



Mashreqbank psc

(incorporated with limited liability in the United Arab Emirates as a public shareholding company)

U.S.\$5,000,000,000

Euro Medium Term Note Programme

Under this U.S.\$5,000,000,000 Euro Medium Term Note Programme (the "**Programme**") Mashreqbank psc, a public shareholding company incorporated in the United Arab Emirates (the "**UAE**") with limited liability ("**Mashreqbank**" or the "**Issuer**") (acting through its head office in the United Arab Emirates or acting through its Hong Kong branch or its London branch (each a "**Branch**") as it may from time to time determine) may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate principal amount of Notes outstanding at any one time under the Programme may not exceed U.S.\$5,000,000,000 (or its equivalent in other currencies) and, for this purpose, any Notes denominated in any other currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealership Agreement (as defined under "*Subscription and Sale*")), subject to any increase as described herein.

Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus (as defined below) to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Notes will be issued in Series (as defined under "*Terms and Conditions of the Notes*") and each Series may comprise one or more Tranches (as defined under "*Terms and Conditions of the Notes*") issued on different issue dates. Notice of the aggregate principal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche of Notes will be set out in a Final Terms document (the "**Final Terms**") (or, in the case of Exempt Notes (as defined below), the relevant Pricing Supplement (as defined below)) which, with respect to the Notes to be listed on the official list of the Luxembourg Stock Exchange (the "**Luxembourg Official List**"), will be filed with the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") on or before the date of issue of the Notes of such Tranche. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.LuxSE.com).

Mashreqbank has been rated A by Fitch Ratings Limited ("**Fitch**"), A3 by Moody's Investors Service Cyprus Ltd. ("**Moody's**") and A by S&P Global Ratings Europe Limited ("**S&P**"), and the Programme has been rated A by Fitch, A3 by Moody's and A by S&P. Each of Moody's and S&P is established in the EEA, is registered under Regulation (EC) No 1060/2009 on credit rating agencies (the "**EU CRA Regulation**") and appears on the latest update of the list of registered credit rating agencies (as at the date of this Base Prospectus) on the European Securities and Markets Authority ("**ESMA**") website <http://www.esma.europa.eu>. Moody's and S&P are not established in the United Kingdom ("**UK**") or registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**"). The ratings that Moody's and S&P have assigned to the Notes to be issued under the Programme are endorsed by Moody's Investors Service Ltd. and S&P Global Ratings UK Limited, respectively, each of which is established in the UK and registered under the UK CRA Regulation. Fitch is established in the UK, is registered under the UK CRA Regulation and appears on the latest update of the list of registered credit rating agencies (as at the date of this Base Prospectus) on the UK Financial Conduct Authority's Financial Services Register available at <https://data.fca.org.uk/#/cra/crasearch>. Fitch is not established in the EEA or registered under the EU CRA Regulation. The rating that Fitch has assigned to the Notes to be issued under the Programme is endorsed by Fitch Ratings Ireland Limited, which is established in the EEA and registered under the EU CRA Regulation. Notes issued under the Programme may be rated or unrated by any of the rating agencies referred to above.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating agency.

This document constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129, as amended (the "**EU Prospectus Regulation**") for all Notes issued under the Programme other than Exempt Notes.

This base prospectus (the "**Base Prospectus**") has been approved by the CSSF, as competent authority in Luxembourg under the EU Prospectus Regulation, as a base prospectus issued in compliance with the EU Prospectus Regulation for the purpose of giving information with regard to the issue of the Notes issued under the Programme described in this Base Prospectus during the period of 12 months after the date hereof. The CSSF has only approved the Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation with respect to the Notes which will be admitted to listing on the official list and trading on the regulated market of the Luxembourg Stock Exchange and admission to trading on the professional segment of the Luxembourg Stock Exchange's regulated market. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in such Notes. The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in line with the provisions of Article 6 (4) of the Luxembourg Law on Prospectuses for securities. This Base Prospectus (as supplemented from time to time) is valid for a period of 12 months from the date of approval in relation to the Notes which are to be admitted to listing on an official list and to trading on the regulated market in the EEA and will expire on 25 March 2027. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid. Applications have been made for such Notes to be admitted during the period of 12 months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange and admission to trading on the professional segment of the Luxembourg Stock Exchange's regulated market. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments (as amended, "**EU MiFID II**").

The requirement to publish a prospectus under the EU Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the EU Prospectus Regulation. References in this Base Prospectus to "**Exempt Notes**" are to Notes for which no prospectus is required to be published under the EU Prospectus Regulation. **The CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.**

This Base Prospectus has also been approved by the Dubai Financial Services Authority (the "**DFSA**") under Rule 2.6 of the Markets Rules of the DFSA (the "**DFSA Markets Rules**") and is therefore an Approved Prospectus for the purposes of Article 14 of the Markets Law (DIFC Law No. 1 of 2012) (the "**DIFC Markets Law**"). Applications have been made to the DFSA for Notes issued under this Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of securities maintained by the DFSA (the "**DFSA Official List**") and to Nasdaq Dubai for such Notes to be admitted to trading on Nasdaq Dubai. The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information. The liability for the content of this Base Prospectus lies with the Issuer. The DFSA has also not assessed the suitability of any Notes to be issued under the Programme to which this Base Prospectus relates to any particular investor or type of investor. Copies of Final Terms in relation to Notes to be listed on Nasdaq Dubai will be published on the website of Nasdaq Dubai (www.nasdaqdubai.com).

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes (the "**Conditions**") herein, in which event (in the case of Notes intended to be listed on the Luxembourg Stock Exchange) a new prospectus relating to that particular issue of Notes or (in the case of Exempt Notes) a pricing supplement (the "**Pricing Supplement**") issued by the Issuer will be made available which will describe the effect of the agreement reached in relation to such Notes. By approving this Base Prospectus the CSSF gives no undertaking as to the economic or financial opportuneness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 6(4) of the Luxembourg law dated 16 July 2019 on prospectuses for securities (the "**Luxembourg Prospectus Law**").

The Notes to which this Base Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this Base Prospectus you should consult an authorised financial adviser.

Investing in Notes issued under the Programme involves certain risks. For a discussion of the principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes, see "Risk Factors" beginning on page 6.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR THE BENEFIT OF, U.S. PERSONS (AS DEFINED IN THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND THE OFFER AND SALE IS MADE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER JURISDICTION. SEE "FORM OF THE NOTES" FOR A DESCRIPTION OF THE MANNER IN WHICH NOTES WILL BE ISSUED.

The Base Prospectus may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") does not apply. See "*Subscription and Sale*".

Arranger
BofA Securities
Dealers

ANZ
Citigroup
Deutsche Bank
Mashreqbank
Nomura

BofA Securities
Commerzbank
J.P. Morgan
Mizuho

Société Générale Corporate & Investment Banking

UBS Investment Bank

The date of this Base Prospectus is 25 March 2026.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA (each, a "**Member State**") will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer of Notes in that Member State which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or Merrill Lynch International (the "**Arranger**") or any Dealer to publish a prospectus pursuant to Article 3 or Article 5 of the EU Prospectus Regulation or Article 14 of the DIFC Markets Law, or a supplement to a prospectus pursuant to Article 23 of the EU Prospectus Regulation or Rule 2.9 of the DFSA Markets Rules in relation to such offer. Neither the Issuer, the Arranger nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Arranger or any Dealer to publish a prospectus or a supplement to a prospectus for such offer.

This Base Prospectus complies with the requirements in Part 2 of the DIFC Markets Law and Chapter 2 of the DFSA Markets Rules and comprises a prospectus for the purposes of Article 6(3) of the EU Prospectus Regulation. The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms or Pricing Supplement for each Tranche (as defined herein) of Notes issued under the Programme and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission of anything likely to affect the import of such information.

This Base Prospectus should be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of Final Terms, should be read and construed together with the relevant Final Terms.

Where information has been sourced from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of any third party information contained in this Base Prospectus is stated where such information appears in this Base Prospectus. The information under the heading "*The United Arab Emirates Banking System and Prudential Regulation*", which is given as general information and has been reproduced from publicly available information, save that the Issuer confirms that, as far as it is aware and is able to ascertain from publicly available information, no facts have been omitted which would render any reproduced information inaccurate or misleading. The Issuer accepts responsibility only for the accurate extraction of such information from publicly available sources.

The accuracy or completeness of the information contained in this Base Prospectus has not been independently verified by the Arranger or by the Dealers or any of their respective directors, officers, affiliates, advisers or agents. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers or any of their respective directors, officers, advisers, agents or affiliates as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution. Neither the Arranger nor the Dealers accept any liability in relation to the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution. Neither the Arranger nor the Dealers shall be responsible for, or for investigating, any matter which is the subject of any statement, representation, warranty or covenant of the Issuer contained in the Notes, or any other agreement or document relating to the Notes, or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.

This Base Prospectus must be read and construed together with any supplements hereto and, in relation to any Tranche of Notes must be read and construed together with the relevant Final Terms. Any information relating to the Notes which is not included in the Base Prospectus and which is required in order to complete the "necessary information" in relation to a Tranche of Notes will be contained in the relevant Final Terms. In this section the expression "**necessary information**" means, in relation to any Tranche of Notes, the necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes and the reasons for the issuance and its impact on the Issuer. In relation to the different types of Notes which may be issued under the Programme, the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or any Dealer.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer, the Arranger or any Dealer that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Arranger or any Dealer to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor any relevant Final Terms nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has most recently been supplemented by a supplement to the Base Prospectus or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents contained in this Base Prospectus when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. See "*Subscription and Sale*". The Notes are subject to U.S. tax law requirements.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

All applicable provisions of the FSMA, and all secondary legislation made pursuant to it, must be complied with. Accordingly, no offer or sale of, and no communication of any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in respect of, any Notes is being made hereby except in circumstances where the prohibition on financial promotion set out at Section 21(1) of the FSMA does not apply whether by reason of the application of the exemptions to such prohibition set out in the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005, as amended (the "**Promotion Order**") or otherwise. In the UK, this Base Prospectus is only being distributed and made available to, and is only directed at (a) investment professionals within the meaning of Article 19(5) of the Promotion Order; (b) persons falling within any of the categories of persons described in Article 49(2)(a)-(d) (*High net worth companies, unincorporated associations, etc.*) of the Promotion Order; and (c) any other person to whom it may otherwise lawfully be made. Persons of any other description in the UK into whose possession this Base Prospectus comes must not and should not take any action in respect of matters set out herein in respect to the Notes or otherwise. In the UK, persons not having professional experience in matters relating to investments of the type represented by the Notes should not rely on this Base Prospectus.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain

jurisdictions. The Issuer, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and the Issuer, the Arranger and the Dealers do not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which would permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA, the UK, Japan, the People's Republic of China (the "**PRC**"), Hong Kong, Italy, Singapore, the Kingdom of Saudi Arabia, the United Arab Emirates (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre), the Abu Dhabi Global Market and the Dubai International Financial Centre; see "*Subscription and Sale*".

Unless otherwise specified in the Final Terms or any Pricing Supplement applicable to the Notes in a Series, the Notes in a Series will initially be represented by Global Notes (as defined below), which will be, on or about the relevant Issue Date, deposited with a depository or common depository for the accounts of Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or Euroclear Bank SA/NV ("**Euroclear**", together with Clearstream, Luxembourg, the "**Clearing Systems**"). Beneficial interests in Global Notes will be exchangeable, in whole but not in part, for Definitive Notes in bearer form under the limited circumstances described below.

Global Notes may also be deposited with any other clearing system or may be delivered outside any clearing system, **provided that** the method of such delivery has been agreed between the Issuer, the Issuing and Principal Paying Agent and the relevant Dealer(s). Notes that are to be credited to one or more clearing systems on issue will be registered in the name of a nominee or nominees for such clearing systems. Beneficial interests in Global Notes held by Euroclear and/or Clearstream, Luxembourg will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and/or Clearstream, Luxembourg and their participants.

The Notes may not be a suitable investment for all investors. Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the prospective investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how

the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the prospective investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent: (a) Notes are legal investments for it; (b) Notes can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In the case of any Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which would otherwise require the publication of a prospectus under the EU Prospectus Regulation, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of such Notes). In the case of any Notes which are to be offered to the public in the UK, the minimum specified denomination shall be £50,000 (or its equivalent in any other currency as at the date of issue of such Notes) unless the Note otherwise falls within an exception from the prohibition on offers to the public (as set out in Schedule 1 of the Public Offers and Admissions to Trading Regulations 2024 (the "**POATRs**")).

The requirement to publish a base prospectus under the EU Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market for the purposes of EU MiFID II in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 4 of the EU Prospectus Regulation. References in this Base Prospectus to "Exempt Notes" are to Notes issued by the Issuer for which no base prospectus is required to be published under the EU Prospectus Regulation. The Exempt Notes do not form part of this Base Prospectus for the purposes of the EU Prospectus Regulation and the CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

All references in this Base Prospectus to "**U.S. dollars**", "**U.S.\$**" and "**\$**" are references to United States dollars, all references to "**UAE dirham**" and "**AED**" are references to United Arab Emirates dirham, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the PRC, all references to "**Renminbi**", "**RMB**" or "**CNY**" are to the lawful currency of the PRC (which, for the purposes of this Base Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan) and all references to "**euro**" and "**€**" are references to the currency introduced at the start of the third stage of the Treaty on the functioning of the European Community, as amended from time to time. The UAE dirham has been pegged to the U.S. dollar since 22 November 1980. The midpoint between the official buying and selling rates for the UAE dirham is at a fixed rate of AED 3.6725 = U.S.\$1.00.

References in this Base Prospectus to "**Final Terms**" shall, in the case of a Tranche of Exempt Notes, be read and construed as a reference to the applicable Pricing Supplement, unless the context requires otherwise.

FORWARD-LOOKING STATEMENTS

This Base Prospectus contains certain forward-looking statements. All statements other than statements of historical fact included in this Base Prospectus including, without limitation, any statements regarding the financial position of the Issuer, or the business strategy, management plans and objectives for future operations of the Issuer, may constitute forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "continue" or similar terminology. Although the Issuer believes that the expectations reflected in its forward-looking statements are reasonable at this time, there can be no assurance that these expectations will prove to be correct. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer's actual results, performance or achievements, or industry results, to be materially different from any expressed or implied by forward-looking statements. Forward-looking statements may be based on numerous assumptions regarding the Issuer's present, and future, business strategies and the environment in which the Issuer expects to operate in the future. Important factors that could cause the Issuer's actual results, performance or achievements to differ materially from any in the forward-looking statements are discussed in this Base Prospectus (see "**Risk Factors**"). Forward-looking statements speak only as at the date of this Base Prospectus and, subject as required by applicable law or regulation, the Issuer expressly disclaims any obligation or undertaking to

publicly update or revise any forward-looking statements in this Base Prospectus to reflect any change in the expectations of the Issuer or any change in events, conditions or circumstances on which any forward-looking statements are based. Given the uncertainties of forward-looking statements, the Issuer cannot assure prospective investors that any projected results or events will be achieved and the Issuer cautions prospective investors not to place undue reliance on these statements.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN THE RELEVANT FINAL TERMS MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold, distributed or otherwise made available to, and should not be offered, sold, distributed or otherwise made available to, any retail investor in the UK. For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**"), which applies up to and including 5 April 2026, or disclosure

document required by the FCA Product Disclosure Sourcebook ("**DISC**") which will apply from and including 6 April 2026, for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation or the DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024, as applicable.

PRODUCT GOVERNANCE UNDER EU MiFID II

A determination will be made at the time of issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID II Product Governance Rules**"), any Dealer subscribing for a Series or Tranche of Notes is a manufacturer in respect of that Series or Tranche, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID II Product Governance Rules.

The Final Terms in respect of any Notes may include a legend entitled "EU MiFID II Product Governance" which will outline each manufacturer's product approval process, the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

PRODUCT GOVERNANCE UNDER UK MIFIR

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR product governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

NOTIFICATION UNDER SECTION 309B(1) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE

The Final Terms in respect of any Tranche of Notes may include a legend entitled "*Singapore Securities and Futures Act Product Classification*" which will state the product classification of the Notes pursuant to Section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"). If applicable, the Issuer will make a determination in relation to each issue about the classification of the Notes being offered for the purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for the purposes of Section 309B(1)(a) and Section 309B(1)(c) of the SFA.

THE CREDIT RATING AGENCIES

Each of Fitch, Moody's and S&P has rated Mashreqbank and the Programme, and Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**") has also rated the UAE. Moody's and S&P are established in the EEA and registered under the EU CRA Regulation. Fitch is established in the UK and is registered under the UK CRA Regulation. Moody's Singapore is not established in the European Union or in the UK and has not applied for registration under the EU CRA Regulation or the UK CRA Regulation. The rating issued by Moody's Singapore has been endorsed by Moody's in accordance with the EU CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme (each such offering, a "**CMI Offering**"), including certain Dealers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Final Terms or Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

SUPPLEMENTAL INFORMATION

The Issuer has undertaken that, if there shall occur a significant new factor, material mistake or material inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of Notes to be issued hereunder, it will: (a) prepare or procure the preparation of a supplement to this Base Prospectus to be approved by the CSSF in accordance with Article 23 of the EU Prospectus Regulation for use in connection with any subsequent issue by the Issuer of Notes to be listed on the Luxembourg Official List; and (b) prepare or procure the preparation of a supplement to this Base Prospectus to be approved by the DFSA in accordance with Rule 2.9 of the DFSA Markets Rules for use in connection with any subsequent issue by the Issuer of Notes to be listed on the DFSA Official List, or, as the case may be, publish a new Base Prospectus, and shall supply to the Arranger and each Dealer such number of copies of such supplement hereto as such Arranger and/or Dealer may reasonably request. Statements contained in any supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to supersede statements contained in this Base Prospectus (or any earlier supplement) or in a document which is incorporated by reference in this Base Prospectus.

EU BENCHMARKS REGULATION

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**"). If any such reference rate does constitute such a benchmark, the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of the EU Benchmarks Regulation. The registration status of any administrator under the EU Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

ENFORCEMENT OF FOREIGN JUDGMENTS

The Issuer is a public shareholding company incorporated with limited liability in accordance with the laws of the UAE and the majority of its directors reside in the UAE. All or a substantial portion of the assets of the Issuer and its directors are located in the UAE. As a result, it may not be possible for investors to: (a) effect service of process upon the Issuer or any such directors outside the UAE; (b) enforce against any of them, in courts of jurisdiction other than the UAE, judgments obtained in such courts that are predicated upon the laws of such other jurisdictions; or (c) enforce against any of them, in UAE courts, judgments obtained in jurisdictions other than the UAE, including judgments on the Deed of Covenant in the courts of England and judgments obtained in the United States predicated upon the civil liability provisions of the federal securities laws of the United States.

The Deed of Covenant, the Agency Agreement and the Notes are governed by, and construed in accordance with, English law (save for the subordination provisions of the Notes, which are subject to the application of mandatory provisions of the laws and regulations of the UAE). Disputes in respect of the Deed of Covenant, the Agency Agreement and the Notes may be settled by arbitration under the rules of the London Court of International Arbitration in London, England unless any holder of Notes (in the case of the Notes or the Deed of Covenant) or Agent (in the case of the Agency Agreement) elects to have the dispute, claim, difference or controversy resolved by a court, in which case the English courts will have exclusive jurisdiction to settle such dispute (or such other court of competent jurisdiction as such party may elect). See "*Terms and Conditions of the Notes — Governing Law and Dispute Resolution*". However, there is a risk that the courts of the UAE may only recognise a choice of law other than the law of, and applicable in, the UAE if they are satisfied that there exists an appropriate nexus between the contract expressed to be governed by such law and the foreign law system chosen. Further, the courts of the UAE will not honour any provision of any foreign law system they do recognise as validly chosen which is contrary to Islamic Shari'a jurisprudence, public order or morals or to any mandatory law of, or applicable in, the UAE. See further "*Risk Factors — Risk Factors relating to the legal and regulatory environment — UAE law and courts and the enforcement of foreign judgments in the Emirate of Dubai*".

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GENERAL DESCRIPTION OF THE PROGRAMME

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No. 2019/980, as amended. This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole. This general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms. Capitalised terms used herein have the same meanings given to them in "Form of the Notes" and "Terms and Conditions of the Notes".

Issuer:	Mashreqbank psc, a public shareholding company incorporated with limited liability in the United Arab Emirates, acting through its head office in the United Arab Emirates or acting through its Hong Kong branch or its London branch, as it may from time to time determine.
Issuer LEI:	5493000SA3K24EQKA103.
Description:	Euro Medium Term Note Programme.
Arranger:	Merrill Lynch International.
Dealers:	Australia and New Zealand Banking Group Limited, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc, Mashreqbank psc, Merrill Lynch International, Mizuho International plc, Nomura International plc, Société Générale, UBS AG London Branch and any other Dealers appointed in accordance with the Dealership Agreement.
Issuing and Principal Paying Agent:	The Bank of New York Mellon, London Branch.
Programme Amount:	Up to U.S.\$5,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealership Agreement.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme. These include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of a particular Series of Notes and certain market risks. See " <i>Risk Factors</i> ".
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects.
Currencies:	Subject to any applicable legal and/or regulatory and/or central bank restrictions, the Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see

	"<i>Subscription and Sale</i>") including the restrictions applicable at the date of this Base Prospectus.
Redenomination:	The relevant Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 20 (<i>Redenomination, Renominalisation and Reconverting</i>).
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant currency.
Issue Price:	Notes may be issued at any price on a fully-paid basis.
Form of Notes:	Bearer Notes. Each Tranche of Notes will initially be in the form of either a Temporary Global Note (as defined herein) or a Permanent Global Note (as defined herein), in each case as specified in the relevant Final Terms. Each Global Note (a "Global Note") will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.
Interest:	The Notes may be interest-bearing or non interest-bearing. Interest (if any) may accrue at a fixed rate or a floating rate. In respect of each Tranche of Notes, the date from which interest becomes payable and the dates for interest, the maturity date, the repayment procedures and (in the case of Fixed Rate Notes only) an indication of yield will be specified in the relevant Final Terms.
Redemption:	The relevant Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA or offered to the public either in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the EU Prospectus Regulation will be €100,000 (or its equivalent in a relevant Specified Currency), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements relating to a Specified Currency. In the case of any Notes which are to be offered to the public in the United Kingdom, the minimum specified denomination shall be £50,000 (or its equivalent in any other currency as at the date of issue of such Notes) unless the Note otherwise falls within an exception from the prohibition on offers to the public (as set out in Schedule 1 of the POATRs).
Taxation:	All payments in respect of the Notes will be made free and clear of withholding taxes imposed by (i) in the case of Notes issued through a Branch, the location

	of the relevant Branch and (ii) the UAE, or in each case, any political subdivision or any authority thereof or therein having the power to tax, unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 11 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
Negative Pledge:	The terms of the Senior Notes will have the benefit of a negative pledge provision as described in Condition 5 (<i>Negative Pledge</i>).
Cross Default:	The terms of the Senior Notes will contain a cross default provision as described in Condition 12 (<i>Events of Default</i>).
Status of the Notes:	Notes may be issued on an unsubordinated or subordinated basis, as specified in the relevant Final Terms. The Notes issued on an unsubordinated basis will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 5 (<i>Negative Pledge</i>)) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with the claims of the Issuer's other unsubordinated and (subject to the provisions of Condition 5 (<i>Negative Pledge</i>)) unsecured creditors save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application. Notes issued on a subordinated basis will constitute direct, conditional and unsecured obligations of the Issuer and rank <i>pari passu</i> among themselves. The payment obligations of the Issuer in respect of Subordinated Notes (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer but will rank <i>pari passu</i> with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations under the Subordinated Notes and in priority to all claims of shareholders of the Issuer.
Listing, Approval and Admission to Trading:	The CSSF has approved this document as a base prospectus. Applications have been made for Notes issued under the Programme (other than Exempt Notes) to be listed on the Luxembourg Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of EU MiFID II. The CSSF assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of Mashreqbank pursuant to Article 6(4) of the Luxembourg Prospectus Law. The DFSA has also approved this document as a base prospectus. Applications have been made to the DFSA for Notes issued under the Programme to be admitted to the DFSA Official List and to Nasdaq Dubai for Notes to be admitted to trading on Nasdaq Dubai. The DFSA does not accept any responsibility for the content of the information included in this Base Prospectus, including the accuracy or completeness of such information, and has not assessed the suitability of any Notes issued under this Programme to which this Base Prospectus relates to any particular investor or type of investor. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series.

	The relevant Final Terms will state whether or not the relevant Notes are to be admitted to listing, trading and/or quotation and, if so, on which stock exchange(s), competent authorities and/or quotation systems.
Rating:	Tranches of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued or endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA but which is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA but which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK but which is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK but which is certified under the UK CRA Regulation.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law (save for the subordination provisions therein, which are subject to the application of mandatory provisions of the laws and regulations of the UAE).
Distribution:	Notes will be issued on a syndicated or non-syndicated basis.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (see the Public Offer Selling Restrictions under the EU Prospectus Regulation), the UK, the PRC (excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan), Hong Kong, Japan, Italy, Singapore, the UAE (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre), the Abu Dhabi Global Market, the Dubai International Financial Centre and the Kingdom of Saudi Arabia and in such other jurisdictions as may be relevant in connection with the offering and sale of a particular Tranche of Notes, see "<i>Subscription and Sale</i>".
United States Selling Restrictions:	Regulation S, Category 2, TEFRA C or TEFRA D, as specified in the relevant Final Terms.
Use of proceeds:	The net proceeds from each issue of Notes will be used for the general financing purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

RISK FACTORS

The Issuer believes that the following factors may affect the ability of the Issuer to fulfil its obligations in respect of Notes issued under the Programme. All of these factors are contingencies which may or may not occur.

In addition, prior to making an investment decision, prospective purchasers of the Notes should carefully consider, along with the other matters referred to in this Base Prospectus, the following risks associated with investment in UAE entities generally and in securities issued by the Issuer specifically, as the case may be, which could be material for the purpose of assessing the market risks associated with Notes issued under the Programme. Prospective investors should pay particular attention to the fact that the Issuer is governed by a legal and regulatory environment in the UAE which in some respects may differ from that prevailing in other countries.

Prospective investors should note that the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for reasons other than those stated below. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Prospective investors should also consult their own financial and legal advisers about risks associated with an investment in any Notes issued under the Programme and the suitability of investing in such Notes in light of their particular circumstances, without relying on the Issuer, the Arranger or the Dealers. Investors are advised to make, and will be deemed by the Dealers and the Issuer to have made, their own investigations in relation to such factors before making any investment decisions in relation to the Notes.

The factors included below have been classified into the following categories: (i) risks related to the Issuer's business activities and industry; (ii) risks relating to the United Arab Emirates; (iii) risks relating to the legal and regulatory environment; (iv) risks relating to the nature of the Notes; and (v) risks relating to Notes denominated in Renminbi. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this section.

Risks related to the Issuer's business activities and industry

Impact of recent macroeconomic and financial market conditions

The Issuer, in common with other financial institutions, is susceptible to changes in the macroeconomic environment and the performance of financial markets generally. As at the date of this Base Prospectus, the performance of global debt, equity and commodity markets has been volatile, reflecting the ongoing volatility in the macroeconomic climate which has had, and which continues to have, a material adverse effect on the world's economies, including the economies of the UAE and other Gulf Cooperation Council ("GCC") states.

Oil Price Volatility

The UAE economy as a whole, and the economies of other countries in the GCC, are exposed to oil price volatility. Historically, the markets for oil and gas have been volatile and they are likely to continue to be volatile in the future. Prices for oil and natural gas are based on world supply and demand with increasingly complex interlinkages with other macroeconomic conditions and parameters, as shown by the COVID-19 pandemic (which contributed to a significant decline in hydrocarbon prices in 2020), the Russia-Ukraine conflict (which contributed to a significant increase in hydrocarbon prices in 2022) and, more recently, by macroeconomic concerns in China, the United States and Europe driven by, amongst other factors, U.S. government trade policies and the broad imposition of tariffs. This volatility is evident in movements in the OPEC Reference Basket over the past decade: prices have fallen below U.S.\$40 per barrel (for example in 2016 and again during the COVID-19 pandemic in 2020 when the average was U.S.\$41.47 per barrel) and have risen to around U.S.\$100 per barrel during periods of geopolitical tension (including 2022, when the average was U.S.\$100.08 per barrel). In the period between these movements, prices also recovered to U.S.\$69.89 per barrel in 2021. Subsequently, annual averages have moderated, with prices of U.S.\$82.95 per barrel in 2023 and U.S.\$79.89 per barrel in 2024 (*source*: OPEC Annual Statistical Bulletins 2021-2025).

A significant reduction in international oil prices, particularly if they were to remain low for an extended period, could impact the Issuer in a number of ways, including (i) through its exposure to customers whose business is, directly or indirectly, reliant on oil revenue and who become unable to service their debt, (ii)

through reduced liquidity as deposits from government and government-related entities are withdrawn as these depositors are impacted by low oil prices and (iii) through the impact of low oil prices on the UAE's economy and the consequent impact on the Issuer's wholesale and retail customers. All of these factors have the potential to impact the Issuer's assessment of its expected credit losses and could therefore result in significantly increased impairment losses in future periods. This could in turn have an adverse effect on the Issuer's business, financial condition, results of operations or prospects.

In addition, a significant and sustained increase in international oil prices, due to the ongoing Russia-Ukraine crisis, instability in the Middle East (see "*Risk Factors relating to the United Arab Emirates – The war between Israel, the United States and Iran*" and "*Risk Factors relating to the United Arab Emirates – Other Political, Economic and Related Considerations*" below), or for any other reason, may have a negative impact on the Issuer's corporate and individual customers and could, in turn, have an adverse effect on the Issuer's business, financial condition, results of operations and prospects.

See "*The UAE's economy is highly dependent upon its oil revenue*" below for information regarding the UAE's exposure to oil prices.

