43,644,999**
Repurchase agreements with banks	**2,075,517**	**-**	**-**	**-**	**-**	**2,075,517**
Customers' deposits	**124,010,829**	**10,431,740**	**7,537,152**	**2,063,030**	**374,018**	**144,416,769**
Islamic customers' deposits	**13,804,498**	**1,385,851**	**1,529,134**	**1,058,331**	**-**	**17,777,814**
Acceptances	**2,636,157**	**462,929**	**347,636**	**48,462**	**-**	**3,495,184**
Other liabilities	**8,582,741**	**482,707**	**379,919**	**153,332**	**99,836**	**9,698,535**
Medium-term loans	**304,732**	**258,287**	**163,329**	**1,476,891**	**-**	**2,203,239**
Subordinated debt	**36,156**	**36,156**	**72,312**	**578,498**	**2,286,192**	**3,009,314**
Insurance and investment contract liabilities	**1,846,842**	**830,785**	**927,249**	**1,600,863**	**981,451**	**6,187,190**
Equity attributable to shareholders of the Parent	**-**	**-**	**-**	**-**	**36,712,765**	**36,712,765**
Non-controlling interest	**-**	**-**	**-**	**-**	**1,067,429**	**1,067,429**
Total liabilities and equity	**189,565,982**	**18,393,859**	**13,388,795**	**7,418,428**	**41,521,691**	**270,288,755**

43. Risk management (continued)

Maturity profile (continued)

The following table summarises the maturity profile based on contractual undiscounted repayment obligations as at 31 December 2023:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Liabilities and equity						
Deposits and balances due to banks	24,080,104	4,266,416	2,104,472	281,865	6,681,434	37,414,291
Repurchase agreements with banks	1,062,992	-	-	-	-	1,062,992
Customers' deposits	116,149,390	8,702,859	5,787,433	2,484,065	441,001	133,564,748
Islamic customers' deposits	10,654,769	1,098,888	2,094,955	57,742	-	13,906,354
Acceptances	1,730,888	1,074,135	627,583	104,324	-	3,536,930
Other liabilities	7,237,582	380,712	228,175	136,466	188,072	8,171,007
Medium-term loans	3,610,302	-	950,914	628,205	37,282	5,226,703
Subordinated debt	36,156	36,156	72,312	723,122	2,286,192	3,153,938
Insurance and investment contract liabilities	1,353,115	702,015	732,292	1,629,384	918,151	5,334,957
Equity attributable to shareholders of the Parent	-	-	-	-	30,333,359	30,333,359
Non-controlling interest	-	-	-	-	984,431	984,431
Total liabilities and equity	165,915,298	16,261,181	12,598,136	6,045,173	41,869,922	242,689,710

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

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].

Fair value measurements of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability. The group measures investments in the category using various valuations techniques. These include the net assets valuation method where there is unavailability of market and comparable financial information comparable sales transactions after applying an appropriate hair cut and discounted cash flow models where appropriate

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2023.

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:

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

43. Risk management (continued)

Fair value measurements (continued)

	Fair value as at		Fair value hierarchy
	2024	2023	
	AED'000	AED'000	
Financial assets measured at FVTPL			
Quoted debt investments	**165,624**	152,750	Level 1
Quoted equity investments	**23,689**	22,530	Level 1
Unquoted debt investments	**730,092**	1,348,157	Level 2
Funds	**1,326,137**	1,310,716	Level 2
Unquoted equity investments	**1,032**	1,132	Level 3
	2,246,574	2,835,285	

	Fair value as at		Fair value hierarchy
	2024	2023	
	AED'000	AED'000	
Financial assets measured at FVTOCI			
Quoted equity investments	**755,933**	705,698	Level 1
Quoted debt investments	**23,001,663**	22,343,507	Level 1
Unquoted equity investments	**79,946**	56,049	Level 3
Funds	**243,418**	91,330	Level 2
	24,080,960	23,196,584	
	26,327,534	26,031,869	

There were no transfers between each of the levels during the year.

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

	2024	2023
	AED'000	AED'000
At 1 January	**1,132**	707
Purchases	**344**	-
Change in fair value	**(444)**	425
At 31 December	**1,032**	1,132

43. Risk management (continued)

Fair value measurements (continued)

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

	2024 **AED'000**	2023 AED'000
At 1 January	**56,049**	63,117
Purchases	**38,371**	8,945
Disposals/matured	**(1,103)**	(12,429)
Change in fair value	**(13,371)**	(3,584)
At 31 December	**79,946**	56,049

All gain and losses related to investment in unquoted equity instruments are included in consolidated statement of comprehensive and are reported as changes of investments revaluation reserve

Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values and carry market rates of interest.