UAE Fiscal Reforms

The volatile oil price environment referred to above stimulated a federal government-led policy of rationalisation of fiscal spending, which, in turn, led to an ongoing transformation of the UAE economy. The UAE federal government has scaled back capital transfers to government-related entities, reduced government investment, raised electricity and water tariffs and removed fuel subsidies. Further, with effect from 1 January 2018, the UAE federal government introduced a value-added tax ("**VAT**") regime at a rate of 5 per cent. as part of a broader GCC-wide agreement. The Kingdom of Bahrain joined the GCC VAT regime on 1 January 2019 and Oman implemented VAT on 16 April 2021. Qatar is expected to introduce VAT in the near future, though Kuwait has announced that VAT is unlikely to be introduced before 2028. The Kingdom of Saudi Arabia, which implemented VAT on 1 January 2018 at the rate of 5 per cent., increased the rate to 15 per cent. effective from 1 July 2020. In addition, on 31 January 2022, the UAE Ministry of Finance announced the introduction of a corporate income tax, which came into effect on 1 June 2023. In December 2024, the UAE announced its implementation of the Pillar 2 model rules (the "**GloBE**") of the Organisation for Economic Cooperation and Development (the "**OECD**") in the form of a domestic minimum top-up tax of 15 per cent., effective from 1 January 2025, for multinational enterprises meeting the criteria of the rules. See "*Risk Factors relating to the United Arab Emirates – Tax changes in the UAE may have an adverse effect on the Issuer*" below for further information.

In the UAE, these measures have become an integral part of a broader federal government strategy aimed at reducing fiscal expenditure generally and fiscal dependency on hydrocarbon-related revenues. When taken in totality with macroeconomic conditions in the Middle East and North Africa ("**MENA**") region and globally, the impact on the UAE economy in recent years has been significant.

Inflation

Many of the world's economies have experienced high levels of inflation since mid-2021. A fall in global energy and food prices, from highs of 2022, facilitated a process of disinflation across global economies during 2023. Global headline inflation is projected at 3.8 per cent. in 2026 (*source*: IMF World Economic Outlook, January 2026). However, considerable uncertainty surrounds inflation projections. Various factors have contributed to shaping the inflation outlook, including the Russia-Ukraine conflict, which caused increases to energy and food prices (due to disruptions in the supply of commodities such as wheat, corn and fertilisers). While disinflationary trends are now visible across most major economies, the possibility of further supply shocks led by geopolitical risks could cause an increase in prices of commodities and manufactured goods and lead to inflation effects on wages. Prolonged inflation could affect the wider global economy (by, for example, causing prompt broad-based selling in long-duration, fixed-rate debt, which could have negative implications for equity and real estate markets) and the Issuer's customers and counterparties (leading to lower recoverability), which, in turn, could have a material adverse effect on the Issuer.

Volatility in the Financial Markets

During events of extreme volatility witnessed in financial markets since 2014, there have been periods of reduced liquidity, widening credit spreads and a lack of price transparency in credit and capital markets.

These adverse market conditions have impacted investment markets both globally and in the UAE, through increased volatility in asset prices, commodity prices, interest rates and exchange rates.

On 6 July 2020, the Central Bank of the UAE (the "**UAE Central Bank**") introduced the overnight deposit facility to enable conventional banks operating in the UAE to deposit their surplus liquidity at the UAE Central Bank on an overnight basis. Accordingly, the general stance of the UAE Central Bank's monetary policy would be signalled through the interest rate of the overnight deposit facility, which became the main policy rate of the UAE Central Bank (the "**UAE Base Rate**"). The UAE Central Bank expects overnight money market rates to hover around the UAE Base Rate under normal market conditions. The UAE Base Rate is anchored to the United States Federal Reserve Board (the "**U.S. Federal Reserve**") interest rate on excess reserves (*source*: The UAE Central Bank). Between 16 March 2022 and 27 July 2023, and in response to high levels of inflation, the United States Federal Reserve Board increased U.S. overnight interest rates by an aggregate of 525 basis points. Each increase to the U.S. overnight interest rates was followed by a corresponding increase to the UAE Base Rate by the UAE Central Bank. Subsequently, the U.S. Federal Reserve cut the U.S. overnight interest rate by 100 basis points in 2024 and a further 75 basis points in 2025. In each case, the UAE Central Bank tracked these reductions. It is highly probable that the UAE Base Rate will continue to track U.S. interest rate movements.

Separately, since 16 March 2022, the UAE Central Bank has maintained the interest rate applicable to borrowing short-term liquidity from the UAE Central Bank through all standing credit facilities at 50 basis points above the UAE Base Rate. Future movements in such rates may adversely impact the Issuer's net interest margins, borrowing costs and capital if the Issuer is unable to adjust to the volatile interest rate environment.

As a result of market conditions prevailing as at the date of this Base Prospectus, companies to which the Issuer has directly extended or continues to extend credit have experienced, and may continue to experience, decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing and increased funding costs and some of these companies have been unable to meet their debt service obligations or other expenses as they become due, including amounts payable to the Issuer.

The business, results of operations, financial condition and prospects of the Issuer may be materially adversely affected by future periods of unfavourable economic conditions in the other countries of the GCC and emerging markets generally, as well as by United States, European and international trading market conditions and/or related factors.

Loan Growth

The Issuer's gross loans and advances to customers, including Islamic financing and investment products, (before allowances) increased during 2025 and were AED 166,901 million as at 31 December 2025, compared with AED 127,334 million as at 31 December 2024.

The Issuer's credit exposure and profile continue to be monitored by the Issuer's Board of Directors and management to accurately assess credit quality and develop the Issuer's credit risk management policies and procedures.

The Issuer attracts and retains qualified personnel and trains new personnel appropriately to monitor asset quality and to ensure access to appropriately flexible funding sources that do not impose inappropriate constraints on the Issuer's future funding strategy. Furthermore, the development of new products geared towards the Issuer's expanding customer profiles requires credit assessment skills and input from personnel, as well as well-developed and established risk management procedures and systems.

There can be no assurance that the Issuer will obtain the necessary skills and systems to manage the growth of its business and the related risks in a timely manner. Failure to manage growth successfully and to maintain the quality of its assets and/or flexibility as to funding sources could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer and could, in turn, adversely affect the market price and liquidity of the Notes.

Principal Shareholder

As at 31 December 2025, approximately 85.6 per cent. of the capital of the Issuer was owned by members of the Al-Ghurair family, either directly or indirectly through companies controlled by them. The Issuer emphasises sound corporate governance and maintains independent non-executive directors on its board,

as well as a leadership forum comprised of senior managers who are unrelated to the Al-Ghurair family. See "*Management and Employees – Corporate Governance*", "*Management and Employees – Board of Directors*" and "*Management and Employees – Board of Directors – Management Team*". The Issuer is also subject to the regulatory regime described in "*The United Arab Emirates Banking System and Prudential Regulation*". Nevertheless, the Al-Ghurair family has the ability to influence the Issuer's business significantly through their ability to control actions that require shareholder approval.

Concentration of Deposit Base

Concentrations in the Issuer's deposit portfolio subject it to funding risks from the withdrawal of large deposits.

As at 31 December 2025, the Issuer's 15 largest corporate depositors accounted for 22.3 per cent. of total amounts owed to customers compared with 25 per cent. as at 31 December 2024. The Issuer intends to reduce the concentration in its deposit base by attracting small and medium-sized enterprises ("**SMEs**") and retail depositors. Failure to reduce such concentration could, however, expose the Issuer to increased liquidity risk and have a material adverse effect on the Issuer's results of operations and financial condition.

The Issuer's Assets and Liabilities Committee ("**ALCO**") meets at least once a month to review liquidity ratios, asset and liability structure, interest rate and foreign exchange exposures, internal and statutory ratio requirements, funding gaps and domestic and international economic and financial market conditions.

Although the Issuer considers that it has adequate access to sources of funding, the withdrawal of a significant portion of these large deposits may have an adverse effect on the Issuer's liquidity, financial condition and results of operations as well as its ability to meet the UAE Central Bank target Net Stable Funding Ratio ("**NSFR**") of 100 per cent.

Liquidity Risk

Liquidity risk is the risk that the Issuer will be unable to meet the payment obligations associated with its financial liabilities when they fall due and/or replace funds when they are withdrawn. This could arise from the inability of the Issuer to anticipate and provide for unforeseen decreases or changes in funding sources.

An inability on the Issuer's part to access funds or to access the markets from which it raises funds may put the Issuer's position in liquid assets at risk and lead to it being unable to fund operations adequately. A dislocated credit environment also compounds the risk that the Issuer will not be able to access funds at favourable rates. These factors could also lead creditors to form a negative view of the Issuer's liquidity, which could result in less favourable credit ratings, higher borrowing costs and reduced access to funds. In addition, because the Issuer receives a significant proportion of its funding from customer deposits, the Issuer is subject to the risk that customers could withdraw their funds at a rate faster than the rate at which borrowers repay their loans, thus causing further liquidity strain. The Issuer's inability to refinance or replace such deposits with alternative funding could materially adversely affect the Issuer's liquidity, business, results of operations, financial condition and prospects.

Although the UAE Ministry of Finance and the UAE Central Bank has supported the domestic banking industry in the past, there can be no assurance that either the UAE Ministry of Finance or the UAE Central Bank will provide any additional support to the Issuer and the domestic banking industry or initiate support if another major economic disruption were to occur in the future.

The UAE Central Bank adopted a policy of a gradual, phased introduction of the capital and liquidity standards for credit institutions, approved by the Basel Committee on Banking Supervision (the "**Basel Committee**") in response to the 2008 global financial crisis (the "**Basel III Reforms**"). As part of this gradual introduction of Basel III in the UAE, the UAE Central Bank informed certain banks in the UAE that they are obliged to report the Basel III Liquidity Coverage Ratio ("**LCR**") and the NSFR to the UAE Central Bank.

The LCR is a metric introduced by the Basel Committee as part of the Basel III Reforms to measure a bank's ability to manage a sustained outflow of customer funds in an acute stress event over a 30-day period. The ratio is calculated by taking a financial institution's stock of unencumbered high-quality liquid assets ("**HQLAs**"), which include low-risk, highly marketable asset classes, designed to provide significant sources of liquidity in such a stress scenario, and dividing them by its projected net cash outflows over the immediately following 30-day period. The LCR requires that banks have sufficient HQLAs in their liquidity

buffer to cover the difference between expected cash outflows and expected capped cash inflows over a 30-day stressed period. The Basel III Reforms require that the minimum value of the ratio is 100 per cent. (i.e., an institution's stock of HQLAs should at least equal total net cash outflows). See further "*The United Arab Emirates Banking System and Prudential Regulation – Recent Trends in Banking – Liquidity*".

By virtue of the inherent costs associated with LCR compliance and maintaining a sufficient portfolio of HQLAs, the Issuer may be at a competitive disadvantage to its peer UAE-based financial institutions that are not required to monitor liquidity through LCR, which may have a material adverse effect on its business, results of operations, financial condition and prospects.

Credit Risk

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet its obligations in accordance with agreed terms and in doing so, causes the Issuer to incur a financial loss. The Issuer manages credit risk by monitoring credit exposures, limiting transactions with specific counterparties, diversifying lending activities, complying with UAE Central Bank regulatory requirements and setting internal concentration limits to avoid undue concentrations of risk with individuals or groups of customers in specific locations or businesses. Concentration in the Issuer's loan portfolios subjects it to risks from default by its larger borrowers and/or from exposures to particular sectors of the UAE economy.

As at 31 December 2025, the Issuer's large exposure (top 20 funded exposures) accounted for 17.7 per cent. of gross loans and advances to customers, including Islamic financing and investment products and gross loans to banks. The Issuer continues to place emphasis on credit quality and has in place management controls to monitor and manage credit exposure. A failure to achieve this could have a material adverse effect on the Issuer's results of operations and financial condition.

As at 31 December 2025, the Issuer's assets and liabilities stood at AED 161,959 million and AED 202,275 million, respectively, in the UAE, AED 75,557 million and AED 23,739 million, respectively, in the other Middle Eastern countries, and AED 97,118 million and AED 68,044 million, respectively, outside the region. The Issuer regularly reviews and monitors compliance with lending limits to individual financial institutions and country limits.

Credit risk arises from adverse changes in credit quality and recoverability of loans and advances due from counterparties and is inherent in a wide range of the Issuer's businesses. Credit risk arises from deterioration in the credit quality of specific counterparties or borrowers of the Issuer, from a general deterioration in local or global economic conditions or from systemic risks within the financial sector.

The Issuer's gross non-performing loans to gross loans ratio decreased from 1.4 per cent. for the year ended 31 December 2024 to 1.0 per cent. for the year ended 31 December 2025. The Issuer's loan loss coverage level increased from 209.5 per cent. for the year ended 31 December 2024 to 262.9 per cent. as at 31 December 2025 (including special reserve).

The Issuer will have to continue to place emphasis on credit quality and to further develop financial and management controls to monitor this credit exposure. A failure to achieve this could have a material adverse effect on the Issuer's results of operations, financial condition and prospects which could, in turn, adversely affect the market price and liquidity of the Notes.

Real Estate Exposure

The Issuer's real estate credit risk-weighted exposures ratio is 12.5 per cent. of the total credit risk-weighted assets as at 31 December 2025, while the total credit risk-weighted real estate exposure stood at AED 29.1 billion.

A decrease in real estate prices or a default of the Issuer's main real estate related clients could have an adverse effect on the financial condition or results of operations of the Issuer.

The Issuer has credit-related contingent items and commitments that may lead to potential losses

As part of its normal banking business, the Issuer issues loan commitments, guarantees, letters of credit and other financial products, all of which are accounted for as off-balance sheet until such time as they are funded or cancelled. Although these commitments are largely trade contingent and therefore off-balance sheet, they nonetheless subject the Issuer to related credit and liquidity risks. While the Issuer anticipates

that only a portion of the Issuer's obligations in respect of these commitments will be triggered, the Issuer may become obligated to make payments in respect of a greater portion of such commitments, which could have a material adverse effect on the Issuer's funding needs and credit risks. As at 31 December 2025, the Issuer had AED 43,846 million in such contingent liabilities.

Interest Rate Risk

The Issuer is exposed to risks resulting from changes in interest rates that apply to the Issuer's assets and liabilities. In addition, mismatches between the interest rates on its interest-bearing liabilities and interest-earning assets expose the Issuer to basis risk. Although: (i) the Issuer monitors its interest rate sensitivity by analysing the composition of its assets and liabilities; and (ii) both deposits and loans often reprice simultaneously, providing a natural hedge which reduces the interest rate exposure, sharp interest rate movements could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer and could, in turn, adversely affect the market price and liquidity of the Notes.

Foreign Currency Risks

The Issuer is exposed to the effects of fluctuations in foreign currency exchange rates on its financial position and cash flows. The UAE dirham is the Issuer's functional currency. Almost all of the Issuer's assets and liabilities are denominated in UAE dirham or U.S. dollars and most are match-funded in the same currency. As a result, the Issuer is exposed to limited structural cross-currency foreign currency risk. However, the Issuer currently maintains a position in U.S. dollar within limits approved by the Issuer's ALCO.

Dependence on Key Personnel

The Issuer's success in growing its business depends, in part, on its ability to continue to attract, retain and motivate qualified and skilled personnel. The Issuer also relies on its senior management for the implementation of its strategy and day-to-day operations. As competition for skilled personnel, especially at the senior management level, is intense, the Issuer continues to take measures to attract, motivate and retain skilled personnel.

Competition in the UAE for personnel with relevant expertise is also intense due to a disproportionately low number of available qualified and/or experienced individuals compared with demand. If the Issuer is unable to retain key members of its senior management and cannot hire new qualified personnel replacements in a timely manner, this could have a material adverse effect on the business, results of operations, financial condition or prospects of the Issuer and could, in turn, adversely affect the market price and liquidity of the Notes.

The Issuer's business is dependent on its information and technology systems which are prone to potential cyber attacks

In common with other financial institutions globally, the threat to the security of the Issuer's information and customer data from cyber attacks is real and continues to grow. The quantity of sensitive financial and personally identifiable information stored by financial institutions globally makes them potential targets of cyber attacks. Activists, rogue states and cyber criminals are amongst those targeting computer systems around the world. Risks to technology and cyber security change rapidly and require continued focus and investment to manage and the Issuer acts accordingly and takes appropriate steps on an ongoing basis to combat such threats and minimise such risks by implementing cybersecurity controls. Given the increasing sophistication and scope of potential cyber attacks however, it is possible that future attacks may lead to significant breaches of security. Failure by the Issuer or the Issuer's customers to adequately manage cybersecurity risk and continually review and update current processes in response to new threats could disrupt the Issuer's business, result in the disclosure of confidential information, create significant financial and/or legal exposure and damage the Issuer's reputation and/or brands, which could have a material adverse effect on the Issuer's business, operations and financial condition.

Risk Management Systems

Measurement and management of various types of risks require substantial resources. Although management believes that the Issuer's information technology and management information systems, policies and procedures are adequate for the purposes of measuring, monitoring and managing the Issuer's exposure to credit, operational, liquidity, interest rate, foreign exchange and other risks in the context of its

existing business, as the Issuer's business continues to grow and develop, the Issuer's risk profile also continues to evolve. Management continually assesses the Issuer's risk management infrastructure and resources, and has made considerable investments in information technology over the last few years. In the event that the Issuer's risk management systems are not developed in line with the growth in the Issuer's business and related shifts in its risk exposures, this could have a material adverse effect on the business, operations, financial condition and prospects of the Issuer and could, in turn, adversely affect the market price and liquidity of the Notes.

Operational Risk Management

Operational risk is the risk of loss, whether direct or indirect, due to inadequate or failed internal processes or systems, human error, fraud or external events. Operational risk includes legal and regulatory risk, business process and change risk, fiduciary or disclosure breaches and technology failure. The Issuer has developed policies, processes and assessment methodologies such as Risk & Control Self-Assessments ("RCSA"), to ensure that operational risk is appropriately identified and managed with effective controls. Despite having RCSA policies and controls in place, it is not possible to eliminate any of the operational risks entirely. Operational risks are inherent in the Issuer's day-to-day businesses, may lead to unexpected losses and could have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects, which could, in turn, adversely affect the market price and liquidity of the Notes.

Lack of Information and Risk Assessments

Statistical information published in the UAE relating to the economy generally or to specific economic sectors and corporate or financial information relating to companies and other economic enterprises is not as comprehensive as that found in established market economies. Thus, obtaining statistical, corporate and financial information, including audited financial statements and recognised debt rating reports, available to the Issuer relating to its prospective corporate borrowers or retail clients makes the assessment of credit risk, including the valuation of collateral, more challenging. Although the establishment of the Al Etihad Credit Bureau has improved the quality of credit information available to UAE banks, the credit bureau remains at a developing stage. See further "*The United Arab Emirates Banking System and Prudential Regulation – Recent Trends in Banking – AL Etihad Credit Bureau*". Accordingly, the Issuer, in common with other UAE banks, is frequently required to make risk management assessments in the absence of the quality and quantity of information available to lenders in other, more developed markets.

Although the Issuer ordinarily makes an estimation of the net realisable value of collateral on the basis of which it determines applicable impairment assessment and collateralisation requirements, the absence of additional statistical, corporate and financial information may impact the accuracy of the Issuer's assessments of credit risk, thereby increasing the risk of under-provisioning and decreasing the likelihood that the Issuer would be able to enforce any security in respect of the corresponding loan or that the relevant collateral will have a value commensurate with the loan secured on it.

Exposure to Sovereigns

Debt securities held by the Issuer include securities issued by the UAE Central Bank and OECD sovereigns, as well as a range of high-grade and other bonds. Under statutory requirements, the Issuer's foreign branches are required to maintain a certain portion of their deposits in sovereign or public sector bonds to meet regulatory reserve requirements. Liquid funds at overseas branches have typically been invested in securities of the respective governments. The debt securities held by overseas branches constituted 9.0 per cent. of the investment portfolio as at 31 December 2025. As a result, a failure by the UAE Central Bank or any other relevant overseas government could adversely affect the business, results of operations, financial condition or prospects of the Issuer and could, in turn, adversely affect the market price and liquidity of Notes.

The Issuer is subject to the risk of global climate change

The risks associated with climate change include both physical and economic risks. These risks are subject to rapidly increasing international, societal, regulatory and political focus. For the Issuer, a global shift that results in a transition towards a low-carbon economy could have a significant impact on the Issuer's business.

Physical risks from climate change arise from a number of factors and relate to specific weather events and longer-term shifts in the climate. The nature and timing of extreme weather events are uncertain, but they

are increasing in frequency and their impact on the global economy is predicted to be more acute in the future.

The potential economic impact of global climate change includes, but is not limited to, lower GDP growth, higher unemployment and significant changes in asset prices and profitability of industries. As the international and regional economies in which the Issuer operates transition to low carbon economies, financial institutions such as the Issuer may face significant and rapid developments in stakeholder expectations, policy, law and regulation which could impact the lending activities the Issuer undertakes, as well as the risks associated with its lending portfolios, and the value of the Issuer's financial assets. Furthermore, the Issuer may face greater scrutiny of the type of business it conducts, adverse media coverage and reputational damage, which may in turn impact customer demand for the Issuer's products, returns on certain business activities and the value of certain assets and trading positions, which may result in impairment charges.

In 2025, the UAE Central Bank issued its Climate-related Financial Risk Management Regulation (Circular No. 8/2025), establishing a prudential framework requiring banks to integrate climate-related considerations into their governance, risk assessment processes and climate stress testing. The Climate-related Financial Risk Management Regulation obliges the aforementioned financial institutions to identify, monitor and manage climate-related financial risks, including physical, transition and liability risks, and mandates that such risks be incorporated into existing credit, market, operational and liquidity risk management frameworks. In addition, banks must undertake scenario analysis and assess the potential impact of climate-related financial risks on capital adequacy and solvency, with boards and senior management held accountable for ensuring compliance. Failure to comply with the regulation or to meet supervisory expectations may subject the Issuer to regulatory intervention, including supervisory actions and potential financial or administrative sanctions.

If the Issuer does not adequately embed risks associated with climate change into its risk assessment framework to appropriately measure, manage and disclose the various financial and operational risks it faces as a result of climate change, or fails to adapt its strategy and business model to the changing regulatory requirements and market expectations on a timely basis, there may be a material and adverse impact on the Issuer's business, results of operations and financial condition.

Risk Factors relating to the United Arab Emirates

The war between Israel, the United States and Iran

In June 2025, the United States and Israel launched coordinated attacks on Iran, triggering a 12-day war. Although a ceasefire followed and intermittent peace negotiations took place between the United States and Iran, hostilities resumed on 28 February 2026 when the United States and Israel conducted a further attack on Iran, predominantly by air. Iran has since carried out retaliatory missile and drone attacks against United States forces and installations across the region, as well as against Israel. Iran has also launched strikes on various targets within GCC member states, including the UAE, Kuwait, Saudi Arabia, Oman, Bahrain and Qatar. In the UAE, Iran's missile and drone attacks caused significant disruption and localised damage, including fires on Dubai's Palm Jumeirah and on the exterior façade of the Burj Al-Arab, as well as damage to the Port of Jebel Ali, the Dubai International Airport and the Zayed International Airport in Abu Dhabi. Airspace closures and flight suspensions across most GCC countries, including the UAE, have resulted in widespread disruption to regional aviation, with only limited flight activity gradually resuming. The timeframe for the full reopening of regional airspace remains uncertain. Fatalities and injuries have been reported throughout the region.

Governments across the GCC have activated defensive systems in response to fears of further escalation, and Israel has subsequently carried out additional strikes on Tehran. As at the date of this Base Prospectus, there have been no reports of retaliatory strikes by any GCC country against Iran, although several have stated that they reserve the right to take such action. In addition, the Iranian government has closed the Strait of Hormuz, significantly disrupting global oil shipments and affecting energy markets worldwide.

Due to the recent onset of this conflict and the ongoing uncertainty surrounding its progression, it is not currently possible to determine the impact it may have on the Issuer's business, results of operations or financial condition. However, possible risks include, among others, physical damage to the Issuer's branches, offices or other operational facilities; disruptions to the Issuer's ability to operate resulting from restrictions on movement; heightened volatility in oil prices and other key commodities; increased funding

costs; disruptions to supply chains affecting the UAE and the wider region; reduced business activity or lower demand for the Issuer's products and services from corporate and retail customers in the UAE and internationally; and deterioration in asset quality, including an increase in credit defaults among borrowers operating in affected sectors.

Furthermore, any escalation of the war could result in further instability or a deterioration in the overall political and economic situation in the Middle East, including in the UAE and/or in the global economy and capital markets, which may in turn adversely affect the Issuer's business, results of operations or financial condition. Events that materially and adversely impact the Issuer's business may occur without warning. These remain highly uncertain circumstances, and it is not possible for the Issuer to undertake comprehensive contingency planning given the unpredictability of the ongoing conflict and the associated security risks in the region.

As at 31 December 2025, 45.0 per cent. of the Issuer's gross loans and advances to customers, including Islamic financing and investment products, were to corporate and commercial borrowers in the UAE. Accordingly, any downturn, disruption or instability in the UAE or the wider regional economy could have an adverse effect on the Issuer's business, financial condition, results of operations or prospects. Any such occurrences could therefore affect the Issuer's ability to perform its obligations in respect of the Notes.

Other Political, Economic and Related Considerations

In addition to the specific risks described under "*The war between Israel, the United States and Iran*" above, the Issuer's business may be affected by the financial, political and general economic conditions prevailing from time to time in the MENA region. Since 2011, countries across the MENA region have experienced political upheaval ranging from public demonstrations to armed conflict, civil war and the overthrow of existing leadership, contributing to heightened uncertainty. The region has also seen multiple armed conflicts, including in Yemen, Syria, Sudan, Iraq and Lebanon, as well as multinational operations against the Islamic State and recurrent conflicts involving Israel, Hamas and Iran.

Instability in the Middle East may arise from a number of factors, including government or military regime change, civil unrest, terrorism or other cross-border hostilities. Certain GCC countries have experienced previous attacks on their oil and gas infrastructure. For example, in January 2022, a drone attack claimed by Yemen's Houthi movement targeted fuel trucks and airport-adjacent infrastructure in Abu Dhabi, resulting in fatalities and injuries. In March 2022, Saudi Aramco fuel storage and other energy facilities in Jeddah and Jizan were struck, igniting major fires and drawing international condemnation. Any renewed hostilities, including attacks on or seizures of oil tankers disrupting traffic through the Strait of Hormuz, or related military actions against armed groups such as operations targeting Al-Houthi bases in Yemen, may exacerbate instability in the Gulf.

It is not possible to predict the occurrence of events or circumstances such as war, terrorism, civil unrest or hostilities, or the impact of such occurrences, and no assurance can be given that the Issuer would be able to sustain its business and/or the development of all of its projects if further adverse political events or circumstances were to occur. Any such occurrences could have a material adverse effect on the Issuer's business, financial condition and results of operations and could therefore affect the ability of the Issuer to perform its obligations in respect of the Notes.

While, historically, the UAE has enjoyed significant economic growth and relative political stability, there can be no assurance that such growth or stability will continue, particularly in light of significant adverse financial and economic conditions experienced worldwide since early 2008 and, in particular, in light of the COVID-19 pandemic. Since that time, there has been a slowdown or reversal of the high rates of growth previously experienced by many countries within the GCC and the UAE, especially in Dubai. Consequently, certain sectors of the GCC economy such as financial institutions that had benefited from such high growth rates, have been adversely affected by the global slowdown.

Finally, although the UAE government's policies have generally resulted in improved economic performance, no assurance can be given that such level of performance will be sustained. Similarly, since 2008, global credit markets, particularly in the United States and Europe, have experienced difficult conditions. These challenging market conditions have resulted in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in credit markets. The adverse market conditions have impacted investment markets both globally and in the UAE, including adverse changes and increased volatility in interest rates and exchange rates and decreased returns from equity, property and other

investments. Such conditions, particularly if they were to persist for prolonged periods, would likely adversely impact the UAE property sector.

No assurance can be given that the UAE government will not implement regulations or fiscal or monetary policies, including policies or regulations, or new legal interpretations of existing policies or regulations, relating to or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on economic performance and, in turn, on the Issuer's business, financial condition, results of operations or prospects which could adversely affect the market price and liquidity of the Notes.

General Risk; Emerging Market Risk

The Issuer has a majority of its operations and assets in the UAE. Accordingly, its business may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally. Moreover, investors should note that the Issuer's business and financial performance could be adversely affected by political, economic and related developments both within and outside countries in which the Issuer operates because of the interrelationship with global financial markets.

Investors should also be aware that investments in developing markets, such as the UAE, are subject to greater risks than investments in more developed markets, including in some cases significant legal, economic and political risks. Moreover, although economic conditions are different in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including the UAE. Accordingly, the market prices of Notes may be subject to significant fluctuations, which may not necessarily be related to the financial performance of the Issuer. Investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, an investment in Notes is only suitable for sophisticated investors who fully appreciate the significance of the risks involved.

The UAE's economy is highly dependent upon its oil revenue

Although the UAE has a more diversified economy than most other countries in the GCC, the UAE's economy, directly and indirectly remains highly dependent upon its oil revenues.

According to data produced by OPEC, as at 31 December 2024, the UAE had approximately 9.1 per cent. of the proven crude oil reserves among OPEC members (giving it the fifth-largest oil reserves among OPEC members) with OPEC members' total share in the world's crude oil reserves being 79.2 per cent. (*source*: OPEC Annual Statistical Bulletin 2025). According to preliminary data produced by the UAE Federal Competitiveness and Statistics Authority, the mining and quarrying sector (which includes crude oil and natural gas) constituted approximately 22.5 per cent. of the UAE's constant GDP as at 30 June 2025, as compared to 24.5 per cent. as at 31 December 2024.

According to the OPEC website, the price of the OPEC Reference Basket has fluctuated significantly in recent years. In addition to a fall in the demand for oil as a result of the spread of COVID-19, factors such as the inability of OPEC and its allies to efficiently reach an agreement on oil production levels have had a significant impact on the price of oil (see further "*Risks related to the Issuer's business activities and industry – Impact of recent macroeconomic and financial market conditions – Oil Price Volatility*").

Rising tensions between Russia and the North Atlantic Treaty Organization ("**NATO**") in connection with Ukraine, culminating in the Russia-Ukraine crisis that erupted in February 2022 and saw sanctions imposed on Russian companies and institutions in the energy and banking industries and a ban on imports of Russian oil and gas by some NATO and European countries, which is still ongoing, caused oil prices to surge above U.S.\$100.00 for the first time since 2013 to a monthly average price of U.S.\$117.72 per barrel in June 2022. Although oil prices have since declined and stabilised, future significant and sustained increases due to the ongoing Russia-Ukraine crisis, instability in the Middle East (see "*The war between Israel, the United States and Iran*" and "*Other Political, Economic and Related Considerations*" above) or for any other reason, particularly when coupled with rising inflation, may have a negative impact on the Issuer's corporate and retail customers. This, in turn, may have an adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Oil prices are expected to continue to fluctuate in the future in response to changes in many factors over which the Issuer has no control. Factors that may affect the price of oil include, but are not limited to:

- economic and political developments in oil-producing regions, particularly in the Middle East and in Eastern Europe;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- the ability of members of OPEC and other crude oil-producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil-producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels; and
- global weather and environmental conditions.

If international prices for hydrocarbon products were to materially fall from their current levels and remain there for a significant period of time into the future, this could have a material adverse effect on the UAE's economy which, in turn, could have an adverse effect on the Issuer's business, financial condition and results of operations.

Tax changes in the UAE may have an adverse effect on the Issuer

On 9 December 2022, the UAE Ministry of Finance issued Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "**Corporate Tax Law**") to enact a federal corporate tax regime in the UAE, that applies to taxable persons for financial years beginning on or after 1 June 2023. Under the Corporate Tax Law, corporate tax applies to the net profits of a business. A 9 per cent. corporate tax rate applies to taxable income above AED 375,000, while a rate of 0 per cent. applies to taxable income not exceeding AED 375,000. The first tax period that the Corporate Tax Law is applicable to the Issuer commenced on 1 January 2024.

In December 2024, the UAE announced its implementation of the GloBE rules of the OECD in the form of a domestic minimum top-up tax of 15 per cent., effective from 1 January 2025, for multinational enterprises meeting the criteria of the rules. The GloBE rules seek to ensure that multinational enterprises pay a minimum tax of 15 per cent. in respect of the excess profits derived from every jurisdiction in which they operate. The Issuer and its subsidiaries are within the scope of these rules and are therefore required to calculate their GloBE effective tax rate for each jurisdiction in which they operate. As a result of these rules, the Issuer would be liable for a top-up tax in respect of low-taxed jurisdictions (i.e., jurisdictions with an effective tax rate below 15 per cent.), with such top-up tax (to bring the effective rate up to 15 per cent.) payable to the Federal Tax Authority of the UAE.

Investors should also be aware that with effect from 1 January 2018, certain GCC states (including the UAE) have implemented a VAT regime at a rate of 5 per cent., as part of a broader GCC-wide agreement. The Kingdom of Saudi Arabia increased the VAT rate to 15 per cent. effective from 1 July 2020. See further "*Risks related to the Issuer's business activities and industry – Impact of recent macroeconomic and financial market conditions*". On 11 May 2020, the UAE Ministry of Finance stated that there were no immediate plans to increase the rate of VAT in the UAE.

Material amendments to the Corporate Tax Law (or any other analogous tax regime) may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects, which in turn could affect the Issuer's ability to perform its obligations in respect of the Notes. The introduction of VAT in the UAE represents an additional cost to the Issuer relative to the previous tax-free environment, and its future profitability could be negatively affected.

Foreign exchange movements or any alteration to, or abolition of, the foreign exchange "peg" of the UAE dirham to the U.S. dollar may adversely affect the Issuer's profitability

The Issuer maintains its accounts, and reports its results, in the UAE dirham, while the Notes are likely to be denominated and payable in U.S. dollars or other foreign currencies. Although the AED has been 'pegged' at a fixed exchange rate to the U.S. dollar since 22 November 1980, the Issuer is exposed to the potential impact of any alteration to, or abolition of, this foreign exchange 'peg'.

In response to the volatility of oil prices internationally through 2015, oil-producing countries with currencies that had been traditionally pegged to the U.S. dollar faced pressure to de-peg and, in certain cases, did de-peg their currencies. For example, Kazakhstan de-pegged the Kazakhstani tenge from the U.S. dollar on 20 August 2015, which was followed on 21 December 2015 by the removal of the U.S. dollar peg against the Azerbaijani manat.

There is a risk that additional countries may choose to unwind their existing currency peg to the U.S. dollar, both in the GCC and the wider region. While the long-term impacts of such actions are uncertain, it is likely that any such de-pegged currency would face a devaluation against the U.S. dollar immediately post-removal of the peg. Given the levels of exposure amongst regional financial institutions to other pegged currencies, it is also likely that such currency devaluation(s) would pose a systemic risk to the regional banking systems in the UAE and across the GCC region, thereby impacting the open cross-currency positions held by regional banks, including the Issuer.

While the UAE Central Bank has re-iterated its intention to retain the UAE dirham peg against the U.S. dollar, there can be no assurance that the UAE dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Issuer's result of operations and financial condition. Additionally, any such de-pegging either in the UAE or across the wider region, particularly if such de-pegging is accompanied by the anticipated currency de-valuations against the U.S. dollar (as described above), could have an adverse effect on the Issuer's business, results of operations, financial condition and prospects, and thereby affect the Issuer's ability to perform its obligations under the Notes.

Risk Factors relating to the legal and regulatory environment

Regulation of the Banking Industry

The Issuer conducts activities in a highly regulated market which exposes it to risks arising from laws and regulations that apply to the businesses it operates. These laws and regulations are highly dynamic, may vary between jurisdictions, and can be unclear in their application to particular circumstances, especially in new and emerging areas. This exposes the Issuer to the risk of loss or the imposition of penalties, damages or fines from the failure of the Issuer to meet its legal obligations.

A breach of applicable legislation and/or regulations by the Issuer or its employees could result in criminal prosecution, regulatory censure, significant fines and other sanctions in the jurisdictions in which the Issuer operates. The Issuer may be subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Issuer is, or has been, engaged.

The outcome of legal or regulatory matters, both those to which the Issuer is currently exposed and any others which may arise in the future, is difficult to predict. In connection with such matters, the Issuer may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Issuer to any of the following outcomes: substantial monetary damages, settlements and/or fines; remediation of affected customers and clients; other penalties and injunctive relief; additional litigation; criminal prosecution; the loss of any existing agreed protection from prosecution; regulatory restrictions on the Issuer's business operations including the withdrawal of authorisations; increased regulatory compliance requirements or changes to laws or regulations; suspension of operations; public reprimands; loss of significant assets or business; a negative effect on the Issuer's reputation; loss of confidence by investors, counterparties, clients and/or customers; risk of credit rating agency downgrades; potential negative impact on the availability and/or cost of funding and liquidity; and/or dismissal or resignation of key individuals. Any of these outcomes could have a material adverse effect on the Issuer's business, results of operations, financial condition or prospects, and further on the market price and liquidity of the Notes.

The Issuer is subject to a number of prudential controls designed to maintain the safety and soundness of banks, ensure their compliance with economic, social and other objectives and limit their exposure to risk.

These include UAE federal laws and regulations (particularly those of the UAE federal government and the UAE Central Bank). In particular (but without limitation), the Issuer is subject to restrictions on credit limits in respect of real estate and construction financing, major shareholders or to a single customer (based on the Issuer's customer deposits and/or capital and reserves as prescribed by the UAE Central Bank). Such regulations may limit the Issuer's ability to increase its loan portfolio or raise capital or may increase the Issuer's cost of doing business.

Regulatory standards applicable to banks in the UAE and the oversight and enforcement thereof by the regulators may differ from those applicable to banking operations in more highly developed regulatory regimes. There can be no assurance that the UAE Government will not implement regulations or policies, including policies or regulations or legal interpretations of existing banking or other regulations, relating to or affecting taxation, interest rates, commissions, fees, inflation or exchange controls, or otherwise take action that could have a material adverse effect on the Issuer's business, results of operations, financial condition or prospects, and further on the market price and liquidity of the Notes.

Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies which may have a material adverse effect upon the Issuer's business, the value of its assets and its financial condition cannot be predicted and are beyond the control of the Issuer.

A description of the legal and regulatory environment applicable to banks generally in the UAE is set out below under "*The United Arab Emirates Banking System and Prudential Regulation*".

Changes to the Basel regulatory framework as implemented in the UAE may have an effect on the Issuer

The Basel Committee has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III Reforms, constituting guidance on the eligibility criteria for Tier 1 and Tier 2 capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III Reforms began on 1 January 2013; however, the requirements are subject to a series of transitional arrangements that will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled "*Minimum requirements to ensure loss absorbency at the point of non-viability*" (the "**January 2011 Press Release**") included an additional qualification requirement for Tier 1 and Tier 2 capital instruments under Basel III.

This requirement (the "**Non-Viability Requirement**") requires contractual or legislative terms providing for, at the option of the relevant authority, the writing-off of the principal amount of Tier 1 and Tier 2 capital instruments or the conversion of such Tier 1 and Tier 2 capital instruments into ordinary shares upon the occurrence of the earlier of: (a) a decision that a write-off, without which the relevant bank would become non-viable, is necessary; and (b) the decision to make a public sector injection of capital, without which the relevant bank would become non-viable, in each case as determined by the relevant authority (a "**Non-Viability Event**"). This definition is for illustrative purposes only and may not necessarily reflect the meaning ascribed to the term "**Non-Viability Event**" (or any term equivalent thereto) pursuant to any law or regulation implementing Basel III in the UAE.

On 23 February 2017, the UAE Central Bank published the "*Regulations re Capital Adequacy*" (the "**February 2017 Regulations**") in the Official Gazette issue 612, which were effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III Reforms, whilst implementing the measures contained in the May 2016 consultation document published by the UAE Central Bank, entitled "*Capital Adequacy Regulation*" (the "**Consultation Document**").

The February 2017 Regulations are supported by accompanying standards (the "**Accompanying Standards**") which were published by the UAE Central Bank on 17 January 2018 in its Circular No. 28/2018 entitled "*Standard re Capital Supply*" and are expressed to be effective from 31 December 2017. In addition, in March 2018 the UAE Central Bank published its "*Standard re Tier Capital Instruments*" (the "**Standard re Tier Capital Instruments**" and together with the Accompanying Standards, the "**Capital Standards**") (and accompanying guidance), expressed to be effective from 31 March 2018. The Capital Standards elaborate on the supervisory expectations of the UAE Central Bank, as set out in the February 2017 Regulations, with respect to the relevant Basel III capital adequacy requirements and how

they will be applied by the UAE Central Bank to banks in the UAE. For example, banks which are classified as "domestic systemically important banks" ("**D-SIBs**") by the UAE Central Bank will be required to hold additional capital buffers as notified to them by the UAE Central Bank. In addition, a bank may also be subject to additional capital add-on requirements following a Supervisory Review and Evaluation process of the UAE Central Bank.

Moreover, the UAE Central Bank's Standard Re Tier Capital Instruments requires that a periodic distribution on any additional tier 1 instrument should be cancelled if the relevant UAE bank does not have sufficient "Distributable Items" on the relevant date for payment of (i) such periodic distribution and (ii) certain other payment obligations. However, if the UAE Central Bank's ultimate implementation of any additional counter-cyclical or systemically important buffers is not in accordance with the provisions set out in the February 2017 Regulations and the Capital Standards, the regulatory burden on UAE financial institutions such as the Issuer may further increase which could adversely impact the Issuer's business. In addition, if further counter-cyclical or systemically important buffers are implemented by the UAE Central Bank, it is possible that UAE financial institutions, including the Issuer, will be required to increase the levels of Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital (together, "**Regulatory Capital**") that they hold on their balance sheets.

Such regulations may limit the Issuer's ability to increase its loan portfolio or raise capital or may increase the Issuer's cost of doing business. Any further changes in laws or in UAE Central Bank regulations or policy and/or the manner in which they are interpreted or enforced may affect the Issuer's reserves, revenues and performance and may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. Furthermore, non-compliance with regulatory guidelines could expose the Issuer to potential liabilities and fines. Although the Issuer works closely with its regulators and continually monitors compliance with UAE Central Bank regulations and policy, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control. See further "*The United Arab Emirates Banking System and Prudential Regulation – Recent Trends in Banking – Capital Adequacy*".

UAE law and courts and the enforcement of foreign judgments in the Emirate of Dubai

The payments under the Notes are dependent on the Issuer making payments in the manner contemplated under the Notes. If the Issuer fails to do so, it may be necessary to bring an action against the Issuer to enforce its obligations and/or to claim damages as appropriate, which may be costly and time consuming.

Furthermore, to the extent that enforcement of remedies must be pursued in the UAE, it should be borne in mind that there is limited scope for self-help remedies under UAE law and that, generally, enforcement of remedies in the UAE must be pursued through the courts.

The Issuer has irrevocably agreed to the Notes, the Agency Agreement, the Deed of Covenant (each as defined in the Conditions) and the Dealership Agreement (as defined in "*Subscription and Sale*") being governed by English law. Unresolved disputes in relation to the Notes, the Agency Agreement, the Deed of Covenant and/or the Dealership Agreement (as applicable) will, unless the option to litigate set out therein is exercised, be referred to arbitration under the LCIA Arbitration Rules, with the seat of arbitration in London. In the event that such option to litigate set out therein is exercised, any dispute may also be referred to the courts of England (or another court of competent jurisdiction as the relevant party may elect). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that the Issuer has, or would at the relevant time have, assets in the UK against which such arbitral award or judgment could be enforced.

The Issuer is a UAE company and is incorporated in and has its operations and the majority of its assets located in the UAE. Under current UAE federal law, the courts in the UAE are unlikely to enforce an English court judgment without re-examining the merits of the claim and may not observe the parties' choice of English law as the governing law of the transaction. In the UAE, foreign law is required to be established as a question of fact and the interpretation of English law by a court in the UAE may not accord with that of an English court. In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or to any mandatory law of, or applicable in, the UAE. This may mean that the UAE courts may seek to interpret English law governed documents as if they were governed by

UAE law and there can therefore be no certainty that in those circumstances the UAE courts would give effect to such documents in the same manner as the parties may intend.

As the UAE is a civil law jurisdiction, judicial precedents in the UAE have no binding effect on subsequent decisions. In addition, court decisions in Dubai are generally not recorded and there is no formal system of reporting court decisions in the UAE. These factors create greater judicial uncertainty than would be expected in other jurisdictions. The enforcement of a foreign judgment or arbitral award may be a lengthy process in the UAE.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should be enforceable in the UAE in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V(1) of the New York Convention to refuse enforcement, or the UAE courts find pursuant to Article V(2) of the New York Convention that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE.

In practice, however, there is no established track record as to how the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention). This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems, whose rulings may have no more than persuasive force cross-border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards has been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign court judgments under the UAE Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of Federal Law No. 11 of 1992 (as amended by Federal Law No. 30 of 2005) (the Law of Civil Procedure).

Federal Law No. 42 of 2022 Promulgating the Civil Procedure Code ("**Law of Civil Procedure**") governs the enforcement of foreign arbitral awards in the UAE. The Law of Civil Procedure confirms that arbitral awards issued in a foreign state may be enforced in the UAE and that any conditions for enforcement of foreign arbitral awards set out therein shall not prejudice the provisions of treaties and agreements entered into by the UAE with other states, such as the New York Convention. However, there is no established track record as to how the overlapping provisions of the New York Convention and the Law of Civil Procedure will be interpreted and applied by the UAE courts in practice. In addition, there remains a risk that, notwithstanding the Law of Civil Procedure and the terms of any applicable treaties or agreements between the UAE and other states, the UAE courts may in practice still consider and apply the grounds set out in Federal Law No. 6 of 2018 (the "**UAE Arbitration Law**") to the enforcement of any non-UAE arbitral award. As the UAE Arbitration Law and the Law of Civil Procedure are both relatively untested, it is unclear how they will be applied by the UAE courts in practice. Accordingly, there is a risk that a non-UAE arbitral award will be refused enforcement by the UAE courts.

There have been conflicting decisions of the onshore UAE courts with respect to the validity of asymmetrical dispute resolution clauses which provide one party with the option to choose the applicable dispute forum. The relevant decisions have not involved asymmetrical dispute resolution clauses providing a mutual agreement to arbitrate with a unilateral option to litigate in the form contained in the Conditions, the Agency Agreement, the Deed of Covenant and the Dealership Agreement. However, the decisions give rise to a risk that the UAE courts may find other types of asymmetrical dispute resolution clauses to be invalid, and that an onshore UAE court may find that the unilateral option to litigate in the Programme documentation is invalid, that its inclusion invalidates the arbitration agreement in the dispute resolution provisions thereof, or otherwise does not deprive the UAE courts of jurisdiction in respect of any dispute thereunder. In such circumstances, a UAE court may accept jurisdiction in contravention of the dispute resolution provisions of the Conditions, the Agency Agreement, the Deed of Covenant and/or the Dealership Agreement, or potentially refuse to enforce an arbitral award or court judgment obtained pursuant to the dispute resolution provisions thereof. Moreover, claims may become time-barred or become subject to a counterclaim. This creates further uncertainty with respect to enforcement.

UAE bankruptcy law may adversely affect the holders of Notes

In the event of the Issuer's insolvency, UAE bankruptcy law may adversely affect the Issuer's ability to perform its obligations under the Notes. There is little precedent to predict how claims by or on behalf of the Noteholders against the Issuer upon its insolvency would be resolved, and therefore there can be no assurance that Noteholders will receive payment of their claims in full or at all in these circumstances.

Risk Factors relating to the nature of the Notes

Notes subject to Optional Redemption by the Issuer

The Issuer may issue Notes which entitle the Issuer to redeem such Notes prior to their maturity date at its option and at a price which may be less than the prevailing market price of those Notes. An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. However, this may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider the reinvestment risk in light of other investments available at that time.

Regulation of benchmarks may lead to future reforms or discontinuation

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be benchmarks have been subject to significant regulatory scrutiny and legislative intervention in recent years. This relates not only to creation and administration of benchmarks, but, also, to the use of a benchmark rate. In the EU, for example, the EU Benchmarks Regulation applies to the provision of, contribution of input data to, and the use of, a benchmark within the EU, subject to certain transitional provisions. Similarly, Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK Benchmarks Regulation**") applies to the provision of, contribution of input data to, and the use of, a benchmark within the UK, subject to certain transitional provisions.

Legislation such as the EU Benchmarks Regulation or the UK Benchmarks Regulation, if applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index – for example, if the methodology or other terms of the benchmark are changed in the future in order to comply with the terms of the EU Benchmarks Regulation or the UK Benchmarks Regulation or other similar legislation, or if a critical benchmark is discontinued or is determined to be by a regulator to be "no longer representative". Such factors could (amongst other things) have the effect of reducing or increasing the rate or level or may affect the volatility of the published rate or level of the benchmark. They may also have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks", or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

Although EURIBOR has subsequently been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with the Euro Short Term Rate ("**€STR**") or an alternative benchmark.

The elimination of EURIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 7(i) (*Benchmark Replacement – Independent Adviser*) and Condition 7(j) (*Benchmark Replacement – SOFR*)), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Interest rate "fallback" arrangements may lead to Notes performing differently or the effective application of a "fixed rate"

If a relevant benchmark (including any page on which such benchmark may be published (or any other successor service)) becomes unavailable or a Benchmark Event or a Benchmark Transition Event (each as defined in the Conditions), as applicable, occurs, the Conditions of the Notes provide for certain fallback arrangements. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative reference rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective.

Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. It is also possible that such an event may be deemed to have occurred prior to the issue date for a Series of Notes. Moreover, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser (as defined in the Conditions) in certain circumstances, the relevant fallback provisions may not operate as intended at the relevant time. Additionally, in certain circumstances, the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used, which may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks arising from the possible cessation or reform of certain reference rates, in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Methodologies for the calculation of risk-free rates (including overnight rates or forward-looking rates) as reference rates for Floating Rate Notes may vary and may evolve

"Risk-free" rates, such as the Sterling Overnight Index Average ("SONIA"), the Secured Overnight Financing Rate ("SOFR") and €STR, as reference rates for Eurobonds, have become more commonly used as benchmark rates for bonds in recent years. Most of the rates are backwards-looking, but the methodologies to calculate the risk-free rates are not uniform. Such different methodologies may result in slightly different interest amounts being determined in respect of otherwise similar securities.

The Issuer may in the future also issue Notes referencing SONIA, the SONIA Compounded Index, SOFR, the SOFR Compounded Index or €STR that differ materially in terms of interest determination when compared with any previous Notes issued by it under this Programme.

Such variations could result in reduced liquidity or increased volatility or might otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time. In addition, investors should consider how any mismatch between applicable conventions for the use of reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates. Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA, SOFR, €STR or any related indices.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA, SOFR or €STR or any related indices.

It is not possible to calculate interest rates in advance for Notes which reference SONIA, SOFR, €STR or any related indices

Interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may therefore be difficult for investors in Notes which reference such risk-free rates reliably to estimate the amount of interest which will be payable on such Notes. Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking rates become due and payable as a result of an Event of Default under Condition 12 (*Events of Default*), or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest Rate payable in respect of such Notes shall be determined by reference to a shortened period

ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

The administrator of SONIA, SOFR or €STR or any related indices may make changes that could change the value of SONIA, SOFR or €STR or any related index, or discontinue SONIA, SOFR or €STR or any related index

Newer reference rates or any related indices and rates that fall outside the scope of the EU Benchmarks Regulation and the UK Benchmarks Regulation may also be subject to changes or discontinuation. For example, the Bank of England, the Federal Reserve, Bank of New York or the European Central Bank (or their successors) as administrators of SONIA (and the SONIA Compounded Index), SOFR (and the SOFR Compounded Index) or €STR, respectively, may make methodological or other changes that could change the value of these risk-free rates and/or indices, including changes related to the method by which such risk-free rate is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, SOFR or €STR, or timing related to the publication of SONIA, SOFR or €STR or any related indices. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA, SOFR or €STR or any related index (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

Subordination

Purchasers of Subordinated Notes should be aware that the rights of holders of Subordinated Notes against the Issuer are subordinated in right of payment to the claims of all Senior Creditors (creditors of the Issuer (including depositors), other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank *pari passu* with, or junior to, the claims of the Issuer's subordinated and unsecured creditors, save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application) of the Issuer and, accordingly, payments by the Issuer in respect of Subordinated Notes (whether on account of principal, interest or otherwise) are conditional upon the Issuer being solvent at the time of such payment. No payment shall be payable by the Issuer in respect of Subordinated Notes except to the extent that the Issuer could make such payment, and any other payment required to be made to a creditor in respect of any indebtedness, which ranks or is expressed to rank *pari passu* with the relevant Subordinated Notes, and still be solvent immediately thereafter. For this purpose, the Issuer shall be solvent if: (i) it is able to pay its debts as they fall due; and (ii) its assets exceed its liabilities.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes may be subject to early redemption for tax reasons

Pursuant to Condition 9(b) (*Redemption for tax reasons*), the Issuer may, at any time (if the Floating Rate Note provisions are specified in the relevant Final Terms as not being applicable) or on any Interest Payment Date (if the Floating Rate Note provisions are specified in the relevant Final Terms as being applicable) having given not less than 30 nor more than 60 days' prior notice to Noteholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable) redeem in accordance with the Conditions, all, but not some only, of the Notes at their Early Redemption Amount.

Any such redemption of the Notes is subject to the requirements set out in Conditions 9(b) (*Redemption for tax reasons*).

There is no assurance that the holders of the Notes will be able to reinvest the amount received upon such redemption at a rate that will provide the same rate of return as their investment in the Notes. During any period when the Issuer may redeem the Notes, the market value of the Notes generally will not rise substantially above the Early Redemption Amount (as defined in the Conditions) payable. Prospective investors should consider the re-investment risk in light of other investments available at that time.

Subordinated Notes may be subject to early redemption for regulatory reasons

Pursuant to Condition 9(f) (*Regulatory Redemption Event*), on the occurrence of a Regulatory Redemption Event (as defined in the Conditions), the Issuer shall, at any time on any Interest Payment Date having given not less than 15 nor more than 30 days' prior notice to Noteholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable) redeem in accordance with the Conditions, all, but not some only, of the Subordinated Notes at their Make Whole Redemption Amount.

There is no assurance that the holders of the Subordinated Notes will be able to reinvest the amount received upon such redemption at a rate that will provide the same rate of return as their investment in the Subordinated Notes. During any period when the Issuer redeems the Subordinated Notes, the market value of the Subordinated Notes generally will not rise substantially above the Regulatory Redemption Amount payable. Prospective investors should consider the re-investment risk in light of other investments available at that time.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared with conventional interest-bearing securities with comparable maturities.

No Market; Illiquidity

The Notes are new debt securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). Although applications have been made for the Notes to be (i) listed on the Luxembourg Official List and the DFSA Official List; and (ii) admitted to trading on the regulated market of the Luxembourg Stock Exchange and on Nasdaq Dubai, there can be no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted, or that an active trading market will develop or, if developed, that it will continue. In addition, the Issuer may choose to issue unlisted Notes. Any one or more of the Dealers may make a market in the Notes, but are not obligated to do so and may discontinue any market making, if commenced, at any time without notice and the ability of the Dealers to make a market in the Notes (if applicable) may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Notes. There can be no assurance that a secondary market will develop for the Notes (including, in particular RMB Notes) or, if a secondary market therein does develop, that it will continue. In which case, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks of no liquidity and the financial and other risks associated with an investment in Notes.

Exchange Trading

If a particular Tranche of Notes issued under the Programme is to be traded on the regulated market of the Luxembourg Stock Exchange or on or by any other relevant stock exchange, competent authority and/or quotation system within the European Union (the "EU"), which qualifies as a regulated market for the purposes of EU MiFID II (each, for the purposes of the following, an "EU Exchange"), the Issuer expects, but is not obligated to investors, to maintain the eligibility of the Notes for trading on such EU Exchange(s). Changed circumstances, including changes in applicable regulatory requirements, could result in a suspension or removal of trading privileges, or cause the Issuer to conclude that continued trading of the Notes on such EU Exchange(s) is unduly burdensome.

Noteholder Meetings; Modification

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Subject to and in accordance with Condition 7(i)(v) (*Benchmark Replacement – Independent Adviser*) and Condition 7(j) (*Benchmark Replacement – SOFR*), as applicable, certain changes may be made to the interest calculation of Floating Rate Notes, without the consent of the Noteholders. The Conditions also provide that they may be amended, without the consent of Noteholders, to correct a manifest error, in the circumstances specified in Condition 16 (*Meetings of Noteholders; Modification and Waiver*).

Change of law

The structure of the issue of the Notes under the Programme is based on English law, UAE law and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law, UAE law or administrative practices after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes to be issued under the Programme or to comply with its obligations under the transaction documents to which it is a party.

Notes where denominations involve integral multiples; Definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the relevant minimum denomination that are not integral multiples of such minimum denomination. Noteholders who, as a result of trading such amounts, hold a principal amount of Notes other than a multiple of the relevant minimum denomination will receive Definitive Notes in respect of their holding (**provided that** the aggregate amount of Notes they hold is in excess of the minimum denomination), however, any such Definitive Notes which are printed in denominations other than the relevant minimum denomination may be illiquid and difficult to trade. Furthermore, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the relevant minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to at least the relevant minimum denomination.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, holders of the Notes will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, holders of the Notes will not be entitled to receive Definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, holders of the Notes will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their participants.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary, as the case may be, for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Final Terms (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency.

These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls.

An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (a) the Investor's Currency-equivalent yield on the Notes; (b) the Investor's Currency-equivalent value of the principal payable on the Notes; and (c) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (2) provided by a credit rating agency not established in the EEA but which is endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation or (3) provided by a credit rating agency not established in the EEA but which is certified under the EU CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not (1) issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK but which is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK but which is certified under the UK CRA Regulation. Limited information with respect to the credit rating agencies and ratings is disclosed on the front cover of this Base Prospectus and, if a Tranche of Notes is rated, such rating will be disclosed in the relevant Final Terms.

A downgrade in the Issuer's credit ratings could limit its ability to negotiate new loan facilities or access the debt capital markets and may increase its borrowing costs and/or adversely affect its relationship with creditors

The Issuer's credit ratings, which are intended to measure its ability to meet its debt obligations as they fall due, are an important factor in determining the Issuer's cost of borrowing funds. The interest rates of the Issuer's borrowings are partly dependent on its credit ratings. As at the date of this Base Prospectus, the Issuer has been rated by Fitch at A, Moody's at A3 and S&P at A. A downgrade of the Issuer's credit ratings may increase its cost of borrowing and materially adversely affect its results of operations.

A downgrade of the Issuer's credit ratings may also limit its or its subsidiaries' ability to raise capital. Moreover, actual or anticipated changes in the Issuer's credit ratings or the credit ratings of the Notes (if applicable) generally may affect the market value of the Notes. In addition, ratings assigned to the Notes (if applicable) may not reflect the potential impact of all risks related to the transaction, the market or any additional factors discussed in this Base Prospectus and other factors may affect the value of the Notes.

Risks relating to Notes denominated in Renminbi

Notes denominated in Renminbi ("**RMB Notes**") may be issued under the Programme. A description of risks which may be relevant to an investor in RMB Notes is set out below:

Renminbi is not freely convertible and there are regulations on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of RMB Notes

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in regulation by the PRC Government in recent years, particularly in respect of trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC Government.

Although the People's Bank of China ("**PBoC**") has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC Government will liberalise cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term regulations on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service RMB Notes

As a result of the regulations on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBoC has entered into agreements (the "**Settlement Arrangements**") on the clearing of Renminbi business with financial institutions (the "**Renminbi Clearing Banks**") in a number of financial centres and cities, including but not limited to Hong Kong, has established the Cross Border Inter Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are regulations imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC, although PBoC has gradually allowed participating banks to access the PRC's onshore interbank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the RMB Notes. To the extent that the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in RMB Notes is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. The PBoC has in recent years implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. Dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to the RMB Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the RMB Notes in that foreign currency will decline.

Investment in the RMB Notes is subject to currency risk

If the Issuer is unable to or it is impracticable for it to satisfy its obligation to pay interest and principal on the RMB Notes as a result of an RMB Currency Event (as defined in the Conditions), the Issuer shall be entitled, on giving notice as soon as practicable to the investors in accordance with the Conditions stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed in relation thereto, to settle any such payment in the Relevant Currency (as specified in the relevant Final Terms) converted using the Spot Rate for the relevant Rate Calculation Date (as defined in the Conditions) of any such interest or principal, as the case may be.