	Gross carrying amount		**Fair value**		
	AED'000	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
31 December 2024					
Financial assets:					
Securities measured at amortised cost	**9,827,791**	**7,761,200**	**1,108,476**	**668,717**	**9,538,393**
31 December 2023					
Financial assets:					
Securities measured at amortised cost	9,996,660	7,415,365	1,534,497	773,394	9,723,256

	Gross carrying amount		**Fair value**		
	AED'000	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
31 December 2024					
Financial liabilities					
Medium-term notes	**2,071,501**	**1,970,316**	**-**	**116,950**	**2,087,266**
31 December 2023					
Financial liabilities					
Medium-term notes	5,158,701	4,199,191	-	955,019	5,154,210

43. Risk management (continued)

Fair value measurements (continued)

Fair value sensitivity analysis

The following table shows the sensitivity of fair values to 1% increase or decrease as at 31 December 2024 and 31 December 2023:

	Reflected in consolidated statement of profit or loss		**Reflected in consolidated statement of comprehensive income**	
	Favourable change AED'000	**Unfavourable change AED'000**	**Favourable change AED'000**	**Unfavourable change AED'000**
31 December 2024				
Financial assets measured at fair value	**22,466**	**(22,466)**	**240,810**	**(240,810)**
Derivatives	**6,284**	**(6,284)**	**-**	**-**
31 December 2023				
Financial assets measured at fair value	28,353	(28,353)	231,966	(231,966)
Derivatives	6,128	(6,128)	-	-

Majority of the derivative financial instruments are back-to-back; therefore, any change to the fair value of the derivatives resulting from price input changes will have insignificant impact on the consolidated statement of profit or loss or consolidated statement of comprehensive income.

44. Foreign restricted assets

Net assets equivalent to AED 586 million as at 31 December 2024 (31 December 2023: AED 555 million) maintained by certain branches of the Bank, operating outside the UAE, are subject to exchange control regulations of the countries in which these branches operate.

45. Taxation

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two Anti Global Base Erosion Rules ("GloBE Rules") designed to address the tax challenges arising from the digitalisation of the global economy.

The Group is in scope of Pillar Two legislation as it operates in jurisdictions that have enacted or substantively enacted Pillar Two legislation and its consolidated revenue exceeds €750 million threshold.
UAE, where the head quarter of the Group is based, published Federal Decree-Law No. 60 of 2023, amending specific provisions of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses on 24 November 2023, as part of its commitment to the OECD guidelines.

The amendments introduced by Federal Decree-Law No. 60 of 2023 are intended to prepare for the introduction of the BEPS 2.0 Pillar Two Rules. The implementation of these rules in the UAE is still pending additional Cabinet Decisions, and the specific form and manner of implementation are yet to be determined.

For jurisdictions where Pillar Two legislation is effective in the financial year ending 31 December 2024, the Group operates with an effective tax rate that is below the minimum threshold. However, the Group does not anticipate a material top-up tax liability in such jurisdictions and has not currently accrued any top-up tax for the financial year ending 31 December 2024. For other jurisdictions where Pillar Two legislation will be effective from 1 January 2025, the Group will continue to monitor the legislation and accrue any potential top-up tax when the legislation becomes effective, in accordance with the IAS 12 Amendments and considering the transitional Country-by-Country (CbC) safe harbour relief.

As of 31 December 2024, the Group is in the process of assessing the potential exposure to Pillar Two income taxes in jurisdictions where the legislation will be effective from 1 January 2025. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group expects to be in a position to report the potential exposure in Q1 2025.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

45. Taxation (continued)

It is unclear if the Pillar Two model rules create additional temporary differences, whether to remeasure deferred taxes for the Pillar Two model rules and which tax rate to use to measure deferred taxes. In response to this uncertainty, on 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 'Income taxes' introducing a mandatory temporary exception to the requirements of IAS 12 under which an entity does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules.

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

a) Reconciliation of tax expense and the accounting profit multiplied by United Arab Emirates' domestic tax rate at 31 December 2024:

Accounting profit before tax	9,885,903
At United Arab Emirates' statutory income tax rate of 9%	889,731
Tax effect of expenses that are not deductible in determining taxable profits	6,248
Tax effect of Income not taxable in determining taxable profit	(151,733)
Effect of different tax rates from operations in other jurisdictions	126,125
Others	(1,844)
Income tax expense / (credit) reported in the consolidated income statement	**868,527**
Effective tax rate	8.79%

b) OCI

The major components of income tax expense for the period ended 31 December 2024 are:	
Current income tax charge/(credit):	
- Related to changes in fair value of financial assets measured at fair value through other comprehensive income (equity instruments)	6,096
Deferred tax:	
- Relating to changes in fair value of financial assets measured at fair value through other comprehensive income (debt instruments)	(27,736)
- Relating to changes in currency translation reserve	(23,893)
Income tax expense / (credit) reported in the OCI	(45,533)

46. 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.

47. Comparative information

Certain comparative amounts in consolidated statement of financial position and notes to the consolidated financial statements have been adjusted to conform to the current presentation.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

48. 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.

49. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2024.

50. Approval of consolidated financial statements

The consolidated financial statements for the year ended 31 December 2024 were approved by the Board of Directors and authorised for issue on 30 January 2025.

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