Payments with respect to the RMB Notes may be made only in the manner designated in the RMB Notes

All payments to investors in respect of the RMB Notes will be made solely (i) for so long as the RMB Notes are represented by Global Notes held with the common depositary, for Clearstream Banking S.A. and Euroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or in the RMB Settlement Centre(s), if so specified in the relevant Final Terms, (ii) for so long as the RMB Notes are represented by Global Notes, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures or (iii) for so long as the RMB Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or in the RMB Settlement Centre(s), if so specified in the relevant Final Terms, in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("EIT") or PRC individual income tax ("IIT") if such gain is regarded as income derived from sources within the PRC. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the PRC sourced gains derived by such non-PRC resident enterprise from the transfer of Renminbi Notes but its implementation rules have reduced the EIT rate to 10 per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and thus become subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if enterprise or individual resident Holders which are non-PRC residents are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between the PRC and the jurisdiction in which such non-PRC enterprise or individual Holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be in the form of either a temporary global note (the "**Temporary Global Note**"), without interest coupons, or a permanent global note (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Tranche of Notes with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

The relevant Final Terms for each Tranche of Notes that have a maturity of more than 365 days will also specify whether United States Treasury Regulation §1.163-5I(c)(2)(i)(c) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**TEFRA D Rules**") are applicable in relation to the Notes. For each Tranche of Notes that do not have a maturity of more than 365 days, regardless of when issued, the relevant Final Terms shall specify that the TEFRA C Rules and the TEFRA D Rules are not applicable.

All relevant information with respect to the Notes in a particular Tranche, including with respect to any reference or underlying securities relating to such Notes, will be set forth in the relevant Final Terms.

Temporary Global Note exchangeable for a Permanent Global Note

If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the specified office of the Issuing and Principal Paying Agent; and
- (ii) receipt by the Issuing and Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

The principal amount of Notes represented by the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; **provided, however, that** in no circumstances shall the principal amount of Notes represented by the Permanent Global Note exceed the initial principal amount of Notes represented by the Temporary Global Note.

Exchange of Permanent Global Notes

The Permanent Global Note will be exchangeable, upon notice, in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

- (i) if the relevant Final Terms specify "in the limited circumstances described in the Permanent Global Note", then if: (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or

announces an intention permanently to cease business or in fact does so; or (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs; or

- (ii) if the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 11 (*Taxation*), which would not be required were the Notes represented by the Permanent Global Note in definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the specified office of the Issuing and Principal Paying Agent within 30 days of the bearer requesting such exchange.

In the event that a Permanent Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specify that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specify the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specify that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the specified office of the Issuing and Principal Paying Agent within 30 days of the bearer requesting such exchange.

The option for Temporary Global Notes to be exchangeable for Definitive Notes by giving notice should not be expressed to be applicable under paragraph 19 (*Bearer Notes*) of Part A of the relevant Final Terms if the relevant Notes have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount. Furthermore, Notes should not be issued which have such denominations if such Notes are to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Conditions to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the

manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Conditions applicable to Global Notes

Each Global Note will contain provisions which modify the Conditions as they apply to the Global Note. The following is an overview of certain of those provisions:

Payments: All payments in respect of the Global Note are made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note at the specified office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the same is noted in a schedule thereto.

Calculation of interest: The calculation of any interest amount in respect of any Note which is represented by a Global Note will be calculated on the aggregate outstanding principal amount of the Notes represented by such Global Note, as the case may be, and not by reference to the Calculation Amount.

Payment Business Day: In the case of a Global Note, shall be a day on which banks and foreign exchange markets are open for business in the relevant place of presentation and if the currency of payment is euro, any day which is a TARGET Settlement Day; or, if the currency of payment is not euro, any day which is a day on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency.

Exercise of put option: In order to exercise the option contained in Condition 9(e) (*Redemption at the option of Noteholders (Investor Put)*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Issuing and Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(c) (*Redemption at the option of the Issuer (Issuer Call)*) in relation to only some of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions.

Notices: Notwithstanding Condition 18 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, **provided, however, that**, (i) so long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and the rules of that exchange so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.LuxSE.com), in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe; and (ii) so long as the Notes are admitted to trading on Nasdaq Dubai and the rules of that exchange so require, notices will also be published on the website of Nasdaq Dubai (www.nasdaqdubai.com).

Redenomination: If the Notes are redenominated pursuant to Condition 20 (*Redenomination, Renominalisation and Reconverting*), then the Notes shall be deemed to be redenominated into euro converted at the rate for conversion of the Specified Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); **provided, however that**, if the Issuer determines with the agreement of the Issuing and Principal Paying Agent that market practice in respect of the redenomination into euro of internationally offered securities is different from that specified above, such market practice shall prevail.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED."

The sections referred to in such legend provide that a United States person who holds a Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms or as applicable, the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Form of the Notes" above.

*In the case of a Tranche of Notes which will not be admitted to listing, trading on a regulated market for the purposes of EU MiFID II in the European Economic Area and/or quotation by any competent authority, stock exchange and/or quotation system ("**Exempt Notes**") and, accordingly, for which no base prospectus is required to be produced in accordance with Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"), a pricing supplement (a "**Pricing Supplement**") will be issued describing the Final Terms of such Tranche of Exempt Notes. Each reference in these terms and conditions to "**Final Terms**" shall, in the case of a Tranche of Exempt Notes, be read and construed as a reference to such Pricing Supplement unless the context requires otherwise.*

1. Introduction

- (a) **Programme:** Mashreqbank psc (the "**Bank**") has established a Euro Medium Term Note Programme (the "**Programme**") under which it will issue Notes (the "**Notes**") up to an aggregate principal amount of U.S.\$5,000,000,000, in each case acting through its head office in the United Arab Emirates or acting through its Hong Kong branch or its London branch (each a "**Branch**") as it may from time to time determine.
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of Final Terms (in respect of a Tranche, together, the "**Final Terms**") which complete these terms and conditions (the "**Conditions**") (other than a Tranche of Exempt Notes which is the subject of a pricing supplement). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **Agency Agreement:** The Notes are the subject of an amended and restated issue and paying agency agreement dated 25 March 2026 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon, London Branch as Issuing and Principal Paying Agent (the "**Issuing and Principal Paying Agent**", which expression includes any successor Issuing and Principal Paying Agent appointed from time to time in connection with the Notes) and the other paying agents named therein (together with the Issuing and Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional agents appointed from time to time in connection with the Notes).
- (d) **The Notes:** All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Issuing and Principal Paying Agent. References to the "**relevant Final Terms**" are to the Final Terms (or relevant provisions thereof) attached to or endorsed on the Notes.
- (e) **Deed of Covenant:** The Notes are the subject of a deed of covenant dated 25 March 2026 (the "**Deed of Covenant**") and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg.
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to its detailed provisions. Noteholders and Couponholders, if any, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents.
- (g) **Copies:** Copies of the Agency Agreement and the Deed of Covenant are obtainable during normal business hours at the Specified Office of each of the Paying Agents. Copies of the relevant Final

Terms may be obtained, upon request, free of charge, from the registered office of the Issuer and the Specified Offices of the Paying Agents save that, if this Note is neither admitted on a regulated market in the EEA nor offered in the EEA in circumstances where a prospectus is required to be published under the EU Prospectus Regulation, the relevant Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. If this Note is admitted to trading on the Luxembourg Stock Exchange's regulated market, the relevant Final Terms will be published on the website of the Luxembourg Stock Exchange at www.LuxSE.com and/or if this Note is admitted to trading on Nasdaq Dubai, the relevant Final Terms will be published on the website of Nasdaq Dubai at www.nasdaqdubai.com. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the relevant Final Terms. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the relevant Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Agency Agreement and the relevant Final Terms, the relevant Final Terms will prevail.

2. Definitions and Interpretation

(a) **Definitions:** In these Conditions the following expressions have the following meanings:

"2006 ISDA Definitions" means, in relation to a Series of Notes, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Notes of such Series) as published by ISDA (copies of which may be obtained from ISDA at www.isda.org);

"2021 ISDA Definitions" means, in relation to a Series of Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the date of issue of the first Tranche of Notes of such Series, as published by ISDA on its website (www.isda.org);

"Accrual Yield" has the meaning given in the relevant Final Terms;

"Additional Business Centre(s)" means the city or cities specified as such in the relevant Final Terms;

"Additional Financial Centre(s)" means the city or cities specified as such in the relevant Final Terms;

"Adjustment Spread" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), as a result of the replacement of the relevant Reference Rate with the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets for the purposes of determining floating rates of interest in respect of bonds for a commensurate period and denominated in the Specified Currency, where such rate has been replaced by such Successor Rate or Alternative Reference Rate (as applicable); or
- (iii) if no such customary market usage is recognised or acknowledged, the Independent Adviser in its discretion (in consultation with the Issuer) or the Issuer in its discretion (as

applicable) determines (acting in good faith), is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as the case may be); or

- (iv) if no such industry standard is recognised or acknowledged, the Independent Adviser in its discretion (in consultation with the Issuer) or the Issuer in its discretion (as applicable) determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as the case may be);

"Agents" means the Issuing and Principal Paying Agent, the Paying Agents and the Calculation Agent or any of them, and shall include such other Agent or Agents as may be appointed from time to time in accordance with the Agency Agreement;

"Alternative Reference Rate" means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage for the purposes of determining floating rates of interest in respect of bonds for a commensurate period and denominated in the Specified Currency or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines, each in its own discretion, acting in good faith, is most comparable to the relevant Reference Rate (as applicable);

"Amortisation Percentage" means, in respect of each Interest Payment Date, the corresponding percentage figure specified in the relevant Final Terms;

"Auditors" means a firm of independent auditors of good repute appointed by the Issuer;

"Benchmark Event" means:

- (i) the relevant Reference Rate has ceased to be published on the Relevant Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (ii) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the **"Specified Future Date"**); or
- (iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a Specified Future Date, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a Specified Future Date, be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (v) a public statement by the supervisor of the administrator of the relevant Reference Rate (as applicable) that, in the view of such supervisor, (i) such Reference Rate is or will, by a Specified Future Date, be no longer representative of an underlying market or (ii) the methodology to calculate such Reference Rate has materially changed; or
- (vi) it has or will, by a specified date within the following six months, become unlawful for the Calculation Agent to calculate any payments due to be made to any Noteholder using the relevant Reference Rate (as applicable) (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraph (ii), (iii), (iv) or (v) above and the Specified Future Date in the

public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed to occur until the date falling six months prior to such Specified Future Date;

"Business Day" means a day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Dubai and any Additional Business Centre specified in the relevant Final Terms; and
- (ii) (1) in relation to any sum payable in a Specified Currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively); or (2) in relation to any sum payable in euro, a day on which the T2 is open for settlement in euro; or (3) in relation to any sum payable in Renminbi, a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business and settle payments in the applicable RMB Settlement Centre(s) (as defined below); or
- (iii) in respect of Notes for which the Reference Rate is specified as SOFR in the relevant Final Terms, any weekday that is a U.S. Government Securities Business Day and is not a legal holiday in New York and each (if any) Additional Business Centre(s) and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed;

"Business Day Convention", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day, save in respect of Notes for which the Reference Rate is specified in the relevant Final Terms as being SOFR, for which the final Interest Payment Date will not be postponed and interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Date;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

- (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means the Issuing and Principal Paying Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"Calculation Amount" has the meaning given thereto in the relevant Final Terms;

"Coupon" means an interest coupon pertaining to a Note;

"Couponholder" means the holder of a Coupon;

"Coupon Sheet" means, in respect of a Note, a coupon sheet relating to such Note;

"Day Count Fraction" means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"** as the same may be adjusted in accordance with any relevant Business Day Convention, if so specified in the relevant Final Terms), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods normally ending in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of: (1) the actual number of days in such Regular Period; and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of: (a) the actual number of days in such Regular Period; and (b) the number of Regular Periods normally ending in any year;
- (ii) if **"Actual/365"** or **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of: (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (B) the actual number of days in that portion of the Calculation Period falling in a non leap year divided by 365);
- (iii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if **"30/360"** is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 + M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 + M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 + M_1)] + (D_2 - D_1)}{360}$$

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, unless: (i) that day is the last day of February; or (ii) such number would be 31, in which case D₁ will be 30; and

"**D₂**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless: (i) that day is the last day of February but not the maturity date as set out in the Final Terms (the "**Maturity Date**"); or (ii) such number would be 31, in which case D₂ would be 30, **provided, however, that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

"**Early Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions;

"**EU Prospectus Regulation**" means Regulation (EU) 2017/1129;

"**Exempt Notes**" means Notes issued under the Programme for which no base prospectus is required to be published under the EU Prospectus Regulation;

"**Extraordinary Resolution**" has the meaning given in the Agency Agreement;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount;

"**Fixed Coupon Amount**" has the meaning given in the relevant Final Terms;

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the applicable RMB Settlement Centre(s);

"**Group**" means the Issuer, its holding company (if any) and the Subsidiaries of the Issuer or of any such holding company for the time being;

"**Holder**" or "**Noteholder**" means the holder of a Note;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer at its own expense;

"Interest Amount" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period (other than Adjusted RMB Fixed Rate Notes);

"Interest Commencement Date" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"Interest Determination Date" has the meaning given in the relevant Final Terms;

"Interest Payment Date" means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date (or, if the Notes are redeemed on any earlier date, the relevant redemption date);

"ISDA" means the International Swaps and Derivatives Association, Inc. (or any successor);

"ISDA Definitions" has the meaning given in the relevant Final Terms;

"Issue Date" has the meaning given in the relevant Final Terms;

"Make Whole Redemption Amount" means, with respect to any Note to which the Floating Rate Note Provisions apply, the principal amount of such Note multiplied by the applicable Amortisation Percentage relating to the Interest Payment Date on which such Note is to be redeemed in accordance with Condition 9(f) (*Regulatory Redemption Event*) and, in relation to any Note to which the Fixed Rate Note Provisions apply, the amount specified in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Margin" has the meaning given in the relevant Final Terms;

"Material Subsidiary" shall mean a Subsidiary of the Issuer or of its holding company (if any) the book value of the assets of which exceeds five per cent. of the book value of the assets of the Group taken as a whole or the revenues of which exceed five per cent. of the revenues of the Group taken as a whole or the net income of which exceeds five per cent. of the net income of the Group taken as a whole and, for these purposes:

- (i) the book value of the assets, the revenues and the net income of such Subsidiary shall be determined by reference to its then most recent audited annual financial statements (or, if none, its then most recent management accounts); and
- (ii) the book value of the assets and the revenues of the Group shall be determined by reference to its then most recent audited annual consolidated financial statements,

in each case adjusted, as the Auditors may consider appropriate, to take account of any changes in circumstances since the date as of which such financial statements (or management accounts) were prepared.

A report of the Auditors that in their opinion a company or corporation is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

"Maturity Date" has the meaning given in the relevant Final Terms;

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"Optional Redemption Amount (Call)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"Participating Member State" means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

"Payment Business Day" means:

- (i) if the currency of payment is euro, any day which is:
 - (A) in the case of Definitive Notes, a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) in the case of Definitive Notes, a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Permitted Security Interests" means:

- (i) any Security Interest granted upon or with regard to any asset or property hereafter acquired by the Issuer or any Material Subsidiary to secure the purchase price of such property (and transactional expenses related to such acquisition) or to secure Indebtedness incurred solely for the purpose of financing the acquisition of such property (including interest accrued thereon) and transactional expenses related to such acquisition, including any Security Interest existing at the time of its acquisition (other than a Security Interest created in contemplation of such acquisition); **provided, however, that** the maximum sum secured by such Security Interest shall not exceed the U.S. dollar equivalent on the date of purchase of the purchase price of such property (including transactional expenses) or the U.S. dollar equivalent on the date of the incurrence of the Indebtedness (including interest accrued thereon) incurred solely for the purpose of financing the acquisition of such property (including transactional expenses);

- (ii) any Security Interest arising in the ordinary course of the Issuer's banking business or of the respective business activities of its Material Subsidiaries including, without limitation, sale and repurchase transactions and share, loan and bond lending transactions, **provided that** any such Security Interest is limited to the assets which are the subject of the relevant transaction;
- (iii) any Security Interest in respect of any Indebtedness, **provided that** the aggregate outstanding amount secured thereby shall not at any time exceed an amount equal to 5 per cent. of the aggregate of the share capital and reserves of the Issuer and its Subsidiaries, as provided in its most recent audited accounts;
- (iv) any Security Interest created or outstanding with the prior approval by an Extraordinary Resolution of the Noteholders;
- (v) any Security Interest in existence on the date hereof and any extension, renewal or replacement thereof; **provided, however, that** the total amount of Indebtedness so secured shall not exceed the U.S. dollar equivalent of the amount so secured on the date hereof; and
- (vi) any Security Interest arising by operation of law and in the normal course of business, if such Security Interest is discharged within thirty days of arising;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Sydney and, in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Put Option Notice" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Put Option Receipt" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"Rate Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the applicable RMB Settlement Centre(s), London and the principal financial centre of the country of the Relevant Currency;

"Rate Calculation Date" means the day which is two Rate Calculation Business Days before the due date of the relevant payment under the Notes;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount, the Make Whole Redemption Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

"Reference Price" has the meaning given in the relevant Final Terms;

"Reference Rate" has the meaning given in the relevant Final Terms;

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"Regulator" means the Central Bank of the UAE, including any successor thereto as the relevant regulator of banks in the UAE;

"Regulatory Redemption Event" means, in respect of any Note, any change to any applicable regulatory rules or to the application or official interpretation thereof at any relevant time which has been previously announced in an official publication of the Regulator or of any other relevant governmental, regulatory or judicial body in the UAE and by reason of which such Note would not on the next Interest Payment Date thereafter be capable of being counted as Tier II (supplementary) Capital, **provided that** such Note has qualified as Tier II (supplementary) Capital at any time following the date on which it was issued;

"Regulatory Redemption Event Period" means the period from and including the Interest Commencement Date to and including the Step-Up Date;

"Relevant Currency" has the meaning given in the relevant Final Terms;

"Relevant Date" means, in relation to any payment, whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Issuing and Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"Relevant Nominating Body" means, in respect of a reference rate:

- (i) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, or any other central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank, reserve bank, monetary authority or any similar institution for the currency to which such reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, (d) the International Swaps and Derivatives Association, Inc. or any part thereof, or the Financial Stability Board or any part thereof; and

"Renminbi" or **"RMB"** means the lawful currency for the time being of the People's Republic of China (the **"PRC"**), which, for these purposes, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, the Reuters Markets 3000 and the Bridge/Telerate Service) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"Relevant Time" has the meaning given in the relevant Final Terms;

"Reserved Matter" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"RMB Currency Events" means, with respect to any Notes where the Relevant Currency is Renminbi, any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

"RMB Illiquidity" means the general RMB exchange market in the applicable RMB Settlement Centre(s) becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to make a payment under the Notes, as determined by the Issuer in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in the applicable RMB Settlement Centre(s);

"RMB Inconvertibility" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date in the general RMB exchange market in the applicable RMB Settlement Centre(s), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"RMB Non-Transferability" means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside the applicable RMB Settlement Centre(s) or from an account inside the applicable RMB Settlement Centre(s) to an account outside the applicable RMB Settlement Centre(s) (including where the RMB clearing and settlement system for participating banks in the applicable RMB Settlement Centre(s) is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"RMB Settlement Centre(s)" means the financial centre(s) specified as such in the relevant Final Terms in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Final Terms, the RMB Settlement Centre shall be deemed to be Hong Kong;

"Security Interest" means any mortgage, mortgage prenotation, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"Senior Creditors" means creditors of the Issuer (including depositors), other than creditors in respect of indebtedness where, by the terms of such indebtedness, the claims of the holders of that indebtedness rank or are expressed to rank *pari passu* with, or junior to, the claims of the Issuer's subordinated and unsecured creditors, save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application;

"Senior Notes" means Notes issued under the Programme on a senior or unsubordinated basis as described under Condition 4(a) (*Status of the Senior Notes*);

"Specified Currency" has the meaning given in the relevant Final Terms;

"Specified Denomination(s)" has the meaning given in the relevant Final Terms;

"Specified Office" of any Agent means the office specified against its name in the Agency Agreement or any other address as the Agent has, by prior written notice to the sender, specified for the relevant purpose;

"Specified Period" has the meaning given in the relevant Final Terms;

"Spot Rate" means the spot RMB/Relevant Currency exchange rate for the purchase of the Relevant Currency with Renminbi in the over-the-counter Renminbi exchange market in the applicable RMB Settlement Centre(s) for settlement in two Rate Calculation Business Days, as determined by the Spot Rate Calculation Agent at or around 11.00 a.m. (local time at the applicable RMB Settlement Centre(s)) on the Rate Calculation Date, on a deliverable basis by reference to the Relevant Spot Rate Screen Page (Deliverable Basis) (as specified in the relevant Final Terms), or if no such rate is available, on a non-deliverable basis by reference to the Relevant Spot Rate Screen Page (Non-deliverable Basis) (as specified in the relevant Final Terms). If neither rate is available, the Spot Rate Calculation Agent shall determine the rate taking into consideration all available information which the Spot Rate Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in the applicable RMB Settlement Centre(s) or elsewhere and the RMB/Relevant Currency exchange rate in the PRC domestic foreign exchange market;

"Step-Up Date" means the fifth anniversary of the Issue Date of the Notes;

"Subordinated Notes" means Notes issued under the Programme on a subordinated basis as described under Condition 4(b) (*Status of the Subordinated Notes*);

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person (the **"second Person"**):

- (i) whose affairs and policies the first Person controls, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"Successor Rate" means the reference rate (and related alternative screen page or source, if available) that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the relevant Reference Rate (for the avoidance of doubt, whether or not such Reference Rate has ceased to be available) which is recommended by any Relevant Nominating Body;

"Talon" means a talon for further Coupons;

"Tier II (supplementary) Capital" has the meaning set out in Circular 13/93 relating to Capital Adequacy published on 14 April 1993 by the Regulator (as the same may be supplemented, amended and/or replaced from time to time);

"T2" means the real time gross settlement system operated by the Eurosystem or any successor system;

"TARGET Settlement Day" means any day on which the T2 is open for the settlement of payments in euro;

"Treaty" means the Treaty establishing the European Communities, as amended;

"U.S. Government Securities Business Day" has the meaning given to it in Condition 7(d) (*Screen Rate Determination for Floating Rate Notes referencing SOFR*); and

"Zero Coupon Note" means a Note specified as such in the relevant Final Terms.

(b) **Interpretation:** In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) each reference to "Final Terms" shall, in the case of a Tranche of Exempt Notes, be read and construed as a reference to a Pricing Supplement unless the context requires otherwise;
- (iii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iv) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (v) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (vi) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vii) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (viii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes;
- (ix) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement, as amended and/or supplemented up to and including the Issue Date of the Notes; and
- (x) any reference in these Conditions to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

3. **Form, Denomination and Title**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination. Notes are issued in the Specified Denomination(s), except for Zero Coupon Notes, Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Subject as set out below, title to Notes and Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof). But, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph, no Person shall be liable for so treating such Holder.

The Notes are Senior Notes or Subordinated Notes as specified in the relevant Final Terms.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**", "**Holder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

So long as Notes are represented by a Temporary Global Note or Permanent Global Note and the relevant Clearing System(s) so permit, the Notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and integral multiples of the tradable amount in excess thereof as specified in the relevant Final Terms.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the relevant Final Terms or as may otherwise be approved by the Issuer and the Issuing and Principal Paying Agent.

4. **Status of the Notes**

- (a) **Status of the Senior Notes:** Notes issued on a senior or unsubordinated basis, as specified in the relevant Final Terms ("**Senior Notes**"), are direct, unconditional, unsubordinated and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with the claims of the Issuer's unsubordinated and (subject to the provisions of Condition 5 (*Negative Pledge*)) unsecured creditors, from time to time outstanding, save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application.
- (b) **Status of the Subordinated Notes:** Notes issued on a subordinated basis, as specified in the relevant Final Terms ("**Subordinated Notes**"), are direct, conditional as described below and unsecured obligations of the Issuer and rank *pari passu* among themselves. The payment obligations of the Issuer in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) will be subordinated to all unsubordinated payment obligations of the Issuer in the manner described below but will rank *pari passu* with all other subordinated payment obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the payment obligations under the Subordinated Notes and in priority to all claims of shareholders of the Issuer. The rights of the holders of the Subordinated Notes against the Issuer are subordinated in right of payment to the claims of all Senior Creditors of the Issuer and accordingly payments in respect of the Subordinated Notes (whether on account of principal, interest or otherwise) by the Issuer are conditional upon the Issuer being solvent at the time of such payment and no payment shall be payable by the Issuer in respect of the Subordinated Notes except to the extent that the Issuer could make such payment and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *pari passu* with the Subordinated Notes and still be solvent immediately thereafter. For this purpose, the Issuer shall be solvent if: (i) it is able to pay its debts as they fall due; and (ii) its assets exceed its liabilities. Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counter-claim, abatement or other similar remedy, which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note. No collateral is or will be given for the payment obligations under the Subordinated Notes and any collateral that may have been or may in the future be given in

connection with other indebtedness of the Issuer shall not secure the payment obligations under the Subordinated Notes.

5. **Negative Pledge**

This Condition 5 applies only to Senior Notes.

So long as any Note shall remain outstanding, the Issuer shall ensure that neither the Issuer nor any of its Material Subsidiaries shall create or suffer to exist any Security Interest (other than Permitted Security Interests) on or with respect to any of its undertakings, assets, properties or revenues, whether now owned or hereafter acquired to secure any Specified Indebtedness of the Issuer or any Material Subsidiary or any obligation, whether actual or contingent, of the Issuer or any Material Subsidiary under the guarantee of, or indemnity in respect of, Specified Indebtedness of others without at the same time or prior thereto: (i) securing the Notes equally and rateably therewith; or (ii) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

For the purposes of these Conditions, "**Specified Indebtedness**" means any loan or indebtedness either of which is in the form of, or is represented by, bonds, notes, debentures or other securities which are, or are intended to be, or are capable of being, quoted, listed, dealt in or traded on any stock exchange, over-the-counter or other established securities market.

6. **Fixed Rate Note Provisions**

- (a) **Application:** This Condition 6 is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.

- (b) **Accrual of interest:** The Notes (other than where the Specified Currency is Renminbi and the relevant Final Terms specifies a Business Day Convention to be applicable) bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*) as applicable, up to (and including) the Maturity Date. In the case of a Fixed Rate Note where the Relevant Currency is RMB and the relevant Final Terms specifies a Business Day Convention to be applicable (an "**Adjusted RMB Fixed Rate Note**"), each Interest Payment Date (and, accordingly, the relevant Calculation Period) will be adjusted (if required) in accordance with the relevant Business Day Convention. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (both before and after judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Issuing and Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The Adjusted RMB Fixed Rate Notes bear interest on their outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. For this purpose, "**Interest Payment Date**" means the Interest Payment Date(s) specified as such in the relevant Final Terms as adjusted in accordance with the applicable Business Day Convention. The amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such Interest Payment Date will be calculated by multiplying the product of the Rate of Interest and the outstanding principal amount of that Adjusted RMB Fixed Rate Note by the applicable Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards. Each such calculation will be made by the Calculation Agent. For this purpose, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

- (c) **Fixed Coupon Amount:** Other than if the Notes are redeemed on any date that is not an Interest Payment Date, the amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified

Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination. Where the relevant Final Terms specifies that Interest Payment Dates are subject to adjustment in accordance with the relevant Business Day Convention and an Interest Payment Date has been so adjusted, the Fixed Coupon Amount shall not apply.

- (d) **Calculation of interest amount:** This Condition 6(d) shall apply to Notes which are Fixed Rate Notes only (i) where the relevant Final Terms for such Notes specify that the Interest Payment Dates are subject to adjustment in accordance with the relevant Business Day Convention specified therein; (ii) where a Fixed Coupon Amount is not specified for any period in respect of Notes; (iii) if the Notes are redeemed on any date that is not an Interest Payment Date; and/or (iv) in respect of the Calculation Periods relating to Adjusted RMB Fixed Rate Notes. The amount of interest payable in respect of each Note shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose, a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (e) **RMB Currency Event:** If "RMB Currency Event" is specified as being applicable in the relevant Final Terms and a RMB Currency Event, as determined by the Issuer acting in good faith and in a commercially reasonable manner, exists on a date for payment of any amount in respect of any Note or Coupon, the Issuer's obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency (as specified in the relevant Final Terms) converted using the Spot Rate for the relevant Rate Calculation Date. Upon the occurrence of a RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 18 (*Notices*) stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.
- (f) **RMB account:** Notwithstanding the foregoing, all payments in respect of any Note or Coupon in Renminbi will be made solely by credit to a Renminbi account maintained by the payee at a bank in the applicable RMB Settlement Centre(s) in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in the applicable RMB Settlement Centre(s)).

7. Floating Rate Note Provisions

- (a) **Application:** This Condition 7 is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*), up to (and including) the Maturity Date. Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (both before and after judgment) until whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Issuing and Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination for Floating Rate Notes not referencing SOFR, SONIA or €STR:** Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the Reference Rate is specified in the relevant Final Terms as being a Reference Rate other than SOFR, SONIA or €STR, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the rate for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where;
 - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as the Issuer determines appropriate for such purposes;
 - (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date; and
 - (iv) the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined, provided, however, that, subject to Condition 7(i)(v) (*Benchmark Replacement – Independent Adviser*), if the Calculation Agent is unable to determine a rate (including without limitation, where the Relevant Screen Page is unavailable) or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.
- (d) ***Screen Rate Determination for Floating Rate Notes referencing SOFR, SONIA or €STR:***
- (i) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, Index Determination is specified in the relevant Final Terms as not applicable and the Reference Rate specified in the relevant Final Terms is SOFR, SONIA or €STR, the Rate of Interest applicable to the Notes for each Interest Period will, subject as provided below, be:
 - (A) Where the Calculation Method in respect of the relevant Series of Notes is specified in the relevant Final Terms as being "Compounded Daily", the Rate of Interest for each Interest Period will, subject as provided below, be the Compounded Daily Reference Rate plus or minus (as specified in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the Relevant Decimal Place.
 - (B) Where the Calculation Method in respect of the relevant Series of Notes is specified in the relevant Final Terms as being "Weighted Average", the Rate of Interest for each Interest Period will, subject as provided below, be the Weighted Average Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin, as calculated by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage will be rounded, if necessary, to the Relevant Decimal Place.

- (ii) Where "SONIA" is specified as the Reference Rate in the relevant Final Terms, subject to Condition 7(i)(v) (*Benchmark Replacement – Independent Adviser*), if, in respect of any Business Day, the Reference Rate is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:
- (A) the sum of (a) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on the relevant Business Day; and (b) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
 - (B) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (London time) (or, if earlier, close of business) on the relevant Business Day, (a) the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (b) if this is more recent, the latest determined rate under (A),

and, in each case, "r" shall be interpreted accordingly.

- (iii) Where "SOFR" is specified as the Reference Rate in the relevant Final Terms, subject to Condition 7(j) (*Benchmark Replacement – SOFR*), if, in respect of any Business Day, the Reference Rate is not available on the Relevant Screen Page (and is not otherwise published by the relevant authorised distributors), such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the Relevant Screen Page; (and "r" shall be interpreted accordingly).
- (iv) Where "€STR" is specified as the Reference Rate in the relevant Final Terms, subject to Condition 7(i)(v) (*Benchmark Replacement – Independent Adviser*), if, in respect of any Business Day, the Reference Rate does not appear on the Relevant Screen Page (and is not otherwise published by the relevant authorised distributors), such Reference Rate shall be the €STR for the first preceding Business Day on which the €STR was published on the Relevant Screen Page; (and "r" shall be interpreted accordingly).
- (v) For the purposes of this Condition 7(d)

"Applicable Period" means in relation to any Interest Period:

- (A) where "Lag" or "Lock-out" is specified as the Observation Method in the relevant Final Terms, such Interest Period;
- (B) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the Observation Period relating to such Interest Period;

"Business Day" means, (i) where "SONIA" is specified as the Reference Rate, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London; (ii) where "SOFR" is specified as the Reference Rate, any day which is a U.S. Government Securities Business Day and is not a legal holiday in New York and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed; and (iii) where "€STR" is specified as the Reference Rate, a TARGET Settlement Day;

"Compounded Daily Reference Rate" means, with respect to an Interest Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the relevant Final Terms and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the Relevant Decimal Place:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{r_i - p_{BD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

"**D**" is the number specified in the relevant Final Terms;

"**d**" is, in relation to any Applicable Period, the number of calendar days in such Applicable Period;

"**d₀**" is, in relation to any Applicable Period, the number of Business Days in such Applicable Period;

"**€STR**" means, in respect of any Business Day, a reference rate equal to the daily euro short-term rate for such euro Business Day as provided by the €STR Administrator on the €STR Administrator's Website in each case, on or before 9:00 a.m., (Central European Time) on the Business Day immediately following such Business Day;

"**€STR Administrator**" means the European Central Bank (or any successor administrator of €STR);

"**€STR Administrator's Website**" means the website of the European Central Bank or any successor source;

"**i**" is, in relation to any Applicable Period, a series of whole numbers from one to d₀, each representing the relevant Business Day in chronological order from, and including, the first Business Day in such Applicable Period;

"**Lock-out Period**" means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

"**n_i**", for any Business Day "i" in the relevant Applicable Period, means the number of calendar days from and including such Business Day "i" up to but excluding the following Business Day;

"**New York Federal Reserve's Website**" means the website of the Federal Reserve Bank of New York as at the date of this Offering Circular at <http://www.newyorkfed.org>, any successor website of the Federal Reserve Bank of New York (or a successor administrator of SOFR) or any successor source;

"**Observation Period**" means, in respect of the relevant Interest Period, the period from and including the date falling "p" Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is "p" Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means, for any Interest Period:

- (A) where "Lag" or "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the number of Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no such number is specified five Business Days); and
- (B) where "Lock-out" is specified as the Observation Method in the relevant Final Terms, zero;

"**r**" means:

- (A) where in the relevant Final Terms "SONIA" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day;

- (B) where in the relevant Final Terms "SOFR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day;
- (C) where in the relevant Final Terms "€STR" is specified as the Reference Rate and either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;
- (D) where in the relevant Final Terms "SONIA" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
 - i. in respect of any Business Day "i" that is a Reference Day, the SONIA rate in respect of the Business Day immediately preceding such Reference Day, and
 - ii. in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the SONIA rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the relevant Interest Determination Date);
- (E) where in the relevant Final Terms "SOFR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
 - i. in respect of any Business Day "i" that is a Reference Day, the SOFR in respect of the Business Day immediately preceding such Reference Day, and
 - ii. in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the SOFR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the relevant Interest Determination Date);
- (F) where in the relevant Final Terms "€STR" is specified as the Reference Rate and "Lock-out" is specified as the Observation Method:
 - i. in respect of any Business Day "i" that is a Reference Day, the €STR in respect of the Business Day immediately preceding such Reference Day, and
 - ii. in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-out Period), the €STR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

"Reference Day" means each Business Day in the relevant Interest Period, other than any Business Day in the Lock-out Period;

"Relevant Decimal Place" shall be the number of decimal places specified in the applicable Final Terms and will be rounded up or down, if necessary (with half of the highest decimal place being rounded upwards);

" r_{i-pBD} " means, in relation to any Applicable Period, the applicable Reference Rate as set out in the definition of "r" above for, (i) where "Lag" is specified as the Observation Method in the relevant Final Terms, the Business Day (being a Business Day falling in the relevant Observation Period) falling "p" Business Days prior to the relevant Business Day "i" or, (ii) otherwise, the relevant Business Day "i";

"SOFR" means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the

administrator of such rate (or any successor administrator of such rate) on the New York Federal Reserve's Website (or any successor source), in each case on or about the SOFR Determination Time on the Business Day immediately following such Business Day;

"SOFR Determination Time" means 3:00 p.m. (New York time);

"SONIA" means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Business Day immediately following such Business Day;

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

"Weighted Average Reference Rate" means:

- (A) where "Lag" is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day; and
- (B) where "Lock-out" is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, **provided however that** for any calendar day of such Interest Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day.
- (e) **Index Determination:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and Index Determination is specified in the relevant Final Terms as being applicable, the Rate of Interest for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula:

$$\left(\frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

and rounded to the Relevant Decimal Place, plus or minus the Margin (if any), all as determined and calculated by the Calculation Agent, where:

"Compounded Index" means either the SONIA Compounded Index or the SOFR Compounded Index, as specified in the relevant Final Terms;

"Compounded Index End" means the relevant Compounded Index value on the End date;

"Compounded Index Start" means the relevant Compounded Index value on the Start date;

"d" is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

"**End**" means the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

"**Index Days**" means, in the case of the SONIA Compounded Index, London Banking Days, and, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days;

"**London Banking Day**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**Numerator**" means, in the case of the SONIA Compounded Index, 365 and, in the case of the SOFR Compounded Index, 360;

"**Relevant Decimal Place**" shall, unless otherwise specified in the Final Terms, be the fifth decimal place, rounded up or down, if necessary (with 0.000005 being rounded upwards); and

"**Relevant Number**" is as specified in the applicable Final Terms, but, unless otherwise specified shall be five.

"**SONIA Compounded Index**" means the Compounded Daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source;

"**SOFR Compounded Index**" means the Compounded SOFR rate as published at 15:00 (New York time) by Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

"**Start**" means the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Period.

If, with respect to any Interest Period, the relevant rate is not published for the relevant Compounded Index either on the relevant Start or End date, then the Calculation Agent shall calculate the rate of interest for that Interest Period in accordance with Condition 7(c) (*Screen Rate Determination for Floating Rate Notes not referencing SOFR, SONIA or €STR*) as if Index Determination was not specified in the relevant Final Terms. For these purposes, (i) the Reference Rate shall be deemed to be SONIA in the case of SONIA Compounded Index and SOFR in the case of Compounded SOFR Index, (ii) the Calculation Method shall be deemed to be Compounded Daily, (iii) the Observation Method shall be deemed to be Observation Shift, (iv) the Observation Look-back Period shall be deemed to be the Relevant Number and (v) D shall be deemed to be the Numerator. If (i) (in the case of SONIA Compounded Index) a Benchmark Event has occurred in respect of SONIA, the provisions of Condition 7(i) (*Benchmark Replacement – Independent Adviser*) shall apply, and (ii) (in the case of SOFR Compounded Index) a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, the provision of Condition 7(j) (*Benchmark Replacement - SOFR*) shall apply.

- (f) **ISDA Determination:** If the relevant Final Terms specify either "2006 ISDA Definitions" or "2021 ISDA Definitions" as the applicable ISDA Definitions, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions (provided that in any circumstances where under the ISDA Definitions the Calculation Agent would be required to exercise any discretion, including the selection of any reference banks and seeking quotations from reference banks, when calculating the relevant ISDA Rate, the relevant determination(s) which require the Calculation Agent to exercise its discretion shall instead be made by the Issuer) and under which:

(i)

- (A) the Floating Rate Option is as specified in the relevant Final Terms;

- (B) the Designated Maturity, if applicable, is a period specified in the relevant Final Terms;
- (C) the relevant Reset Date, unless otherwise specified in the relevant Final Terms, has the meaning given to it in the ISDA Definitions; and
- (D) if Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Final Terms, the rate for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (1) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (2) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall calculate the Rate of Interest at such time and by reference to such sources as the Issuer, in consultation with an Independent Adviser appointed by the Issuer (and such Independent Adviser to act in good faith and in a commercially reasonable manner) determines appropriate;

- (E) if the specified Floating Rate Option is an Overnight Floating Rate Option, Compounding is specified to be applicable in the relevant Final Terms and:
 - (1) if Compounding with Lookback is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Lookback is the Overnight Rate Compounding Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Final Terms;
 - (2) if Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Observation Period Shift is the Overnight Rate Compounding Method, (b) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Final Terms, and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms; or
 - (3) if Compounding with Lockout is specified as the Compounding Method in the relevant Final Terms then (a) Compounding with Lockout is the Overnight Rate Compounding Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Final Terms, and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms;
- (F) if the specified Floating Rate Option is an Overnight Floating Rate Option, Averaging is specified to be applicable in the relevant Final Terms and:
 - (1) if Averaging with Lookback is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Lookback is the Overnight Rate Averaging Method and (b) Lookback is the number of Applicable Business Days specified in the relevant Final Terms;
 - (2) if Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Observation Period Shift is the Overnight Rate Averaging Method, (b) Observation

Period Shift is the number of Observation Period Shift Business Days specified in the relevant Final Terms, and (c) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms; or

- (3) if Averaging with Lockout is specified as the Averaging Method in the relevant Final Terms then (a) Averaging with Lockout is the Overnight Rate Averaging Method, (b) Lockout is the number of Lockout Period Business Days specified in the relevant Final Terms, and (c) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms;
- (G) if the specified Floating Rate Option is an Index Floating Rate Option and Index Provisions are specified to be applicable in the relevant Final Terms, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days specified in the relevant Final Terms and (b) Observation Period Shift Additional Business Days, if applicable, are the days specified in the relevant Final Terms; and
- (H) if the specified Floating Rate Option is EUR-EURIBOR or EUR-EURIBOR-Reuters and an Index Cessation Event occurs the Applicable Fallback Rate will be determined as if the Fallback Observation Day in respect of a Reset Date and the relevant Interest Period was five Business Days preceding the related Interest Payment Date;
- (ii) references in the ISDA Definitions to:
 - (A) **"Confirmation"** shall be references to the relevant Final Terms;
 - (B) **"Calculation Period"** shall be references to the relevant Interest Period;
 - (C) **"Termination Date"** shall be references to the Maturity Date; and
 - (D) **"Effective Date"** shall be references to the Interest Commencement Date; and
- (iii) if the Final Terms specify "2021 ISDA Definitions" as being applicable:
 - (A) **"Administrator/Benchmark Event"** shall be disappplied; and
 - (B) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be "Temporary Non-Publication Fallback – Alternative Rate" in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to "Calculation Agent Alternative Rate Determination" in the definition of "Temporary Non-Publication Fallback – Alternative Rate" shall be replaced by "Temporary Non-Publication Fallback – Previous Day's Rate".
- (iv) Unless otherwise defined capitalised terms used in this Condition 7(d) shall have the meaning ascribed to them in the ISDA Definitions.
- (g) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (h) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount and multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose, a **"sub-unit"** means, in the case of any

currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

- (i) **Benchmark Replacement – Independent Adviser:** Other than in the case of a U.S. dollar-denominated Floating Rate Note for which the Reference Rate is specified in the relevant Final Terms as being "SOFR" and notwithstanding the provisions above in this Condition 7, if the Issuer (in consultation, to the extent practicable, with the Calculation Agent) determines that a Benchmark Event has occurred in relation to a Reference Rate or considers that there may be a Successor Rate, in either case, when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply:
- (i) the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine a Successor Rate or, alternatively, if the Independent Adviser determines that there is no Successor Rate, an Alternative Reference Rate no later than 3 Business Days prior to the Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**") for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7(h));
 - (ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date in accordance with sub-paragraph (i) above, then the Issuer (in consultation, to the extent practicable, with the Calculation Agent and acting in good faith) may determine a Successor Rate or, if the Issuer determines that there is no Successor Rate, an Alternative Reference Rate for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7(h)); **provided, however, that** if this sub-paragraph (ii) applies and the Issuer is unable or unwilling to determine a Successor Rate or an Alternative Reference Rate prior to the Interest Determination Date relating to the next succeeding Interest Period (as applicable) in accordance with this sub-paragraph (ii), the Rate of Interest applicable to such Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of a preceding Interest Period (which may be the Initial Rate of Interest) (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period for which the Rate of Interest was determined, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period);
 - (iii) if a Successor Rate or an Alternative Reference Rate is determined in accordance with the preceding provisions, such Successor Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 7(h));
 - (iv) if the Independent Adviser (in consultation with the Issuer) or (if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine whether an Adjustment Spread should be applied) the Issuer determines that an Adjustment Spread should be applied to the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Rate or Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine, prior to the Interest Determination Date relating to the next succeeding Interest Period, the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread;
 - (v) if the Independent Adviser or the Issuer (as the case may be) determines a Successor Rate or an Alternative Reference Rate or, in each case, any Adjustment Spread, in accordance with the above provisions, the Independent Adviser or the Issuer may also, following consultation, to the extent practicable, with the Calculation Agent, specify changes to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days,

Interest Determination Date, Interest Payment Dates and/or the definition of Reference Rate or Adjustment Spread applicable to the Notes (and in each case, related provisions and definitions), and the method for determining the fallback rate in relation to the Notes, in order to follow market practice in relation to such Successor Rate or Alternative Reference Rate (as applicable), which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7(h)). An Independent Adviser appointed pursuant to this Condition 7(h) shall act in good faith and (in the absence of bad faith, gross negligence and wilful misconduct) shall have no liability whatsoever to the Issuer, the Agents or Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 7(h). No Noteholder consent shall be required in connection with effecting the Successor Rate or the Alternative Reference Rate (as applicable), any Adjustment Spread or such other changes, including for the execution of any documents, amendments or other steps by the Issuer or any Agent (if required); and

- (vi) the Issuer shall promptly following the determination of any Successor Rate, Alternative Reference Rate or Adjustment Spread give notice thereof and of any changes pursuant to sub-paragraph (v) above to the Agents and the Noteholders. No later than notifying the Agents of the same, the Issuer shall deliver to the Issuing and Principal Paying Agent a certificate signed by two authorised signatories of the Issuer confirming (A) that a Benchmark Event has occurred or that there is a Successor Rate, (B) the Successor Rate or Alternative Reference Rate (as applicable), (C) where applicable, any Adjustment Spread and (D) where applicable, the terms of any changes pursuant to sub-paragraph (v) above.

(j) ***Benchmark Replacement – SOFR***

- (i) In the case of a U.S. dollar-denominated Floating Rate Note for which the Reference Rate is specified in the relevant Final Terms as being "SOFR", if the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time, without any requirement for the consent or approval of the Noteholders.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (i) will be conclusive and binding absent manifest error;
- (ii) will be made in the sole discretion of the Issuer; and
- (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

Where:

"Benchmark" means, initially, SOFR, as such term is defined in Condition 7(d); **provided that** if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then "Benchmark" shall mean the applicable Benchmark Replacement.

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the sum of: (A) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (B) the Benchmark Replacement Adjustment;
- (ii) the sum of: (A) the ISDA Fallback Rate and (B) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (A) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (B) the Benchmark Replacement Adjustment;

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary);

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

- (i) in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (ii) in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (i) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the 2006 ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Reference Time" with respect to any determination of the Benchmark means (i) if the Benchmark is SOFR, the SOFR Determination Time, and (ii) if the Benchmark is not SOFR, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (ii) Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under Condition 7(j)(i) above will be notified promptly by the Issuer to the Agents and, in accordance with Condition 18 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

No later than notifying the Agents of the same, the Issuer shall deliver to the Issuing and Principal Paying Agent a certificate signed by two authorised signatories of the Issuer:

- (A) confirming (x) that a Benchmark Transition Event has occurred, (y) the relevant Benchmark Replacement and, (z) where applicable, any Benchmark Replacement Adjustment and/or the specific terms of any relevant Benchmark Replacement Conforming Changes, in each case as determined in accordance with the provisions of this Condition 7(j); and
- (B) certifying that the relevant Benchmark Replacement Conforming Changes are necessary to ensure the proper operation of such Benchmark Replacement and/or Benchmark Replacement Adjustment.

In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely on any determinations made by the Issuer and will have no liability for such actions taken at the direction of the Issuer. Neither the Calculation Agent nor the Issuing and Principal Paying Agent shall have any liability for any determination made by or on behalf of the Issuer in connection with a Benchmark Transition Event or a Benchmark Replacement.

- (iii) If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 7(j), the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin applicable to the first Interest Period).
 - (k) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Agents and each stock exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
 - (l) **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7(l) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Agents, the Noteholders and the Couponholders and no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.
8. **Zero Coupon Note Provisions**
- (a) **Application:** This Condition 8 is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
 - (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and

- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of: (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and (ii) the day which is seven days after the Issuing and Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

- (a) ***Scheduled redemption:*** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*).
- (b) ***Redemption for tax reasons:*** The Notes may be redeemed (subject, in the case of Subordinated Notes, to the prior approval of the Regulator where required) at the option of the Issuer in whole, but not in part:
 - (i) at any time (if the Floating Rate Note Provisions are specified in the relevant Final Terms as not being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable);

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if: (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of (i) in the case of Notes issued through a Branch, the location of the relevant Branch and (ii) the UAE or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes or any other date specified in the Final Terms; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this Condition 9(b), the Issuer shall deliver or procure that there is delivered to the Issuing and Principal Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) ***Redemption at the option of the Issuer (Issuer Call):*** If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more

than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

- (d) **Partial redemption:** If Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer (Issuer Call)*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Issuing and Principal Paying Agent approves and in such manner as the Issuing and Principal Paying Agent considers appropriate, subject to compliance with applicable law and the rules of each stock exchange on which the Notes are then listed, and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer (Issuer Call)*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

- (e) This Condition 9(e) is applicable to Senior Notes only.

Redemption at the option of Noteholders (Investor Put): If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the Holder of a Note must, not less than 15 nor more than 30 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of the Note for all purposes.

- (f) This Condition 9(f) is applicable to Subordinated Notes only.

Regulatory Redemption Event: The Issuer may, at any time during the Regulatory Redemption Event Period, redeem the Notes in whole, but not in part, at its option on any Interest Payment Date following the occurrence of a Regulatory Redemption Event at a redemption price equal to the relevant Make Whole Redemption Amount of the Notes on giving not less than 15 nor more than 30 days' notice (which notice shall be irrevocable and shall specify the date fixed for redemption) to the Noteholders. Prior to the giving of any notice of redemption pursuant to this Condition 9(f), the Issuer shall deliver to the Issuing and Principal Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right to redeem have occurred.

- (g) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.

- (h) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and

- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 9(h) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) **Purchase:** The Issuer or any of its Subsidiaries may (subject, in the case of Subordinated Notes, to the prior approval of the Regulator where required) at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (j) **Treatment of Notes purchased by the Issuer or any of its Subsidiaries:** All Notes purchased by the Issuer or any of its Subsidiaries may, if the Issuer so elects, be cancelled. Any Notes so cancelled may not be reissued or resold. The Notes so purchased, while held by or for the account of the Issuer or any of its Subsidiaries, shall not entitle their holder to vote at any meeting of Noteholders of any series and shall not be deemed outstanding for the purpose of calculating a quorum at a Noteholders' meeting of any series or for the purposes of Condition 12 (*Events of Default*) and Condition 16 (*Meetings of Noteholders; Modification and Waiver*).
- (k) **Treatment of Notes redeemed by the Issuer or any of its Subsidiaries:** All Notes redeemed by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

10. Payments

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if so permitted by paragraph (c) below) by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred and if that currency is RMB, in accordance with Condition 6(f) (*RMB account*)) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) **Interest:** Payments of interest shall, subject to paragraph (g) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States and its possessions (or in New York City if so permitted by paragraph (c) below) in the manner described in paragraph (a) above.
- (c) **Payments in New York City:** Notwithstanding paragraph (a) above, payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if: (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due; (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions; and (iii) payment is permitted by applicable United States law without involving, in the opinion of the Issuer, any adverse tax consequences to the Issuer.
- (d) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to: (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Deductions for unmatured Coupons:** If the relevant Final Terms specify that the Fixed Rate Note Provisions are applicable (unless the relevant Final Terms also specify that Condition 10(f)

(*Unmatured Coupons void*) is applicable), and a Note is presented without all unmatured Coupons relating thereto:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph (A) would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

- (f) ***Unmatured Coupons void:*** If the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption at the option of the Issuer (Issuer Call)*), Condition 9(e) (*Redemption at the option of Noteholders (Investor Put)*), Condition 9(f) (*Regulatory Redemption Event*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) ***Payments on business days:*** If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (e) above) and the UAE.
- (i) ***Partial payments:*** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) ***Exchange of Talons:*** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Issuing and Principal Paying Agent or at the office of the Paying Agent in Luxembourg for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant

to Condition 13 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

11. **Taxation**

- (a) **Gross up:** All payments of principal and interest in respect of the Notes and the Coupons (if any) by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by (i) in the case of Notes issued through a Branch, the location of the relevant Branch and/or (ii) the UAE or, in each case, any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders (if relevant) after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable:
- (i) where the relevant Noteholder or Couponholder (if relevant) is liable for such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or governmental charges are imposed, levied, collected, withheld or assessed other than the mere holding of such Note or Coupon or the receipt of interest or principal in respect thereof;
 - (ii) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment less than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day;
 - (iii) with respect to any estate, inheritance, gift, sales, excise, transfer, personal property tax or similar tax, assessment or governmental charge;
 - (iv) with respect to any payment of principal of or interest on any Note or Coupon to any Holder who is a fiduciary or partnership or any person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of such payment would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the actual holder of such Note or Coupon;
 - (v) to, or to a third party on behalf of, a Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
 - (vi) with respect to any combination of any of the foregoing.
- (b) **Taxing jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than (i) in the case of Notes issued through a Branch, the location of the relevant Branch and (ii) the UAE, references in these Conditions to the UAE shall be construed as references to the UAE and/or such other jurisdiction.

12. **Events of Default**

If, in the case of Senior Notes, any one or more of the following events (each an "**Event of Default**") shall have occurred and be continuing or, in the case of Subordinated Notes, any one or more of the events specified in sub-paragraph (a), (d), (e), (f), (g) or (k) shall have occurred and be continuing:

- (a) the Issuer fails to pay any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven Business Days in the case of principal and fourteen Business Days in the case of interest;

- (b) the Issuer is in default in the performance of any of its obligations (other than to make payments in respect of the Notes) contained in the Conditions, and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) such default shall continue for more than 30 days after written notice requiring such default to be remedied shall have been given to the Issuer;
- (c) any payment obligation under Indebtedness of the Issuer or any Material Subsidiary becomes due and repayable prior to its stated maturity or the Issuer or any Material Subsidiary fails to make any payment in respect of any Indebtedness within 30 days of the due date for payment (or within the applicable grace period, if such period is longer than 30 days) or any security given by the Issuer or any Material Subsidiary for any Indebtedness becomes enforceable or if default is made by the Issuer or any Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any obligation of any other person for 30 days (or within the applicable grace period if such period is longer than 30 days (save where such default is being actively contested in good faith by the Issuer or any Material Subsidiary)), **provided that** no such event shall constitute an Event of Default unless the Indebtedness or other relative liability either alone or when aggregated with other Indebtedness and/or liabilities relative to all (if any) other events which shall have occurred and be outstanding shall amount to at least U.S.\$20,000,000 (or its equivalent in any other currency);
- (d) the Issuer or any Material Subsidiary takes any corporate action or other steps are taken or legal proceedings are started for its winding-up, dissolution, administration or re-organisation (whether by way of voluntary arrangement, scheme of arrangement or otherwise) or for the appointment of a liquidator, receiver, administrator, administrative receiver, conservator, custodian, trustee or similar officer of it or of any substantial part or all of its revenues and assets and such proceedings are not frivolous or vexatious or are not being actively contested in good faith by the Issuer or, as the case may be, such Material Subsidiary save, in the case of the Issuer, for the purposes of reorganisation on terms approved by an Extraordinary Resolution or, in the case of a Material Subsidiary: (i) for the purposes of a solvent consolidation, amalgamation or restructuring, pursuant to which some or all the assets of such Material Subsidiary are transferred to any one or more members of the Group; or (ii) for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution **provided that** a *bona fide* disposal for full value on an arm's-length basis of the whole or a substantial part of the business of the Issuer or a Material Subsidiary shall not be deemed in any event to be an Event of Default for the purposes of this sub-paragraph (d);
- (e) if the Issuer ceases to carry on the whole or a part of its business representing at least 15 per cent. of the property, undertaking or assets of the Issuer (calculated by reference to the latest audited consolidated financial statements of the Issuer), save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution **provided that** a *bona fide* disposal for full value on an arm's-length basis of the whole or a substantial part of the business of the Issuer shall not be deemed in any event to be an Event of Default for the purposes of this sub-paragraph (e);
- (f) the Issuer is unable to pay its debts as they fall due, commences negotiations with its creditors as a whole or any one or more classes of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors; or
- (g) any execution or distress is levied against, or an encumbrancer takes possession of the whole or 15 per cent. or more of the property, undertaking or assets of the Issuer (calculated by reference to the latest audited consolidated financial statements of the Issuer) or any event occurs which under the laws of any jurisdiction has a similar or analogous effect, unless such enforcement proceedings are frivolous or vexatious or are being actively contested in good faith by the Issuer; or
- (h) the Issuer or any Material Subsidiary fails to comply with or pay any sum which amount shall not be less than U.S.\$10,000,000 due from it under any final non-appealable judgment or any final non-appealable order made or given by any court of competent jurisdiction and such failure continues for a period of 30 days next following the service by any Noteholder on the Issuer of notice requiring the same to be paid/remedied; or
- (i) by or under the authority of any government, (i) the management of the Issuer or any Material Subsidiary is wholly or partially displaced or the authority of the Issuer or any Material Subsidiary

in the conduct of its business is wholly or partially curtailed or (ii) all or a majority of the issued shares of the Issuer or any Material Subsidiary or the whole or any part (the book value of which is 20 per cent. or more of the book value of the whole) of its revenues or assets is seized, nationalised, expropriated or compulsorily acquired; or

- (j) if at any time it is or becomes unlawful for the Issuer to perform or comply with any or all of its obligations under or in respect of the Notes or any of the material obligations of the Issuer thereunder are not or cease to be legal, valid, binding and enforceable; or
- (k) if any event occurs which is analogous to any of the events in the foregoing paragraphs (d) to (g) or paragraph (i) above then,

(i) any Noteholder may, by written notice to the Issuer at the Specified Office of the Issuing and Principal Paying Agent, effective upon the date of receipt thereof by the Issuing and Principal Paying Agent, declare the Note held by such Noteholder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Termination Amount together with accrued interest, if any, to the date of repayment, and any additional amounts as provided or referred to in Condition 11 (*Taxation*) due thereon without presentment, demand, protest or other notice of any kind; and (ii) in relation to Subordinated Notes only, on the occurrence of an event of the kind specified in paragraph (a) above, any Noteholder may institute proceedings in the UAE or any emirate therein (but not elsewhere) for the dissolution and liquidation of the Issuer.

For the purposes of these Conditions:

A "**holding company**" of a company or corporation shall be construed as a reference to any company or corporation of which the first-mentioned company or corporation is a Subsidiary.

The "**winding-up**", "**dissolution**" or "**administration**" of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

13. **Prescription**

Claims against the Issuer for payment of principal and interest in respect of the Notes will be prescribed and become void unless made, in the case of principal, within 10 years or, in the case of interest, five years after the Relevant Date.

14. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Issuing and Principal Paying Agent (and, if the Notes are then listed on any stock exchange the rules of which require the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such stock exchange), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment or, or as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements are issued.

15. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are set out in the Agency Agreement. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves

the right at any time to vary or terminate the appointment of any Agent and to appoint a successor Issuing and Principal Paying Agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer shall at all times maintain an Issuing and Principal Paying Agent;
- (b) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Notes are listed on any stock exchange the rules of which require the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by the rules of such stock exchange.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 18 (*Notices*).

16. **Meetings of Noteholders; Modification and Waiver**

- (a) ***Meetings of Noteholders:*** The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than two-thirds or, at any adjourned meeting, one-quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

In addition, pursuant to Condition 7(i) (*Benchmark Replacement*), certain changes may be made to the interest calculation provisions of the Floating Rate Notes in the circumstances and as otherwise set out in such Condition, without the request for consent of the Noteholders.

- (b) ***Modification:*** The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error, or it is, in the sole opinion of the Issuer, not materially prejudicial to the interests of the Noteholders.

17. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes and references in these Conditions to "Notes" shall be construed accordingly.

18. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) and (i) so long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and

the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.LuxSE.com), in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe; and (ii) so long as the Notes are admitted to trading on Nasdaq Dubai and the rules of that exchange so require, on the website of Nasdaq Dubai (www.nasdaqdubai.com). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

19. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms): (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.); (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

20. **Redenomination, Renominalisation and Reconverting**

- (a) **Application:** This Condition 20 is applicable to the Notes only if it is specified in the relevant Final Terms as being applicable.
- (b) **Redenomination:** If the country of the Specified Currency becomes or, announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders and Couponholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents, designate a date, being an Interest Payment Date under the Notes falling on or after the date on which such country becomes a Participating Member State, with effect from which date the Notes shall be deemed to be redenominated into euro at the rate for conversion of the Specified Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); **provided, however, that**, if the Issuer determines with the agreement of the Issuing and Principal Paying Agent that market practice in respect of the redenomination of internationally offered securities is different from that specified above, such market practice shall prevail and the Issuer shall promptly notify the Noteholders and Couponholders, each stock exchange (if any) on which the Notes are then listed and the Agents of the conversion provisions to be applied.

21. **Governing Law and Dispute Resolution**

- (a) **Governing Law:** The Agency Agreement, the Deed of Covenant and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save for the subordination provisions of the Notes which are subject to the application of mandatory provisions of the laws and regulations of the UAE.
- (b) **Arbitration:** Subject to Condition 21(c) (*Governing Law and Dispute Resolution – Option to Litigate*), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute, claim, difference or controversy relating to any non-contractual obligations arising out of or in connection with the Notes) (a "**Dispute**") shall be referred to and finally resolved by arbitration in accordance with the LCIA Arbitration Rules (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition 21(b). For these purposes:
 - (i) the seat, or legal place of arbitration will be London, England;
 - (ii) the language of the arbitration shall be English;

- (iii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration and shall have no connection with any party thereto and shall be an attorney experienced in international securities transactions; and
 - (iv) the governing law of the arbitration shall be English law.
- (c) **Option to Litigate:**
- (i) Notwithstanding Condition 21(b) (*Governing Law and Dispute Resolution – Arbitration*), any Noteholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:
 - (A) within 28 days of service of a Request for Arbitration (as defined in the Rules); or
 - (B) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If any Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 21(d) (*Governing Law and Dispute Resolution – Effect of Exercise of Option to Litigate*) and, subject as provided below, any arbitration commenced under Condition 21(b) (*Governing Law and Dispute Resolution – Arbitration*) in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to such terminated arbitration.
 - (ii) If any notice to terminate the arbitration in accordance with this Condition 21(c) is given after service of any Request for Arbitration in respect of any Dispute, the Noteholder must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:
 - (A) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
 - (B) his entitlement to be paid his proper fees and disbursements; and
 - (C) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.
- (d) **Effect of Exercise of Option to Litigate:** In the event that a notice pursuant to Condition 21(c) (*Governing Law and Dispute Resolution – Option to Litigate*) is issued, the following provisions shall apply:
- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
 - (ii) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and
 - (iii) this Condition 21(d) is for the benefit of the Noteholders and Couponholders only. As a result, and notwithstanding paragraph (a) above, any Noteholder or Couponholder may take proceedings relating to a Dispute ("**Proceedings**") in any other court with jurisdiction. To the extent allowed by law, any Noteholder or Couponholder may take concurrent Proceedings in any number of jurisdictions.
- (e) **Service of Process:** The Issuer agrees that the process by which any Proceedings or Disputes are begun may be served on it by being delivered to Mashreqbank psc, London Branch at 3rd Floor, 48-54 Moorgate, London EC2R 6EJ, United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall appoint a

further person in England to accept service of process on their behalf. Nothing in this Condition 21(e) shall affect the right to serve process in any other manner permitted by law.

- (f) ***Waiver of Immunity:*** The Issuer irrevocably agrees that, should any Proceedings or Disputes be taken anywhere (whether for any injunction, specified performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that it and its assets are, and shall be, subject to such Proceedings or Disputes, attachment or execution in respect of its obligations under these Conditions.
- (g) ***Consent to Enforcement:*** The Issuer irrevocably and generally consents in respect of any Proceedings or Disputes anywhere to the giving of any relief or the issue of any process in connection with those Proceedings or Disputes including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those Proceedings or Disputes.
- (h) ***No Third Party Rights:*** No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

PRESENTATION OF FINANCIAL INFORMATION

Historical financial statements

The historical financial statements relating to the Issuer included in this Base Prospectus are:

- (a) the audited consolidated annual financial statements as at and for the financial year ended 31 December 2024 (the "**2024 Financial Statements**"); and
- (b) the audited consolidated annual financial statements as at and for the financial year ended 31 December 2025 (the "**2025 Financial Statements**" and together with the 2024 Financial Statements, the "**Financial Statements**").

The Financial Statements have been prepared in accordance with IFRS Accounting Standards ("**IFRS**") issued by the International Accounting Standards Board (the "**IASB**").

The Group's financial year ends on 31 December and references in this Base Prospectus to a "financial year" are to the 12-month period ended on 31 December of the year referred to.

The Group publishes its financial statements in UAE dirham.

Independent Auditors

The Financial Statements have been audited by Deloitte & Touche (M.E.) ("**Deloitte**"), without qualification, in accordance with International Standards on Auditing.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected consolidated financial information of the Issuer as at and for the years ended 31 December 2025 and 31 December 2024, which has been derived without material adjustment from the Financial Statements. The selected financial information below should be read in conjunction with the risk factors set forth under heading "*Risk Factors*", the Financial Statements and other information included elsewhere in this Base Prospectus.

	As at and for the year ended 31 December 2025	As at and for the year ended 31 December 2024
	<i>(in AED millions)</i>	<i>(in AED millions)</i>
Selected balance sheet data:		
Cash and balances with central banks	33,532	40,593
Loans and advances to banks	65,721	52,272
Loans and advances to customers (net)	138,071	103,081
Islamic financing and investment products measured at amortised cost	26,278	21,678
Investments (net) ⁽¹⁾	50,548	36,276
Total assets	334,634	267,453
Deposits and balances due to banks	38,922	43,374
Customers' deposits ⁽²⁾	204,895	160,940
Total equity	40,577	37,780
Selected income statement data:		
Net interest income and income from Islamic products net of distribution to depositors	8,141	8,388
Net fee and commission income	1,333	1,465
Net investment income	350	229
Other income, net	2,752	3,335
General and administrative expenses	(3,871)	(3,696)
Profit/(Loss) for the year before non-controlling interests	6,970	9,017
Profits/(Loss) attributable to equity holders of the parent	6,840	8,917
Selected ratios (in per cent.):		
Return on average assets⁽³⁾	2.29	3.54
Return on average equity⁽⁴⁾	19.54	28.97
Net loans to customer deposit ratio	80.2	77.5
Equity to asset ratio	12.1	14.1

Notes:

- (1) Investments (net) are the sum of the line items "Financial assets measured at fair value", "Securities measured at amortised cost" and "Investment properties" appearing in the Issuer's consolidated statements of financial position for each relevant period.
- (2) Customers' deposits are the sum of the line items "Customers' deposits" and "Islamic customers' deposits" appearing in the Issuer's consolidated statements of financial position for each relevant period.
- (3) Return on average ("**ROA**") assets is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. See the "*Alternative Performance Measures*" section.
- (4) Return on average equity is an adjusted version of return on equity, which measures profitability by revealing profit generated from the money shareholders have invested and where the denominator is average shareholders' equity. See the "*Alternative Performance Measures*" section.

ALTERNATIVE PERFORMANCE MEASURES

Certain financial measures presented by the Issuer in this Base Prospectus are not defined in accordance with IFRS. The Issuer believes that the alternative performance measures (as defined in the European Securities and Markets Authority guidelines (the "**ESMA Guidelines**") on Alternative Performance Measures ("**APMs**")) included in this Base Prospectus provide useful supplementary information to both investors and to the Issuer's management, as they facilitate the evaluation of underlying business performance across financial reporting periods. However, investors are cautioned not to place undue reliance on this information and should note that, since not all companies calculate financial measurements such as the APMs presented by the Issuer in this Base Prospectus in the same manner, these are not always directly comparable to performance metrics used by other companies.

Additionally, the APMs presented by the Issuer in this Base Prospectus are unaudited and have not been prepared in accordance with IFRS. Accordingly, these financial measures should not be seen as a substitute for measures defined according to IFRS. The Issuer considers that the following metrics (which are set out below along with their reconciliation, to the extent that such information is not defined according to IFRS and not included in the Financial Statements annexed to this Base Prospectus) presented in this Base Prospectus constitute APMs for the purposes of the ESMA Guidelines:

APM	Definition of APM	Method of Calculation	Reconciliation to Financial Statements
Gross non-performing loans to gross loans ratio	Non-performing loans to total gross loans ratio is calculated by using the value of non-performing loans (" NPLs ") as the numerator and the total value of the loan portfolio (including NPLs, and before the deduction of specific loan-loss provisions) as the denominator. It is often used as a proxy for asset quality and is intended to identify problems with asset quality in the loan portfolio.	(NPL (impaired loans and advances to customers plus impaired Islamic financing and investment products) minus interest/profit suspended) divided by (Gross Loans (Loans and advances to customers plus Islamic financing and investment products minus unearned income) minus interest/profit suspended).	"Stage 3" "Loans and advances to customers" and "Islamic financing and investment products" set out in Note 43 – Credit risk management section of the 2025 Financial Statements, "Interest/ Profit in suspense" as derived from internal management records. "Loans and advances to banks" as set out in Note 6, "Loans and advances to customers" as set out in Note 8, "Islamic financing and investment products" and "unearned income" set out in Note 9 to the 2025 Financial Statements.
Loan loss coverage ratio	Loan loss coverage ratio is a financial measure which is used to determine how well a bank has prepared for losses on its loan portfolio.	Total allowance for impairment for loans and advances to customers including Islamic loans and advances minus interest/profit suspended divided by NPL (impaired loans and advances plus impaired Islamic financing and investment products) minus interest/profit suspended.	"Loss allowance" on "Loans and advances to customers" and "Islamic financing and investment products" as set out in Note 43 - Credit risk management section plus the "Impairment Reserve – General" as set out in Note 21 – Issued and paid-up capital and other reserves of the 2025 Financial Statements. "Interest/Profit in suspense" as derived from internal management records. "Stage 3" "Loans and advances to customers" and "Islamic financing and investment products" as set out in Note 43 Credit risk management section of the 2025 Financial Statements.
Return on average assets	Return on average assets (" ROA ") is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how	Profits attributable to owners of the parent, less coupon paid to additional tier 1 holders, divided by average total assets (average of four quarters) excluding	"Profit attributable to owners of the parent" as set out in the Consolidated statement of profit or loss of the 2025 Financial Statements and "Last 4 quarters average total assets",

APM	Definition of APM	Method of Calculation	Reconciliation to Financial Statements
	efficient management is at using its assets to generate earnings.	customer acceptances and positive fair value of derivatives.	"Customer acceptances" and "Fair value of derivatives" as derived from internal management records.
Return on average equity	Return on average equity is an adjusted version of return on equity ("ROE"), which measures profitability by revealing profit generated from the money shareholders have invested and where the denominator is average shareholders' equity.	Profits attributable to owners of the parent, less coupon paid to additional tier 1 holders, divided by average equity attributable to owners of the parent (average of opening equity plus the four quarters) excluding the coupon paid to additional tier 1 holders.	"Profits attributable to owners of the parent" as set out in the Consolidated statement of profit or loss of the 2025 Financial Statements and "Last 4 quarters average of equity attributable to owners of the parent" as set out in the Consolidated statement of financial position of the 2025 Financial Statements.
Net loans to customer deposit ratio	The loan to deposit ratio is used to calculate a lending institution's ability to cover withdrawals made by its customers. A lending institution that accepts deposits must have a certain measure of liquidity to maintain its normal daily operations.	Net Loans and Advances (loans and advances at amortised cost plus Islamic financing and investment products) divided by total customer deposits (customer deposits plus Islamic customer deposits).	"Loans and advances measured at amortised cost", "Islamic financing and investment products measured at amortised cost", "Customers deposits", "Islamic customers deposits" as set out in the Consolidated statement of financial position of the 2025 Financial Statements.
Net loans to customer deposit ratio and medium-term loan	This measures how much of customer deposits and medium term loans is deployed in loans. This also measures the liquidity aspect of the Issuer.	Net Loans (loans and advances at amortised cost plus Islamic financing and investment products) divided by total customer deposits (customer deposits plus Islamic customer deposits) and Medium-Term Loans.	"Loans and advances measured at amortised cost", "Islamic financing and investment products measured at amortised cost", "Customers deposits", "Islamic customers deposits", "Medium-term loans" as set out in the Consolidated statement of financial position of the 2025 Financial Statements.
Equity to asset ratio	The shareholder equity ratio determines how much shareholders would receive in the event of a company-wide liquidation. Equity to asset ratio represents the amount of assets on which shareholders have a residual claim.	Total Equity divided by Total Assets.	"Total Equity" and "Total Assets" as set out in the Consolidated statement of financial position of the 2025 Financial Statements.
Customer deposits to total funding base ratio	The Issuer counts on customer deposits as a stable source of funds for their lending base. Deposits offer many advantages to banks, such as predictable costs and a measurement of the degree of customer loyalty.	Total Customer Deposits (customer deposits plus Islamic customer deposits) divided by Funding Base (total liabilities minus other liabilities minus Insurance and Life Assurance Funds plus Paid-up Capital).	"Customers deposits", "Islamic customers deposits", "Medium-term loans", "Total Liabilities", "Other Liabilities", "Insurance contract liabilities" and "Issued and paid up capital" as set out in the Consolidated statement of financial position of the 2025 Financial Statements.
Net loans to total assets ratio	Net loans to total assets ratio is a percentage of assets tied up in loans. The higher the ratio, the less liquid the Issuer is. Net loans represent total loans reduced by provision and interest in suspense.	Net Loans (loans and advances at amortised cost plus Islamic financing and investment products at amortised cost) divided by Total Assets.	"Loans and advances measured at amortised cost", "Islamic financing and investment products measured at amortised cost", "Total Assets" as set out in the Consolidated statement of financial position of the 2025 Financial Statements.

DESCRIPTION OF THE ISSUER

History and overview of the Issuer

The Issuer is the oldest domestic commercial bank in the UAE and was incorporated by a decree of His Highness the Ruler of Dubai as a public shareholding company in the Emirate of Dubai in May 1967. The Issuer operates within the UAE and is registered with the Companies' Register of the Securities and Commodities Authority of the UAE under registration number 57. The Issuer changed its name to Mashreqbank from Bank of Oman Limited in 1993 and, as at 31 December 2025, was the fifth largest local bank in the UAE in terms of total assets (see further "*Description of the Issuer – Competition – Ranking by Total Assets*"). The head office of the Issuer is located at Mashreqbank Global Headquarters, Al Umniyati Street, Burj Khalifa Community, P.O. Box 1250, Dubai, UAE. The Issuer is regulated by the UAE Central Bank.

The Issuer, through its head office in Dubai, operated a network of seven branches in the UAE, 26 international branches (16 branches in Egypt; two branches in Bahrain (one onshore and one offshore); two branches in India (one onshore and one offshore); and one branch in each of the United States, the United Kingdom, Kuwait, Qatar, Oman and Hong Kong) and five representative offices in China, Bangladesh, Pakistan, Nepal and Turkey as at 31 December 2025.

The Issuer also operated 14 subsidiaries (10 in the UAE, one in the Cayman Islands, one in Egypt and two in Pakistan), as at 31 December 2025, which provide services such as insurance, securities brokerage, consumer finance, asset management, investment management, business processing outsourcing (i.e. back office operations) and information technology.

The Issuer's core businesses are retail banking, corporate and investment banking, international banking and treasury and global markets. The Issuer offers a diverse range of products and services including trade finance, contract finance, project finance, deposit taking, consumer lending, credit cards, wealth management, electronic funds transfer at points-of-sale, ATMs, call centres, treasury, correspondent banking, online banking and mobile banking. To further enhance its offering, the Issuer established an Islamic Banking division offering *Shari'a*-compliant financing in November 2006.

The Issuer's operating income decreased from AED 13,416 million for the year ended 31 December 2024 to AED 12,576 million for the year ended 31 December 2025, corresponding to a decrease of 6.3 per cent. The Issuer's total assets have increased from AED 267,453 million as at 31 December 2024 to AED 334,634 million as at December 2025, representing an annual growth rate of 25.1 per cent.

The Issuer's total loans and advances to customers including Islamic financing, (net of impairment allowances) as at 31 December 2025 were AED 164,349 million, compared with AED 124,758 million as at 31 December 2024. The Issuer's customer deposits as at 31 December 2025 were AED 204,895 million, compared with AED 160,940 million as at 31 December 2024.

As at 31 December 2025, approximately 85.6 per cent. of the capital of the Issuer is owned by members of the Al Ghurair family, either directly or indirectly through companies controlled by them, with the balance of the capital being held publicly. Set out below are the major shareholders of the Issuer as at 31 December 2025:

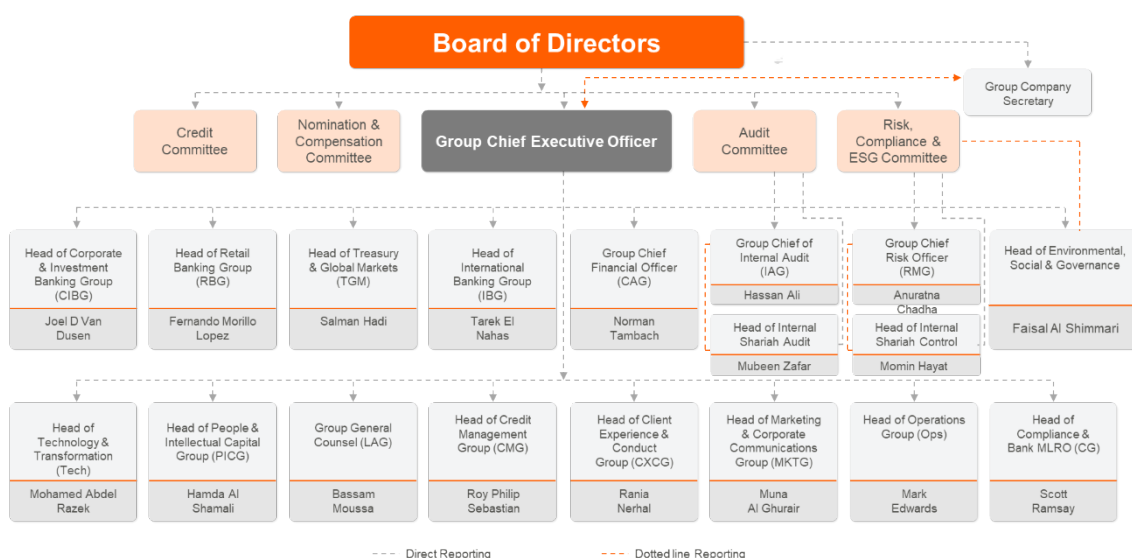
- Saif Al Ghurair Investment Company LLC – 41.8 per cent. of the Issuer's share capital;
- Abdulla Ahmed Al Ghurair Investment Co. – 31.1 per cent. of the Issuer's share capital; and
- Massar Investments LLC – 12.7 per cent. of the Issuer's share capital.

The Issuer's shares are listed and traded on the Dubai Financial Market.

Strategy

The Issuer follows a rolling three-year strategic planning process, with the latest update completed in October 2025. This is expected to play an important role in providing strategic guidance and driving the business growth of the Issuer. The key areas of the Issuer's strategy are articulated around "RISE": (i) resilient operations; (ii) innovation and digital excellence; (iii) shareholder value maximisation; and (iv) experience (employee and client experience).

The following chart sets out the Issuer's organisational structure as at the date of this Base Prospectus:



Description of the Issuer's business

The Issuer divides its business into three main business groups: (i) Wholesale Banking (which consists of (A) Corporate and Investment Banking and (B) International Banking); (ii) Retail Banking; (iii) Treasury and Global Markets.

1. *The Wholesale Banking Group*

(a) **The Corporate and Investment Banking part of the Wholesale Banking Group ("CIBG")**

Corporate and Investment Wholesale Banking focuses on the management of corporate and financial institution ("FI") clients.

The CIBG consists of dedicated industry-specific business divisions and units, providing a wide range of conventional and Islamic financial products exclusively to government, public sector, FI and corporate clients across a variety of industries. These divisions and units are supported by sophisticated product structuring and solutions delivery experts.

(i) *Corporate Origination and Business Development*

The Corporate Origination and Business Development division ("**COBD**") was formed as the first dedicated origination team within the corporate banking function across the UAE. COBD initiates new relationships for the Issuer given its experience across various industries which cover the full suite of corporate products. COBD has dedicated coverage teams for multinationals, large and mid-size UAE-based corporate entities, as well as international and regional markets, with dedicated desks covering the Kingdom of Saudi Arabia and Oman.

(ii) *Global Transaction Banking*

The Global Transaction Banking division ("**GTB**") leverages the Issuer's regional and international network to provide cash management, trade finance and supply chain finance services to financial institutions, large corporates and mid-market clients. GTB forms an integral part of the Issuer's UAE and regional strategy and supports client activity across the Middle East and key international trade corridors. GTB's capabilities are supported by the Issuer's U.S. dollar and UAE dirham clearing businesses and by a correspondent banking network comprising approximately 450 banks in 63 markets.

GTB offers a range of customised and digital solutions designed to meet industry-specific requirements. Its unified digital platform enables clients to manage local, regional and global

treasury operations across the UAE, Qatar, Bahrain, Kuwait and Egypt, with further market expansion planned. GTB's trade finance activities are supported by the Issuer's presence in the GCC, Egypt, Hong Kong, New York, Mumbai and London.

In 2025, GTB received multiple awards from global industry bodies and financial publications recognising its performance across cash management, trade finance and transaction banking. At the Euromoney Transaction Banking Awards 2025, GTB was named the Middle East's Best Cash Management Bank and Qatar's Best Transaction Bank. GTB was also recognised in the Euromoney Financial Institutions Survey 2025, including number one positions in cash management and trade finance categories across the Middle East and Africa, as well as further distinctions for product excellence. GTB was additionally acknowledged as the eighth-largest U.S. dollar clearing provider globally and as the only U.S. dollar clearing bank domiciled in the Middle East. Beyond Euromoney, GTB also received awards in 2025 from Global Finance, the Adam Smith Awards and Asian Banking & Finance for innovation and digital transaction banking services.

(iii) *Investment Banking*

The Issuer's Investment Banking division ("**IB**") provides comprehensive capital-raising solutions for the Issuer's corporate and financial institution clients. The IB engages with the Issuer's key clients in various industries and geographies. The Issuer has an award-winning IB platform that serves clients in many markets. The IB has an established track record in leading (conventional and *Shari'a*-compliant) debt capital-raising mandates, as well as providing equity and debt advisory services.

Taking into account market conditions, the IB develops and implements tailored solutions for the Issuer's clients to meet their specific financing and capital requirements. The IB uses expertise in various sectors, regions and products to formulate customised, sophisticated strategies for the Issuer's clients.

The Issuer's integrated coverage model offers clients access to industry and geography-specific expertise across all product solutions. Furthermore, the platform has an established best-in-class distribution model that includes investors across markets and asset classes.

- *Loan Syndications*

Term Financing for Corporate Entities: The Issuer has arranged syndicated loans for large and mid-market corporate entities, including debut borrowers, for the purpose of capital expenditure (capex), refinancing existing debt and general corporate purposes, for tenors that are in line with market practice.

Financial Institutions: The Issuer is an active arranger of syndicated loans for financial institutions in Africa, the Middle East and Asia. The Issuer's loan distribution reach extends across syndicated loan markets in Europe, Asia and the Middle East.

Leveraged Buyouts: The Issuer facilitates new business acquisitions by sponsors and companies, using its ability to structure and underwrite non-recourse facilities, and subsequently offer syndicated participation opportunities to a wider group of banks.

Structured Trade Solutions: The Issuer explores financing solutions for various stages of working capital cycles and has the ability to devise financing structures that can ultimately be offered to other lenders for syndicated participation.

- *Debt Capital Markets*

The Issuer is an arranger and underwriter of debt capital in investment grade and high-yield markets, providing clients with strategic advice at each stage of the debt issuance process. The Issuer has an integrated platform that enables it to access numerous markets and deliver custom-made financing solutions and execute public issuance and private placements of conventional and *Shari'a*-compliant debt securities issued by the Issuer's clients.

- *Debt Advisory*

The Issuer evaluates the suitability of a client's existing borrowing framework, engages in strategic discussions with clients, recommends an appropriate composition of bank and capital market debt and oversees the execution of the restructuring of the client's debt profile.

- *Advisory*

The Issuer's access to the wider investor community, through relationships with financial sponsors, family offices and private banking clients across the region, sits at the core of its mergers and acquisition advisory activities. The IB division supports key clients in specific sectors to unlock value opportunistically in their businesses and runs an end-to-end process.

- *Investment Agency Services*

The Issuer is among the few banks in the Middle East region to offer a full suite of facility agency, security agency and initial public offering services to its clients. The Issuer seeks to increase its focus on its initial public offering function and provide world-class services to participants in large, syndicated transactions and fundraising processes.

(iv) *Islamic Banking*

The Issuer offers *Shari'a*-compliant products and services through its Islamic Banking window, Mashreq Al Islami. Mashreq Al Islami provides retail and corporate Islamic banking services to clients across the Issuer's network. Mashreq Al Islami offers Islamic financial products and services such as working capital, construction finance, asset procurement, lease rental discounting, liquidity management, asset management and hedging services. The Issuer offers products, services and solutions for corporate clients operating in various industries, including the trading, real estate, services and manufacturing and contracting industries.

Mashreq Al Islami has a team of relationship managers that are trained to deal in *Shari'a*-compliant products and specialise in industry sectors. Islamic banking has grown exponentially in the Middle East region, and the Issuer has successfully arranged finance for local and international clients, introducing them to local liquidity and unique Islamic corporate structures.

The Issuer's Islamic banking activity is supervised by an independent *Shari'a* board comprised of renowned *Shari'a* scholars to ensure a high level of *Shari'a* compliance.

(v) *Financial Institutions*

The Issuer's FI division is responsible for establishing and maintaining relationships across FIs to globally support their banking requirements, which includes relationship management, business origination and correspondent banking services across the network. With a global footprint across key trade corridors, and extensive experience, spanning five decades, the Issuer has a deep understanding of international trade flows and expertise in trade finance. From a correspondent banking perspective, the Issuer is the only U.S. dollar clearing bank in the Middle East that supports payment services internationally.

The Issuer's FI division offers the following products and services: (i) trade finance (standby letters of credit and letters of credit confirmation, discounting, guarantees, UPAS (usance payable at sight), reimbursement financing, forfaiting and trade loans); (ii) arranging loan and debt capital market transactions; (iii) underwriting and financing solutions; (iv) clearing services (mainly for U.S. dollar and AED); (v) export bill collections; (vi) risk participations; (vii) swaps and derivatives; (viii) repos; (ix) bank notes; and (x) fixed income.

(vi) *Non-Banking Financial Institutions*

The Issuer's Non-Banking Financial Institutions business provides corporate banking and financing solutions for (i) investors, financial sponsors and asset managers; (ii) insurers; and (iii) fintech

companies and other non-banking financial institution clients (such as stock and commodity exchanges and payment services providers).

The Issuer's non-banking financial institution clients benefit from: (i) bespoke financing solutions; (ii) investment banking services; (iii) global cash management services; (iv) trade and receivable finance services; and (v) treasury capital markets services.

(vii) *Real Estate Finance and Advisory*

The Issuer's Real Estate Finance and Advisory division comprises portfolio coverage and structuring teams. The division offers clients a range of debt, equity, advisory and trust management services. It specialises in the following property sectors: (i) retail; (ii) commercial (offices and light industrial); (iii) hospitality; and (iv) residential.

The division originates and executes bilateral and syndicated financing transactions for mid-market and large corporate entities, including government entities, family offices, financial institutions and developers. It offers the following client solutions:

- acquisition financing;
- development financing;
- receivables financing;
- vanilla, as well as structured, financing solutions on a recourse and non-recourse basis; and
- real estate-related corporate and/or holding companies lending solutions on an asset backed as well as non-asset backed basis.

As at 31 December 2025, the trust management team within the Real Estate Finance and Advisory division managed real estate development sales proceeds in escrow accounts for approximately 22 per cent. and owners associations accounts for approximately 55 per cent. of the real estate development projects in Dubai. The trust management team was the first to be mandated as an authorised escrow agent by the Real Estate Regulatory Agency of Dubai, and won the Issuer the award for "Top Trustee Bank" in 2010, 2013 and 2014. The trust management team actively works with the Dubai Land Department on the Tayseer and Owner's Association fronts and supports the Issuer's other teams across the Emirates and in Qatar to formalise a streamlined trust management process.

(viii) *Public Sector & Energy*

The Public Sector division develops the Issuer's relationships with national and regional sovereign-linked entities. The division offers a diverse product range, industry expertise and leading investment banking capabilities in terms of loan syndication, debt capital markets and environmental social and governance product structuring.

In recent years, the Issuer has increased its coverage for sovereign and government-related entities in respect of bilateral loans, syndications, public issuances and private placements of debt securities issuances, progressively growing its asset book.

The Issuer's dedicated Energy division specialises in offering wholesale banking solutions such as trade finance, expansionary credit and structured solutions, and provides bespoke solutions to clients in the energy sector. It also provides corporate finance and debt capital markets services to such clients. The Energy division's coverage encompasses supporting clients operating in the conventional hydrocarbon value stream (upstream, midstream and downstream). Given the growing significance of environmentally conscious energy solutions, the Issuer continues to invest in and grow its profile in the renewable energy sector.

Operating out of a key region for the energy industry, the Issuer's presence in the GCC has allowed it to develop as an industry specialist. The Energy division covers key markets in the GCC and actively develops relationships with industry stakeholders and large multinational oil and gas

companies. Given the UAE's geographical location in the east-west corridor, the Energy division is a leading market participant, facilitating trades of oil and gas. The division leverages the Issuer's network as well as its financial institution capabilities to mitigate risks for clients. By connecting counterparties and matching trade flows, the Issuer's Energy division supports the region's, and in particular the UAE's, position as a key location for the energy industry.

The Energy Sector division partners with renowned communications and research firms, such as the Middle East Economic Digest and Gulf Intelligence, to build and enrich the Issuer's thought leadership position in the energy space. These resources can be accessed through the Energy Sector division's dedicated microsites linked to the Issuer's corporate website. The Energy Sector division regularly participates in and conducts energy-related conferences and webinars under the Issuer's branding initiatives.

The Issuer has appointed Faisal Mohammed Al Shimmari as its new Head of Environmental Social and Governance ("ESG") and has set an ambitious target of financing U.S.\$30 billion in sustainable financing by 2030. The Issuer has already taken steps to achieve this target and, since January 2021, has facilitated over U.S.\$16 billion of sustainable finance and adaptation-related investments. In November 2023, the Issuer partnered with Visa and ecolytiq to introduce the first climate banking platform in the MENA region. The platform will allow customers to receive access to a host of value-added features that will help them understand their personal environmental impact with the aim of driving a shift in customer behaviour towards more sustainable choices. The Issuer has also partnered with Chalhoub Group to extend its first Sustainability-Linked Working Capital Facility, reinforcing its commitment to ESG. The Issuer has also supported sustainability-linked financing for corporate clients, including a sustainable finance facility for Arabian Gulf Steel Industries to assist low-emission steel production and a sustainability-linked facility for the Gargash Group, which links funding terms to ESG-related performance indicators.

(ix) *Trading Companies*

The Issuer's Trading Companies division provides specialised banking services to clients in the following industries:

- retail trade and e-commerce: fashion, food and beverages, supermarkets and fast-moving consumer goods;
- commodities: soft commodities and regional trade;
- automotive and heavy equipment: dealers, agencies and distributors; and
- diversified groups: conglomerates and family offices.

The Trading Companies division includes relationship managers who are industry specialists. The industry specialists have a deep understanding of sector-specific client requirements and are thus able to advise on and deliver bespoke trade finance and banking solutions suited to the business needs of the Issuer's clients.

(x) *Services and Manufacturing*

The Issuer's Services and Manufacturing division focuses on clients in the global services, education and manufacturing sectors. To achieve this, the division leverages the Issuer's wide geographical footprint and expertise in segments such as telecoms, healthcare, education, media, technology, logistics (land and marine), warehousing, tourism, security and facilities management, fast-moving consumer goods packaging, the manufacturing of copper, paper, ceramics, tyres, batteries, plastics and chemicals, building materials (steel and cement) and other diversified segments.

(xi) *Contracting Finance*

The Contracting Finance division ("CFD") specialises in catering to the financing requirements of projects being undertaken by engineering and construction companies. The division was established in 1991 and was the first in the region to specialise in the contracting space. The Issuer

is recognised as one of the largest contracting finance banks in the UAE due to the wide coverage of the division, which caters to local, regional and international contractors from across the globe.

CFD includes experienced bankers with an in-depth understanding of projects in, among other things, the oil and gas, power, civil construction, infrastructure and petrochemical industries. CFD finances projects located in the following countries in the MENA region: the UAE, the Kingdom of Saudi Arabia, Qatar, Kuwait, Bahrain, the Sultanate of Oman and Egypt. The division supports all the banking requirements of contractors from the inception of a project, through its execution and until the project's delivery, by offering a suite of products consisting of letters of guarantee, letters of credit, project-linked working capital facilities and derivative products required for hedging the procurement needs of the Issuer's contractor clients.

CFD is a single point of contact which supports projects across the MENA region. The Issuer's interactions with its clients have been digitised thereby shortening the amount of time taken for the product or service to be delivered to clients.

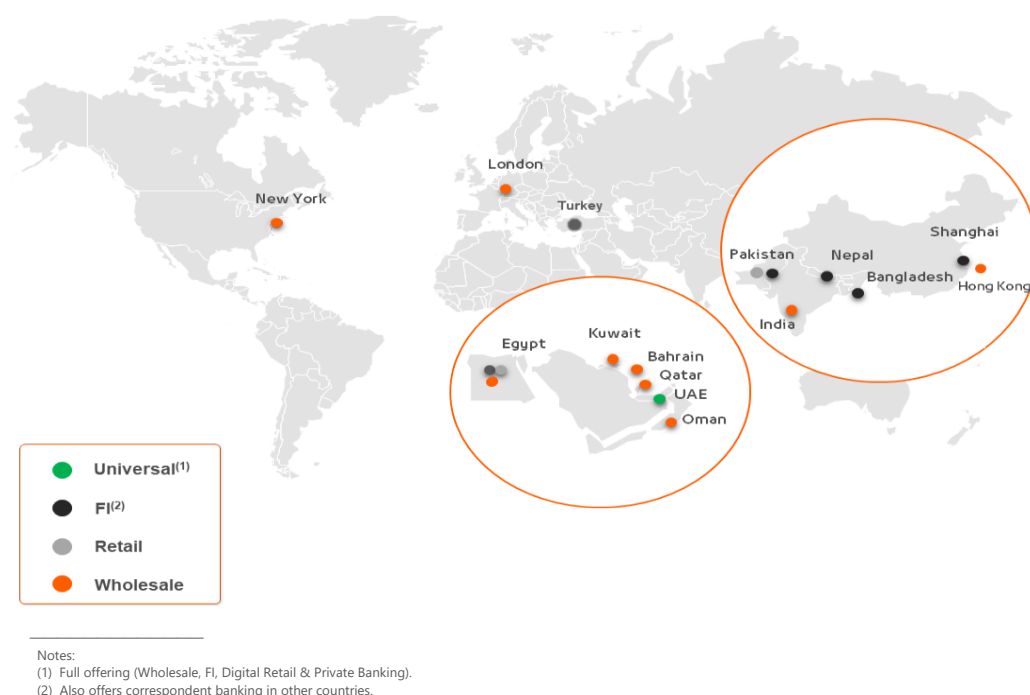
(b) **The International Banking part of the Wholesale Banking Group**

The Issuer's international network spans 14 countries. The Issuer operates one branch in each of the United States, the United Kingdom, Kuwait, Qatar, Oman and Hong Kong; 16 branches in Egypt, across Cairo and Alexandria; two branches in Bahrain (one onshore and one offshore); and two branches in India (one onshore and one offshore). The Issuer also has a presence in each of Pakistan, Bangladesh, Nepal, China and Turkey through representative offices. The offshore banking entities in Bahrain and India play an important role in supporting the Issuer's international wholesale corporate business.

The Issuer takes part in U.S.\$ clearing, intermediating international trade and taking related corporate exposure in key countries having a trade link with the GCC. As a core strategy, the Issuer focuses on growing its international corporate, financial institution and public sector business by leveraging its footprint to provide a wide array of financial products and services to its clients.

The Issuer's focus remains on transactions across its network and on payments, trade, investment and capital flows between the various countries it operates in. The Issuer's International Banking group offers in-depth knowledge of its markets and the products it offers and takes a strong relationship-led approach. The group is able to leverage the Issuer's expertise across lending, trade finance, treasury services and capital market products (structured both conventionally and in a *Shari'a*-compliant manner).

The Issuer's Widespread Network



2. *The Retail Banking Group*

With a domestic network of seven branches, 11 electronic business service units, 408 ATMs and cash and cheque deposit machines and 21 interactive teller machines spread across the UAE, the Issuer is one of the leading providers of retail banking services in the UAE. The Issuer also provides retail banking products and services through its branches in Egypt.

The Issuer's retail banking products and services encompass a wide range of consumer loans, as well as basic and enhanced current accounts, demand, savings and term deposits, investment certificates, current account services, electronic funds services, foreign exchange services, debit cards and credit cards. As part of its retail portfolio, the Issuer also offers a range of bancassurance products, which focus on whole life and term life insurance.

To further its strategy of adopting digital banking, in 2019 the Issuer launched a programme to shift the focus of its branch network to advisory services and for interactions between the Issuer's representatives and clients in the course of making significant financial decisions. In terms of everyday transactions, the Issuer would use digital technology to allow clients to benefit from a wide range of self-service facilities. The Issuer's plan was to expand the self-service offering to make banking services quicker, easier and more accessible across the Issuer's network. As at 31 December 2025, the Issuer had migrated 99 per cent. of all transactions (including financial and non-financial transactions) for retail customers from its branch network to automated service channels such as machines, mobiles and online services.

The Issuer was the first bank in the UAE to launch a fully digital offering, Mashreq Neo, which it subsequently expanded to Pakistan in 2025. In 2025, Mashreq Neo witnessed an uptake of approximately 28 per cent. of new customer acquisition (20 per cent. from new customers in the UAE and 8 per cent. from new customers in Pakistan). The launch of Mashreq Neo was followed shortly by the launch of Mashreq NeoBiz, which was the first digital platform in the UAE that offered customised and specifically tailored banking products and services for SMEs, including start-ups and young businesses in the UAE. The Issuer also launched Neo NXT in 2022 to provide comprehensive and convenient financial services to young individual clients. More than 21,000

Neo NXT accounts have been opened since its launch. More recently, the Issuer has begun adding an AI-enabled chatbot into its operations, to act as a virtual assistant to customers.

The Issuer's initiatives for providing innovative solutions have been recognised by industry bodies.

In 2025, the Issuer continued to earn prominent industry accolades for its innovative banking solutions. The Issuer was named "Best Digital Bank – Middle East" at The Digital Banker's 2025 Global Retail Banking Innovation Awards, and also recognised as "Most Innovative Banking Brand – UAE" by Global Brands Magazine. The Issuer's private banking arm received Euromoney's 2025 award for "UAE's Best for Family Office Services" for the second consecutive year. In Islamic banking, the Issuer received multiple honours, including "Best Islamic Retail Bank" and "Best Islamic Digital Bank" at The Digital Banker's 2025 Global Islamic Finance Awards, as well as being named "MENA Islamic Digital Bank of the Year" at the MEED MENA Banking Excellence Awards.

The Issuer has increased its presence in private banking through bespoke financial solutions that cater to ultra-high-net-worth individuals and owners of companies. This includes providing access to a range of in-house and third-party investment products across different asset classes, geographies and industries.

The Issuer continues to invest in initiatives that have the potential to not only deliver benefits for the Issuer and its clients, but also to support the overall start-up ecosystem in the UAE.

In addition to the above, the Issuer has a strategic alliance with the Dubai Department of Economy and Tourism (the "**DET**") and has created a tailor-made product for holders of an E-Trader licence, which is a commercial licence issued by the DET that allows such licence holders to sell products online and via social media platforms.

The Issuer is the first to acquire a restricted licence from the State Bank of Pakistan to commence pilot operations as a digital retail bank in Pakistan under the Digital Regulatory Framework issued by the State Bank of Pakistan in 2023. This milestone highlights the Issuer's commitment to driving financial inclusion and delivering innovative digital banking solutions tailored to Pakistan's evolving needs.

In 2023, Etisalat by e& signed a strategic collaboration agreement with Mashreqbank Egypt, which aims to enhance mobile banking services in Egypt and support state initiatives towards financial inclusion. Etisalat by e& and Mashreqbank Egypt will integrate banking services with modern telecommunications services to give customers access to secure banking services directly from mobile phones, in the hope this will facilitate financial transactions and increase efficiency in the mobile banking system.

3. ***The Treasury and Global Markets Group***

The Issuer's Treasury and Global Markets division (the "**TGM**") is responsible for providing treasury, risk management and market solutions to the Issuer's wholesale, retail, and private banking clients in the UAE and internationally. TGM operates through Sales, Trading and Asset & Liability Management ("**ALM**") functions, forming an integrated operating model that supports client needs while maintaining disciplined balance sheet management, risk oversight and regulatory compliance.

The Sales function acts as the primary interface with clients and provides treasury and market solutions across foreign exchange, interest rates, fixed income, commodities and structured products. Sales teams work closely with Trading and Structuring to support client requirements relating to hedging, investment and funding across corporate, financial institution, public sector and high-net-worth client segments. The Trading function supports client activity through market-making and execution across regional and international markets. Trading desks manage risk positions within approved limits and governance frameworks and provide access to primary and secondary markets while supporting the delivery of flow and structured solutions in line with the Issuer's risk appetite.

The ALM function is primarily responsible for managing the Issuer's liquidity, funding strategy, and interest rate risk. ALM operates under the oversight of the Issuer's Assets and Liabilities

Committee, to ensure alignment between market activities, balance sheet objectives and applicable regulatory liquidity requirements.

Mashreq Securities LLC ("**Mashreq Securities**"), a subsidiary of the Issuer, is an accredited securities broker on the Dubai Financial Market PJSC, the Abu Dhabi Securities Exchange (the "**ADX**"), and Nasdaq Dubai. Mashreq Securities LLC offers brokerage services in both conventional and Islamic formats and facilitates client access to regional and international markets through approved trading platforms.

The Issuer's asset management activities are conducted through Mashreq Capital (DIFC) Limited ("**Mashreq Capital**"), established in the DIFC and regulated by the DFSA. Mashreq Capital manages public funds and discretionary portfolios across a range of investment strategies, specialising in regional public equities and global fixed income in both Shari'a-compliant and conventional formats.

Loan Portfolio

The Issuer's total loans and advances to customers (net of impairment allowances) were AED 164,349 million as at 31 December 2025 and AED 124,758 million as at 31 December 2024. The following table sets out the Issuer's gross loans and advances to customers (including Islamic financing and investment products), provisions and loan to deposit ratios as at the dates indicated.

	As at 31 December 2025	As at 31 December 2024
	<i>(AED millions)</i>	
Gross loans and advances to customers (including Islamic financing and investment products).....	166,901	127,334
Interest / other income in suspense	(424)	(474)
Allowances for impairment.....	(2,128)	(2,101)
Net loans	164,349	124,758
Net loans/customer deposits (per cent.)	80.2	77.5
Net loans/customer deposit + medium-term loan (per cent.)	78.6	76.5

Distribution of Loans by Type of Collateral

As at 31 December 2025, the Issuer held collateral to the value of approximately AED 56.8 billion against loans and advances to customers (including Islamic financing and investment products) and AED 10.2 billion against loans and advances to banks, consisting primarily of mortgage interests over property, other registered securities over assets and guarantees.

The Issuer's credit procedures and policies specify margins and collateral coverage ratios (i.e. loan to value of collateral) depending on the type of facility and collateral obtained as well as the financial strength of the underlying borrower. The Issuer has systems in place to monitor and enforce margin and collateral top-up requirements, if any. The Issuer's method of valuing the collateral depends upon the type of collateral taken. The Issuer also obtains independent valuations of other types of collateral on a regular basis. Borrowers may be required to provide a cash top-up or provide additional collateral as a result of such valuations.

Consumer loans provided for the purchase of assets, such as vehicles or residential property, are typically secured by the relevant assets. Those assets which are the subject of security in favour of the Issuer are valued in advance of the loan being granted. For the purposes of calculating collateral coverage ratios, the Issuer uses the lower of the purchase cost or fair market value of the relevant assets. Unsecured consumer loans are granted against the transfer of salary of the borrower and to employees of pre-approved companies or government departments.

Distribution of Loans by Maturity

The following table shows the distribution of the Issuer's loans to customers portfolio (net of impairment allowances including Islamic financing) by maturity as at 31 December 2025 and 31 December 2024:

	As at 31 December 2025	As at 31 December 2024
	<i>(AED millions)</i>	
Short-term loans ⁽¹⁾	85,099	64,580
Medium- and long-term loans ⁽²⁾	79,250	60,179
Total	164,349	124,759

Notes:

⁽¹⁾ Residual maturities of up to and including one year.

⁽²⁾ Residual maturities in excess of one year.

Distribution of Loans by Currency

The following table shows the distribution of the Issuer's loan portfolio (net of impairment allowances) by currency as at 31 December 2025 and 31 December 2024:

	As at 31 December 2025	As at 31 December 2024
	<i>(AED millions)</i>	
AED.....	71,224	57,171
Foreign currency.....	93,125	67,588
Total	164,349	124,759

The loans and advances, including Islamic financing, made by the Issuer are typically funded in the same currency as the deposits and other sources of funds obtained by the Issuer, which limits the Issuer's exposure to exchange rate fluctuations. See "*Risk Management — Currency Risk Management*" below.

Credit Approval Procedures

The Board of Directors of the Issuer delegates approval authorities to the Chairman of the Board Credit Committee. The Chairman then delegates such authorities to the Group Chief Credit Officer ("**GCCO**") of the Issuer. The GCCO is, in turn, authorised to delegate certain credit approval authorities further within the credit risk management team of the Issuer, based on the experience and employment grades of the credit approvers in the team.

The GCCO is responsible for overseeing all aspects of credit underwriting and management and is supported by a team of experienced and trained credit risk managers.

The GCCO and credit risk managers have delegated authority within the credit risk management framework to approve credit transactions and manage credit risk on an ongoing basis. All credit proposals exceeding the authority of the GCCO will be submitted to the Group Chief Executive Officer ("**GCEO**"), Chairman and/or the Board Credit Committee for approval. The Issuer has separate approval processes for its wholesale and retail businesses.

Commercial Lending

All credit applications are subject to the Issuer's credit policies, credit limits, underwriting standards and industry caps (if any) and to regulatory requirements, as applicable from time to time.

Credit applications typically include the following information: the risk rating of the borrower; transaction details (including the amount and type of facility sought and pricing); the relevant credit conditions of the borrower; the security details of the borrower; information relating to the operating condition, business and management of the borrower, including a detailed financial analysis, background/historical information relating to the borrower, and related industry factors. The Issuer sets credit limits for all borrowers and/or counterparties based on their creditworthiness.

The Issuer has implemented a credit risk rating framework that supports the development of key credit risk parameter estimates in order to measure credit and transaction risk. In 2016, the Issuer partnered with Moody's Risk Analytics to perform a Basel internal ratings-based compliant redevelopment and model validation exercise. Rating models for mid-sized and large corporates were subsequently refreshed in 2021. The risk parameters used in the new risk rating models are transparent and may be replicated in order to provide consistency of credit approval, as well as providing minimum lending standards for each of the risk rating categories. The Issuer's credit risk rating system is subject to a model governance and review framework, which stipulates periodic validation and continuous monitoring of key performance indicators for these models. The objectives of this framework are to ensure that credit risk rating methodologies and parameters remain appropriately designed and developed, independently validated, and regularly reviewed. Credit risk rating models, however, remain subject to model risk due to their statistical nature and the data limitations. These models are developed by the Enterprise Risk Management team under the umbrella of the Group Chief Risk Officer and the GCCO team is also closely involved in the development of credit risk rating models.

All credit lines or facilities extended by the Issuer are approved within delegated authorities under the ultimate authority of the Board.

The Issuer has established country limits for cross-border and transfer risk between countries. Individual country limits are defined based on a detailed country and transfer risk policy, defining acceptable country credit risk exposure and evaluating and controlling cross-border risk. These limits are regularly reviewed by the Issuer's credit risk management and periodically reviewed by the Enterprise Risk Committee. The Issuer uses an international risk rating system to differentiate between the quality of various sovereign risks.

The Issuer has diversified its exposure to avoid concentration risk. However, growth in exposure in some international jurisdictions with a higher risk profile than the UAE could have a material impact on the Issuer's results.

Retail Lending

Each retail credit application is considered for approval according to a product programme, which is devised in accordance with the product policy parameters approved by the GCCO. The product policies are guided by the overarching Retail Credit Policy Manual, which is approved by the Issuer's Board Risk, Compliance, and ESG Committee. Different authority levels are specified for approving product programmes and exceptions to, and individual loans/credits under, product programmes. Each product programme contains detailed credit criteria (for example credit score, repayment history, extent of indebtedness, current exposure, age, residency, etc.) and regulatory, compliance and documentation requirements, as well as other operating requirements. Credit approval authority levels range from Level 1 (approval of a credit application meeting all the criteria of an already approved product programme) to Level 5, which are approvals authorised by the GCCO.

Credit Review Procedures and Loan Classification

Specialists within the Enterprise Risk Management (Fundamental Credit Review) and Internal Audit groups undertake regular reviews of the Issuer's portfolio. This involves a sampling of assets in the wholesale portfolio. In retail, the focus is on testing the Issuer's risk management processes, including the periodic review of retail assets, portfolio quality and related provisions. Specialist independent auditors subject the Issuer's risk assets to a quality evaluation on a regular basis. Reviews are conducted in conformity with the guidelines of the UAE Central Bank and the Issuer's internal policies in order to assist in the early identification of accrual and potential performance problems. The specialists validate risk ratings of those commercial and institutional clients and ensure approved credit policies, guidelines and operating procedures across the Issuer are implemented, or highlight identified gaps in their reports.

The Fundamental Credit Review and Internal Audit function provides the Issuer's management and the Board of Directors with an independent and objective assessment as well as ongoing monitoring of the quality of asset portfolios across the Issuer. It is an important component of the Issuer's enterprise-wide risk management framework designed to assist the Issuer's management in ensuring that asset portfolios are managed in a manner consistent with strategy, risk appetite, sound qualitative and quantitative credit due diligence, emerging risks, credit policies and applicable credit regulatory requirements.

Loan Classification

The Issuer has in place a risk rating system for its wholesale borrowers based on probability of default models. An application and behavioural scorecard has also been developed for the Issuer's principal retail products.

The Issuer's master risk rating scale is comprised of twenty-five grades (MRS1 to MRS25) and encompasses material asset portfolios of the Issuer. Risk ratings are granularly defined and, as they are based on specific models for specific segments, are comparable across the entire portfolio.

While the Issuer has adopted the risk rating system, it continues to ensure that its policies remain compliant with UAE Central Bank regulations. The Issuer's portfolio of non-performing loans (obligations which are more than 90 days past due for principal or interest) continue, however, to be classified as Stage 3 "defaulted credit facilities" with subcategories according to their days past due as follows:

Sub-stage of Stage 3	Days Past Due	
	Wholesale Obligors	Retail Obligors
3A	0 but unlikely to pay	0 but unlikely to pay
3B	91-180	91-120
3C	181 to 365	121 to 180
	365+	180+

Provisions

The Issuer's policy for the calculation of impairment provisions for loans and advances complies in all material respects with the specific and general provision requirements of the UAE Central Bank. Additionally, in line with the UAE Central Bank guidelines, all banks operating in the UAE are required, in addition to the specific provisions, to build a general provision for unclassified loans and advances equal to 1.5 per cent. of their credit risk-weighted assets. The Issuer currently maintains a general provision of 1.5 per cent. of its credit risk-weighted assets. As at 31 December 2025, the Issuer had specific impairment allowances for loans of AED 1,505 million in addition to a collective impairment allowance of AED 3,497 million of which, AED 2,206 million is held in impairment reserve - general.

Impairment allowance requirements in respect of classified assets (under the Issuer's internal risk classification) broadly follow the following guidelines for the Issuer's exposure:

Stage 3 minimum provision for wholesale obligors, net of collateral

Stage 3 – Wholesale Obligors			
Exposure Portions	Minimum provision floor on portion	Exposure Sub-portion	Minimum provision on sub-portion
Unsecured Portion	25% for 4 years and 100% thereafter	Covered by expected cash flows	No Floor
		Not covered by expected cash flows	100%
Secured Portion	No floor for 4 years and 25% thereafter	-	-

Stage 3 minimum provision for retail obligors, net of collateral

Stage 3 – Retail Obligors				
	Days-Past-Due / Classification			
	Not past due but unlikely to pay	91 to 120	121 to 180	180 +
Sub-stage	3A		3B	3C
Minimum provision	25% or higher	25% or higher	50% or higher	100%

Retail banking products are provisioned in accordance with UAE Central Bank regulations. The Issuer writes off retail assets (excluding mortgages) once they are 180 days past their due date. Retail mortgage loans are provided in line with UAE Central Bank regulations, which mandate provisioning from 90 days

past due calculated on discounted loan-to-value based on current valuation. Loss, given default and expected loss metrics have also been developed for the major retail products.

In addition to the above and in accordance with UAE Central Bank guidance notes to banks and finance companies, the Issuer also measures general provisions under International Financial Reporting Standard 9 ("IFRS 9") rules. IFRS 9 outlines a 'three-stage' risk-based model for the calculation of impairment based on changes in credit quality since the initial recognition of a facility. As required by UAE Central Bank guidelines, the Issuer takes the higher of the loan loss provisions required under IFRS 9 and UAE Central Bank regulations.

In adopting prudent credit review and risk management procedures, the Issuer seeks to maintain tight control over its loan portfolio to manage credit costs effectively and to minimise unexpected losses.

The Issuer also has a dedicated collection and recovery team for all delinquent retail lending, which commences collection efforts between one and 30 days after the first default. More focused recovery efforts are initiated when a loan has been delinquent for more than 90 days. For the wholesale portfolio, the Issuer has a separate unit, the Special Asset Unit, which is responsible for handling non-performing commercial loans with a view to ensuring maximum recovery for the Issuer. In addition, the Issuer's legal department is fully involved throughout the remedial process, initiating appropriate legal action where necessary.

Impact of the New IFRS 9 Impairment Guidelines

International Financial Reporting Standards

In January 2018, the Issuer adopted the IFRS 9 standard, which resulted in changes to the Issuer's presentation and disclosure of information in its financial statements, as required by IFRS. This has fundamentally redesigned the provisioning process, moving from an 'incurred loss' model to a forward-looking 'expected loss' model. The standard contains a 'three stage' approach to recognise credit impairment, which is based on the changes observed in the credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate the level of impairment losses to be recognised. For the recognition of impairment losses on financial assets, expected loss is to be computed.

Doubtful and Loss Accounts – Customers

The following table shows the Issuer's non-performing loans, including Islamic financing, and related provisions and ratios as at 31 December 2025 and 31 December 2024:

	As at 31 December 2025	As at 31 December 2024
	<i>(AED millions)</i>	
Gross loans.....	166,901	127,334
Interest / other income in suspense.....	424	474
Impairment allowance for doubtful loans.....	2,128	2,101
Total allowance for impairment.....	2,552	2,575
Non-performing loans.....	2,072	2,191
Gross non-performing loans to gross loans ratio ⁽¹⁾	1.0	1.4
Loan loss coverage ratio ⁽²⁾	263	209

Notes:

⁽¹⁾ Does not include interest in suspense

⁽²⁾ Including AED 2,206 million held in Impairment reserve – general as at 31 December 2025 and AED 1,495 million held in Impairment reserve – general as at 31 December 2024.

The Issuer charges interest on most non-performing accounts for litigation purposes but does not record such accrued income with respect to non-performing accounts as income in preparing its financial statements. The Issuer writes off certain loans against provisions held, in order to streamline its loan portfolio and in the year ended 31 December 2025, the Issuer wrote off AED 120 million from classified accounts which had been provisioned.

Doubtful and Loss Accounts – Banks

The following table shows the Issuer's non-performing assets and related provisions and ratios as at 31 December 2025 and 31 December 2024:

	As at 31 December 2025	As at 31 December 2024
	<i>(AED millions)</i>	
Loans and advances to banks (gross).....	65,810	52,390
Non-performing bank assets.....	-	-
Impairment allowance for bank assets.....	89	118
Non-performing bank assets/total due from bank (per cent.).....	0.00	0.00
Total impairment allowance/non-performing bank assets (per cent.).....	-	-

Investment Portfolio

As at 31 December 2025, the Issuer's investment portfolio represented 15.1 per cent. of its total assets (compared with 13.6 per cent. as at 31 December 2024).

The equity holdings of the Issuer constituted 2.0 per cent. of the Issuer's investment portfolio as at 31 December 2025 (compared with 2.4 per cent. as at 31 December 2024). Debt securities held by the Issuer include securities issued by banks, GCC and OECD sovereigns, as well as a range of other high-grade and other bonds.

Deposits and Other Funding Sources

As at 31 December 2025, customer deposits constituted 69.7 per cent. of the Issuer's total liabilities (compared with 70.1 per cent. as at 31 December 2024).

In February 2004, the Issuer established a Euro Medium Term Note Programme (the "**EMTN Programme**"). The size of the EMTN Programme was increased from U.S.\$750 million to U.S.\$2 billion in March 2006 and increased again to U.S.\$5 billion in September 2010. In July 2024, the Issuer established a sukuk programme.

In 2025, the Issuer issued 21 private placements for a total of U.S.\$ 814.3 million. In 2024, the Issuer issued 11 private placements for a total of U.S.\$236 million.

The following table sets out the maturity profile of the Issuer's liabilities as at 31 December 2025 and 31 December 2024:

	As at 31 December 2025		As at 31 December 2024	
	<i>(AED million)</i>	<i>Per cent.</i>	<i>(AED million)</i>	<i>Per cent.</i>
Short-term ⁽¹⁾	270,423	92.0	220,164	95.9
Long-term ⁽²⁾	23,635	8.0	9,509	4.1
Total	294,057	100	229,673	100

Notes:

⁽¹⁾ Short-term means deposits maturing in less than one year, and other liabilities.

⁽²⁾ Long-term means deposits and borrowing maturing in more than one year.

Market Risk Management

The Issuer's exposure to market risk in investments and other trading products is monitored and controlled on a regular basis by the Issuer's Market and Traded Credit Risk Unit under the Risk Management division using detailed management information reports. TCM stipulates individual dealer position and trading limits in treasury-managed activities within the overall regulatory guidelines and according to the Issuer's internal frameworks and risk appetite. Cross-border and financial institutions exposure limits for money market and other banking activities are approved in accordance with guidelines set out in the Issuer's credit policy and within the Issuer's defined risk appetite framework.

A key element in market risk management is the estimation of potential loss that may arise from adverse changes in market conditions. To estimate such potential loss, the Issuer implemented a Value at Risk ("**VaR**") model which is being used to set VaR-based limits with respect to market risk. The VaR model

considers variables that may affect portfolio value such as interest rates, foreign exchange rates and security prices and their respective volatilities, and the correlations between these variables. The VaR estimates take account of potential diversification benefits of different positions both within each and across different portfolios.

Liquidity Risk Management

The Issuer manages its liquidity in accordance with UAE Central Bank requirements and its own internal guidelines. The UAE Central Bank sets cash reserve requirements on deposits, which are currently 1 per cent. on time deposits and 14 per cent. on current, savings and call deposits. The UAE Central Bank also imposes a mandatory 1:1 utilisation ratio whereby loans and advances (combined with interbank placements having a remaining term of greater than three months) should not exceed stable funds. Stable funds are defined by the UAE Central Bank to mean free own funds, interbank deposits with a remaining term of more than six months and stable customer deposits. To guard against liquidity risk, the Issuer has diversified its funding sources and manages its assets with liquidity in mind, seeking to maintain a balance of cash, cash equivalents and readily marketable securities. ALCO sets and monitors liquidity ratios and regularly revises and updates the Issuer's liquidity management policies to ensure that the Issuer is in a position to meet its obligations as they fall due.

The following table sets forth a number of liquidity ratios for the Issuer as at 31 December 2025 and 2024:

Liquidity Ratios	As at 31 December 2025	As at 31 December 2024
Customer deposits/total funding base.....	73.5	74.6
Net loans/customer deposits	80.2	77.5
Net loans/total assets	49.1	46.6

Interest Rate Risk Management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Issuer is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities.

The Issuer uses simulation-modelling tools to periodically measure and monitor interest rate sensitivity. The results are analysed and monitored by ALCO. Most of the Issuer's assets and liabilities are of a floating rate nature and therefore the price of both assets and liabilities move simultaneously, providing a natural hedge and reducing interest rate exposure. Moreover, the majority of the Issuer's assets and liabilities reprice within one year, thereby further limiting interest rate risk.

Currency Risk Management

The UAE dirham is the Issuer's functional currency. The majority of the Issuer's assets and liabilities are denominated in UAE dirham or U.S. dollars. As a result, limited structural cross-currency foreign currency exposure exists. However, as at 31 December 2025, the Issuer maintained a long U.S. dollar position of AED 56 billion, which is within limits approved by ALCO. The Issuer's other net foreign exchange exposure was not significant.

See Note 43 to the 2025 Financial Statements.

Internal Audit

The Internal Audit Group of the Issuer provides independent assurance on the effectiveness of lending and risk management processes. The Group verifies that the credit facilities provided adhere to the Issuer's internal policies and regulatory guidelines. It also reviews the processes associated with portfolio monitoring, know your customer (KYC), operating procedures and adherence to *Shari'a* compliance guidelines, as applicable. For commercial and institutional clients, it further includes credit initiation, approval, account management and the risk rating assigned to the borrower. For retail customers, the audit team also assesses the processes to highlight portfolio risk by product and segment.

Competition

As at 31 December 2025, the Issuer was the fifth largest local bank in the UAE in terms of total assets (see "Ranking by Total Assets" below). The Issuer competes principally with other commercial banks in the UAE, but also faces competition from regional and international banks and investment companies.

The following tables show rankings of local banks operating in the UAE by total assets, customer deposits, total loans and advances and retail loans and advances as at 31 December 2025 and 31 December 2024:

Ranking by Total Assets	As at 31 December 2025	As at 31 December 2024
	(AED millions)	
First Abu Dhabi Bank	1,403,864	1,213,247
Emirates NBD	1,164,442	996,582
Abu Dhabi Commercial Bank	773,654	652,814
Dubai Islamic Bank	415,948	344,687
Mashreqbank	334,634	267,453
Abu Dhabi Islamic Bank	280,753	225,910
Commercial Bank of Dubai	160,308	140,175

Source: Annual reports and financial statements of the relevant banks as at 31 December 2025 and 31 December 2024.

Ranking by Customer Deposits	As at 31 December 2025	As at 31 December 2024
	(AED millions)	
First Abu Dhabi Bank	840,773	782,379
Emirates NBD	786,024	666,777
Abu Dhabi Commercial Bank	518,861	421,060
Dubai Islamic Bank	320,184	248,546
Abu Dhabi Islamic Bank	229,096	182,675
Mashreqbank	204,895	160,940
Commercial Bank of Dubai	111,353	97,563

Source: Annual reports and financial statements of the relevant banks as at 31 December 2025 and 31 December 2024.

Ranking by Loans and Advances	As at 31 December 2025	As at 31 December 2024
	(AED millions)	
Emirates NBD	632,847	528,897
First Abu Dhabi Bank	616,325	501,627
Abu Dhabi Commercial Bank	405,967	350,638
Dubai Islamic Bank	262,055	212,427
Abu Dhabi Islamic Bank	181,376	142,611
Mashreqbank	164,349	124,758
Commercial Bank of Dubai	101,049	93,049

Source: Annual reports and financial statements of the relevant banks as at 31 December 2025 and 31 December 2024.

Property

The Issuer owns a multi-storey building in Dubai as its corporate headquarters. The Issuer also owns buildings in Abu Dhabi, Ajman and Dubai, each of which is partially occupied by the Issuer. The total cost of real property assets owned by the Issuer as at 31 December 2025 was AED 1,129 million with accumulated depreciation of AED 329 million, giving a net book value of the Issuer's real estate assets as of such date of AED 800 million.

Capital Expenditure

For the period ended 31 December 2025, the Issuer incurred capital expenditure amounting to AED 184 million and for the year ended 31 December 2024, the Issuer incurred AED 167 million of capital expenditure.

Capital Adequacy

The UAE Central Bank, as per Basel III guidelines requires all UAE banks to maintain a minimum total capital adequacy ratio, calculated as the sum of Tier 1 Capital and Tier 2 Capital, of 10.5 per cent. Effective from 1 January 2019, within this minimum capital adequacy ratio, banks are required to maintain a 7 per cent. minimum Common Equity Tier 1 ratio and an 8.5 per cent. minimum Tier 1 Capital ratio. Additionally, banks are required to maintain a 2.5 per cent. Capital Conservation Buffer, as per transitional arrangement. The total capital adequacy ratio, including Capital Conservation Buffer comes to 13 per cent.

UAE banks are also required to maintain a countercyclical buffer (CCYB), calculated based on the geographic composition of the bank's portfolio of private sector credit exposures, in the form of CET 1. From 1 January 2026, this will also be applicable to UAE private sector exposures at 0.5 per cent. of credit risk-weighted assets. From 30 June 2026, being a D-SIB, the Issuer will be required to maintain an additional 0.5 per cent. buffer of credit risk-weighted assets.

As at 31 December 2025, the Issuer had a total capital adequacy ratio of 14.5 per cent., a Tier 1 Capital ratio of 13.4 per cent. and a Tier 2 Capital ratio of 1.1 per cent., which were all above the minimum UAE Central Bank requirements. The Issuer's capital management is aimed at maintaining an optimum level of capital to enable it to pursue strategies that build long-term shareholder value, whilst always meeting minimum regulatory capital adequacy ratio requirements.

Leverage and Liquidity

Basel III introduced a minimum 3 per cent. leverage ratio effective 30 June 2020 and two liquidity ratios, Liquidity Coverage Ratio ("**LCR**") and Net Stable Funding Ratio ("**NSFR**").

LCR requires a bank to hold sufficient high-quality liquid assets to cover its total net cash flows over a 30 day stress-testing period. Banks are required to maintain a minimum LCR ratio of 100 per cent. from 1 January 2019. The Issuer's LCR ratio as at 31 December 2025 was 158 per cent.

Anti-Money Laundering Policy

The Issuer has implemented an Anti-Money Laundering ("**AML**") programme that is designed to comply with all applicable local laws, regulations and guidance relating to the prevention of money laundering, terrorist financing and related financial crimes. The AML programme includes, *inter alia*, written policies and procedures, a designated Money Laundering Reporting Officer, regular training of relevant employees of the Issuer and independent testing of the programme. The Issuer operates automated systems and manual monitoring to detect potential suspicious activities, which are subject to external reporting obligations to appropriate supervisory agencies in accordance with all applicable laws. The Issuer continuously strengthens its AML programme by updating written policies, procedures and internal controls designed to prevent, detect and mitigate all applicable financial crime risks. For further detail regarding the Issuer's AML programme, see "*Regulatory – 2018 Consent Order*" below.

Regulatory

2021 Consent Order

In 2021, the Issuer reached a resolution with the New York State Department of Financial Services (the "**DFS**"), the Federal Reserve Board of Governors and Federal Reserve Bank of New York (the "**Fed**") and the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") regarding violations of OFAC's Sudanese Sanctions Regulations for the period between January 2005 and February 2009. Pursuant to a Consent Order entered into by the Issuer and the DFS (the "**2021 Consent Order**"), the Issuer has agreed to pay the DFS a total of U.S.\$100 million over a two-year period. In contrast, by reference to the same transaction activity, the Fed and OFAC did not impose a financial penalty on the Issuer.

The 2021 Consent Order and the resolutions reached with the Fed and OFAC address findings relating to the Issuer's processing of U.S. dollar payments through U.S. correspondent banks originating from accounts of Sudanese banks held outside the United States, a practice that the Issuer self-terminated in February 2009. As noted by the DFS in the 2021 Consent Order, the Issuer fully cooperated with the DFS during its investigation into these matters, including by reporting on the results of its internal investigation of such matters, and that the Issuer had on its own initiative undertaken significant remediation to prevent similar events from recurring. The DFS also noted that the Issuer had demonstrated a commitment to building an

effective and sustainable OFAC compliance programme, which the DFS deemed adequate with sufficient controls in place. Both the 2021 Consent Order and the resolution with the Fed impose certain post-settlement reporting obligations, including a requirement by the Fed to retain an independent consultant to conduct an OFAC compliance review.

Another U.S. enforcement authority also participated in the investigation of the Issuer that led to the 2021 settlements with the DFS, OFAC and the Fed. This enforcement authority has no active investigation and appears to have lost interest in the matter. In addition, the statute of limitation for this investigation expired in July 2023 (save for any unlikely extension orders to extend this to July 2026). Hence, this matter is deemed dormant.

2018 Consent Order

In 2018, the Issuer reached a settlement with certain U.S. authorities regarding U.S. sanctions compliance in the period 2016 to 2017, involving a Consent Order by the DFS (the "**2018 Consent Order**"). Under the terms of the 2018 Consent Order, the Issuer has agreed to pay the DFS a total of U.S.\$40 million.

The 2018 Consent Order addresses findings related to Anti-Money Laundering and Bank Secrecy Act violations as well as regulations issued by OFAC as relates to the activities of the New York Branch of the Issuer, which provides U.S. dollar clearing services.

The 2018 Consent Order did not specify any wilful violations by the Issuer. In particular, it was noted in the 2018 Consent Order that the Issuer has demonstrated a keen interest in and commitment to, remediating its regulatory issues addressed in the 2018 Consent Order and has demonstrated laudable conduct in seeking to meet its compliance obligations.

The Issuer is committed to establishing and maintaining appropriate and effective Anti-Money Laundering, Bank Secrecy Act and sanctions compliance policies. The Issuer has worked with the DFS-appointed consultant on the remediation and improvement of all Anti-Money Laundering, Bank Secrecy Act and sanctions compliance policies, procedures, methodologies and systems. The Issuer has enhanced and implemented: (i) a Bank Secrecy Act, Anti-Money Laundering and Sanctions Program Manual; (ii) KYC Policy and Standard Operating Procedures; (iii) Transaction Monitoring Standard Operating Procedures; (iv) Quality Assurance Methodology and Standard Operating Procedures; (v) Customer Risk Assessment Methodology and Form; (vi) Geographic Risk Assessment Methodology; (vii) Training Policy; (viii) DFS Part 504 Procedures; (ix) Sanctions Standard Operating Procedures; and (x) Anti-Money Laundering Tuning Methodology. The Issuer continues to evaluate and enhance its sanctions screening system "Fircosoft" and transaction monitoring system "Actimize".

Tax

Pursuant to the Corporate Tax Law (see "*Risk Factors – Risk Factors relating to the United Arab Emirates – Tax changes in the UAE may have an adverse effect on the Issuer*"), the Issuer is subject to corporate tax. A 9 per cent. corporate tax rate applies to taxable income above AED 375,000, while a rate of 0 per cent. applies to taxable income not exceeding AED 375,000. The first tax period that the Corporate Tax Law applied to the Issuer commenced on 1 January 2024. The Issuer may be subject to tax in other jurisdictions where it operates.

In December 2024, the UAE enacted a domestic minimum top-up tax regime implementing the OECD's GloBE rules. As the Issuer and its subsidiaries form part of a multinational enterprise group within the scope of these rules, the Issuer will be required to determine its jurisdictional GloBE effective tax rate and, where applicable, pay a top-up tax, to the Federal Tax Authority of the UAE, in respect of profits arising in low-taxed jurisdictions. The impact of the GloBE regime on the Issuer will depend on future financial performance and jurisdictional effective tax rates. See "*Risk Factors – Risk Factors relating to the United Arab Emirates – Tax changes in the UAE may have an adverse effect on the Issuer*" for further information.

Subsidiaries

As at 31 December 2025, the Issuer had 14 direct subsidiaries which included: Sukoon Insurance (PJSC), Osool-A Finance Company (PJSC), Mindscape FZ LLC, Mashreq Securities, Mashreq Al-Islami Finance Company (PJSC), Injaz Services FZ LLC, Mashreq Capital, Invictus Limited, Shorouq Commodities Trading DMCC, Mashreq Global Network, Mashreq Global Services (SMC Private) Limited, Mashreq Bank Pakistan Limited, Neo Ventures Ltd and Citrus Ventures Holding Ltd.

Sukoon Insurance (PJSC)

Sukoon Insurance (PJSC) is 64.76 per cent. owned by the Issuer and is the largest insurance company in the UAE. It provides a wide range of insurance products and services. As at 31 December 2025, it had total assets of AED 11,166 million, compared with total assets of AED 10,409 million as at 31 December 2024. In the year ended 31 December 2025, Sukoon Insurance (PJSC) contributed net income of AED 235 million to the Issuer (after non-controlling interests), compared with contributed net income of AED 181 million (after non-controlling interests) for the year ended 31 December 2024.

Osool-A Finance Company (PJSC)

The Issuer owns 100 per cent. of the shares of Osool-A Finance Company (PJSC) ("**Osool**"), a consumer finance company. As at 31 December 2025, it had total assets of AED 171 million, compared with total assets of AED 170 million as at 31 December 2024. In the year ended 31 December 2025, Osool recorded net income of AED 0.14 million, compared with net income of AED 0.85 million in the year ended 31 December 2024. Currently, no new business is booked in Osool and Osool is in liquidation.

Mindscape FZ-LLC

The Issuer owns 100 per cent. of the shares in Mindscape FZ-LLC ("**Mindscape**"), which provides technology solutions and support to the Issuer and its subsidiaries. As at 31 December 2025, Mindscape had total assets of AED 242 million, compared with total assets of AED 202 million as at 31 December 2024. In the year ended 31 December 2025, Mindscape generated net income of AED 28 million (after non-controlling interests), compared with AED 30 million (after non-controlling interests) in the year ended 31 December 2024.

Mashreq Securities LLC

The Issuer owns 100 per cent. of the shares in Mashreq Securities, a securities brokerage which is authorised to trade on the Dubai Financial Market and Abu Dhabi Financial Market. As at 31 December 2025, Mashreq Securities had total assets of AED 74 million, compared with total assets of AED 74 million as at 31 December 2024. In the year ended 31 December 2025, Mashreq Securities generated net income of AED 0.36 million, compared with AED 1.3 million in the year ended 31 December 2024.

Mashreq Al Islami Finance Company (PJSC)

The Issuer owns 99.8 per cent. of the shares of Mashreq Al Islami Finance Company (PJSC), which provides *Shari'a*-compliant finance for personal consumer and commercial purposes. As at 31 December 2025, it had total assets of AED 1,159 million, compared with total assets of AED 1,139 million as at 31 December 2024 and made a net profit of AED 19 million (after the non-controlling interest), compared with AED 28 million (after the non-controlling interest) in the year ended 31 December 2024.

Mashreq Capital (DIFC) Limited

The Issuer owns 100 per cent. of the shares in Mashreq Capital, which runs fixed income funds in the DIFC. As at 31 December 2025, Mashreq Capital had total assets of AED 21 million.

Injaz Services FZ LLC

The Issuer owns 100 per cent. of the shares in Injaz Services FZ LLC ("**Injaz**"), which is registered in the Dubai Outsourcing Zone and acts as the business process outsourcing unit of the Issuer.

Invictus Limited

The Issuer owns 100 per cent. of the shares of Invictus Limited, a special purpose vehicle incorporated in the Cayman Islands. As at 31 December 2025, Invictus Limited had total assets of AED 5,316 million.

Shorouq Commodities Trading DMCC

The Issuer owns 100 per cent. of the shares of Shorouq Commodities Trading DMCC, a trading company incorporated in the DMCC free zone. Primary activities of the company include trading of refined oil, petrochemicals, steel and metal products. As at 31 December 2025, Shorouq Commodities Trading DMCC had total assets of AED 629 million.

Citrus Ventures Holding Ltd

The Issuer owns 100 per cent. of the shares of Citrus Ventures Holding Ltd, a special purpose vehicle incorporated in the UAE. As at 31 December 2025, Citrus Ventures Holding Ltd had total assets of AED 260.4 million.

Mashreq Global Network

The Issuer owns 100 per cent. of the shares of Mashreq Global Network, which provides employment services in Egypt.

Mashreq Global Services (SMC Private) Limited

The Issuer owns 100 per cent. of the shares of Mashreq Global Services (SMC Private) Limited, which provides employment services in Pakistan.

Mashreq Bank Pakistan Limited

The Issuer owns 100 per cent. of the shares of Mashreq Bank Pakistan Limited, which will be providing digital banking services in Pakistan.

Neo Ventures Ltd

The Issuer owns 100 per cent. of the shares of Neo Ventures Ltd, which provides corporate venture capital company services in the UAE.

Associate

As at 31 December 2025, the Issuer had one Associate, which is Emirates Digital Wallet LLC.

The Issuer owns 23.61 per cent. of the shares of Emirates Digital Wallet LLC, which provides digital wallet services in the UAE.

Joint Venture

As at 31 December 2025, the Issuer had no joint ventures.

MANAGEMENT AND EMPLOYEES

Board of Directors

The Issuer operates under the direction of a Board of Directors, which meets seven times a year. The Board of Directors comprises seven elected members and is vested with the powers to manage the Issuer and conduct its business in accordance with its objects and with Federal Law No. 2 of 2015, as amended, concerning commercial companies of the UAE, the Issuer's articles of association and resolutions of the shareholders. Three of the seven directors are independent directors. All directors are non-executive directors. The Board of Directors is elected as a body by the shareholders in an ordinary general meeting for a term of three years and each Director is eligible for re-election upon the expiration of that term. The Chairman and the Vice Chairman of the Issuer are elected by the Board of Directors. The Board of Directors appoints a GCEO, who is responsible for implementing board resolutions and managing the day-to-day business of the Issuer, although the overall responsibility for the direction and strategy of the business of the Issuer remains vested in the Board of Directors.

The following table sets forth the names of the members of the Issuer's Board of Directors:

Name	Position
Abdul Aziz Abdulla Al Ghurair	Chairman
Mariam Ghobash.....	Director
Rashed Saif Ahmad Al Ghurair	Director
Ahmad Al Khallafi.....	Director
John Iossifidis	Director
Iyad Malas.....	Director
Saeed Saif Al Ghurair	Director

Set out below is biographical information on the members of the Issuer's Board of Directors.

H.E. Abdul Aziz Abdulla Al Ghurair

Chairman

With over 30 years of experience in banking and finance, H.E. Abdul Aziz Abdulla Al Ghurair has been a member of the Issuer's Board of Directors for over 25 years and was appointed as Chairman of Mashreqbank in 2019. He holds an Honours' Degree in Industrial Engineering from California Polytechnic State University, U.S.

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

Ms. Mariam Ghobash

Director

Ms. Mariam Ghobash was appointed to the Issuer's Board of Directors in 2024. She has more than 15 years of experience in the financial sector. She was the Director of the Global Special Situations Department at the Abu Dhabi Investment Council and previously held board memberships at Al Hilal Bank, National Bank of Abu Dhabi and Al Dar Properties. She was also previously the Vice Chairman of the Abu Dhabi

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

External Appointments:

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

Mr. Saeed Saif Al Ghurair

Director

Mr. Saeed Saif Al Ghurair joined the Issuer's Board of Directors in 2021 and holds a degree in Mechanical Engineering from Northeastern University, Boston, U.S. He is Chairman of the Board Nomination and Compensation Committee at the Issuer.

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. John Iossifidis

Director

Mr. John Iossifidis was appointed to the Issuer's Board of Directors in 2021. Mr. Iossifidis is a highly respected, award-winning executive with over 35 years of financial sector experience, leading large multinational and regional institutions across the Middle East and Asia Pacific, and holds an MBA from Monash University, Australia. Mr. Iossifidis formerly served as the Chief Executive Officer of Noor Bank.

External Appointments:

- Chief Executive Officer – Al Ghurair Investment LLC
- Member – Australian Institute of Company Directors
- Member – Australian Business Council
- Fellow – Australian Institute of Bankers
- Senior Independent Director – Hellenic Bank Public Company Ltd in Cyprus

Mr. Iyad Malas

Director

Mr. Iyad Malas was appointed to the Issuer's Board of Directors in 2021. He is a seasoned executive with over 30 years of experience in various senior roles, spanning many countries and industries, including real estate, retail, leisure & entertainment, financial services and investments, and holds an MBA from George

Washington University, U.S. Mr. Malas formerly served as the Chief Executive Officer of Majid Al Futtaim Holding.

External Appointments:

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

Mr. Ahmad Al Khallafi

Director

Mr. Ahmad Al Khallafi was appointed to the Issuer's Board of Directors in 2024. He has held senior positions at Emirates Post Group and was part of the team that launched Emirates Integrated Telecommunications Company PJSC (known as "du"). Mr. Al Khallafi holds a Bachelor of Engineering in Communication Engineering from Khalifa University, Abu Dhabi, UAE and is an alumnus of the Sheikh Mohammed bin Rashid Program for Leadership Development.

External Appointment:

- Board Member – Dubai International Chamber

Mr. Rashed Saif Ahmed Al Ghurair

Director

Mr. Rashed Saif Ahmed Al Ghurair was appointed to the Issuer's Board of Directors in 2013.

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

Conflicts

There are no potential conflicts of interest between the duties to the Issuer of the Directors of the Issuer listed above and their private interests or other duties.

Address

The business address of the Directors of the Issuer is Mashreqbank Global Headquarters, Al Umniyati Street, Burj Khalifa Community, P.O. Box 1250, Dubai, UAE.

Management Team

Management of the day-to-day operations of the Issuer is the responsibility of the Management Team. The Management Team meets regularly to discuss the business strategy, business plans and performance, investment strategy and operations of the Issuer and submits recommendations to the Board of Directors.

The following table sets forth the names of the senior officers of the Issuer who comprised the Management Team as at the date of this Base Prospectus.

Name	Position
Ahmed Abdelaal	Group Chief Executive Officer
Norman Tambach	Group Chief Financial Officer
Joel Van Dusen	Group Head of Corporate and Investment Banking

Name	Position
Tarek El Nahas.....	Group Head of International Banking
Fernando Morillo Lopez.....	Group Head of Retail Banking
Hassan Ali.....	Group Head of Internal Audit
Salman Hadi.....	Group Head of Treasury and Global Markets
Roy Philip Sebastian.....	Group Chief Credit Officer
Anuratna Chadha.....	Group Chief Risk Officer
Mark Edwards.....	Group Head of Operations
Scott Ramsay.....	Group Head of Compliance and Bank Money Laundering Reporting Officer
Rania Nerhal.....	Chief Client Experience and Conduct Officer - Client Experience and Conduct Group
Bassam Moussa.....	Group General Counsel
Muna Al Ghurair.....	Group Head of Marketing and Corporate Communications
Hamda Al Shamali.....	Chief People and Intellectual Capital Officer
Mohamed Abdel Razek.....	Group Head of Technology, Transformation and Information
Faisal Mohammed Al Shimmari.....	Head of ESG

None of the members of the Management Team are related to the major shareholders or the Chairman.

Set out below is biographical information on the members of the Management Team of the Issuer.

Mr. Ahmed Abdelaal – Group Chief Executive Officer

Mr. Ahmed Abdelaal is an alumnus of London Business School in the UK and holds an MBA. He joined the Issuer in November 2017. Prior to joining the Issuer, he was the Regional Head of Corporate Clients Coverage MENAT and Head of Commercial Banking UAE at HSBC. Prior to that, he was Regional Head, Corporate Banking and Structured Finance, Large Corporate MENAT. He had been with HSBC for over a decade in progressively senior roles before joining the Issuer. He has also worked for ABN Amro, American Express and Arab Bank.

Mr. Norman Tambach – Group Chief Financial Officer

Mr. Norman Tambach joined the Issuer in 2023. He holds a Master of Science degree from Nyenrode Business University in the Netherlands and is a certified public accountant. Prior to joining the Issuer, Mr. Tambach held significant roles at KPMG in both Belgium and the Netherlands. He was Group Controller/Head of Finance at ING Group N.V. in the Netherlands and went on to become the Chief Financial Officer and an Executive Board Member of ING Germany. As Group Chief Financial Officer, he is responsible for the finance, planning, accounts, taxation, procurement, strategy, investor relations and administrative functions in the Issuer.

Mr. Joel Van Dusen – Group Head of Corporate and Investment Banking

Mr. Joel Van Dusen joined the Issuer in 2020. He has a Bachelor's degree in Economics from Cornell University, New York, U.S. and read philosophy, politics and economics at the University of Oxford, UK. He held several senior corporate and investment banking roles, most recently as Global Head of Large Corporates, Commercial Banking at HSBC, where he was also a member of the Global Commercial Banking Executive Committee.

Mr. Tarek El Nahas – Group Head of International Banking

Mr. Tarek El Nahas joined the Issuer in 2020. He holds a Bachelor of Arts degree in Economics and Political Science from the American University in Cairo and a Master of Science degree in Economics from the London School of Economics.

Mr. Fernando Morillo Lopez – Head of Retail Banking

Mr. Fernando Morillo Lopez joined the Issuer in 2021. He holds a General Management Programme degree from Harvard Business School, an MBA from Instituto de Empresa in Madrid and a Bachelor of Science degree in Aeronautical Engineering from Universidad Politécnica de Madrid.

Mr. Hassan Ali – Group Head of Internal Audit

Mr. Hassan Ali joined the Issuer in 2023. He holds a Master's degree in International Business from the University of Wollongong in Dubai and a Bachelor of Applied Science in Business & Management

(Accounting) with Honors from the Higher Colleges of Technology, UAE. Mr. Hassan Ali brings with him nearly 20 years of experience from his previous roles at Dubai Islamic Bank, where he served as Head of Investments & Treasury Audit, and Noor Bank, where he held multiple positions, including Head of Retail Banking Audit and Head of Support Functions & *Shari'a* Audit.

Mr. Salman Hadi – Group Head of Treasury and Global Markets

Mr. Salman Hadi joined the Issuer in 2025. He holds a Master's degree in International Business from the University of Wollongong in Dubai. Prior to joining the Issuer, he held key leadership roles at prominent financial institutions in the region, including his most recent position as Executive Head of Liquidity Management & Investments at Abu Dhabi Commercial Bank and previously as Head of Global Markets & Treasury for the Kingdom of Saudi Arabia at Emirates NBD.

Mr. Roy Philip Sebastian – Group Chief Credit Officer

Mr. Roy Philip Sebastian joined the Issuer in 2019. He holds a Master's degree in Commerce and is a Certified Associate of the Indian Institute of Bankers. He is a seasoned banking professional with over 30 years of work experience specialising in Credit Risk Management and Corporate Banking. Prior to joining the Issuer, he spent over 21 years with HSBC Group in the Middle East. His last position held was as Regional Head of Credit Approval, Wholesale Credit MENAT, HSBC.

Mr. Anuratna Chadha – Group Chief Risk Officer

Mr. Anuratna Chadha joined the Issuer in 2019. He has an MBA from the Indian Institute of Management, Ahmedabad and holds a Bachelor's degree in Commerce from Shri Ram College of Commerce, Delhi. His banking career spans over 30 years, primarily in risk management, wholesale and corporate banking across Singapore, Japan, India and South Africa.

Mr. Mark Edwards – Group Head of Operations

Mr. Mark Edwards joined the Issuer in 2020. He is a Business Management graduate from the University of Stirling in the United Kingdom and completed the Executive Management programme at INSEAD (France and Singapore). Mr. Mark Edwards has over 25 years of experience in business operations and international and regional banking experience across banking operations, shared services, business transformation, project management and corporate integration.

Mr. Scott Ramsay – Group Head of Compliance and Bank Money Laundering Reporting Officer

Mr. Scott Ramsay joined the Issuer in 2020. He has a Master of Laws honours degree from Victoria University of Wellington in New Zealand. Mr Scott Ramsay has over 15 years of banking and senior management experience, with an extensive background in the areas of compliance, financial crime and anti-money laundering, among others.

Ms. Rania Nerhal – Chief Client Experience and Conduct Officer – Client Experience and Conduct Group

Ms. Rania Nerhal joined the Issuer in 2018. She has a Bachelor's degree in Economics from the Faculty of Commerce and Foreign Trade, Cairo, Egypt. She has more than 25 years of experience in client relationship management in the banking industry. Before joining the Issuer, she held executive management roles, such as Head of Client Corporate Coverage and Head of Large Corporates and Public Sector at HSBC, and at Egyptian American Bank, Commercial Bank of Dubai, and Al Ahli Bank of Kuwait.

Mr. Bassam Moussa - Group General Counsel

Mr. Bassam Moussa joined the Issuer in 2023. He holds a Master of Laws in International and Comparative Law from the Robert H. McKinney School of Law, Indiana, U.S. and has completed postgraduate courses in International Finance Law from the University of London, UK and LMA Loan Documentation Training in London in 2014. Mr. Bassam Moussa has extensive expertise in energy projects, corporate commercial, mergers and acquisitions, real estate, governance and disputes and litigation.

Ms. Muna Al Ghurair – Group Head of Marketing and Corporate Communications

Ms. Muna Al Ghurair joined the Issuer in 2022. She holds a diploma in marketing from the UAE Polytechnic University. Ms. Al Ghurair is an Emirati with over 20 years of experience in communications, marketing, sales and business development with an outstanding track record with leading payments and financial institutions in the region.

Ms. Hamda Al Shamali – Chief People and Intellectual Capital Officer

Ms. Hamda Al Shamali joined the Issuer in the third quarter of 2022. She is an Emirati human resources professional with a strong track record spanning more than 20 years of accomplishments with leading local and international organisations. She holds a Bachelor's degree of Applied Science in Business Administration from the Higher Colleges of Technology Dubai.

Prior to joining the Issuer, Ms. Hamda was the Executive Director, Human Resources at The National Health Insurance Company – Daman, overseeing all aspects of The National Health Insurance Company – Daman's Human Resources function. Her experience also includes leading nationalisation and local talent initiatives across multiple roles in the GCC for international banks such as HSBC Bank Middle East and Barclays PLC.

Mr. Mohamed Abdel Razek – Group Head of Technology, Transformation and Information

Mr. Mohamed Abdel Razek joined the Issuer in 2023. He holds an Electrical Engineering degree from McGill University, Canada. Mr. Razek has over 30 years of experience leading Group and Regional Technology functions of large corporations including Standard Chartered Bank, British American Tobacco and Schlumberger.

Mr. Faisal Mohammed AlShimmari – Head of ESG

Mr. Faisal Mohammed AlShimmari joined the Issuer in 2022. He holds four graduate diplomas, two master's degrees and a Gold Commander diploma from the Emergency Planning College (EPC) in the United Kingdom. Prior to joining the Issuer, Mr. AlShimmari held senior positions in the government sector, including in the Abu Dhabi Police Department and the UAE Ministry of Interior, where he served as the Chief Information Security Officer.

Conflicts

There are no potential conflicts of interest between the duties to the Issuer of the members of the Management Team listed above and their private interests or other duties.

Address

The business address of the Management Team of the Issuer is Mashreqbank Global Headquarters, Al Umniyati Street, Burj Khalifa Community, P.O. Box 1250, Dubai, UAE.

Board Remuneration

The members of the Board of Directors of the Issuer received remuneration of AED 3.25 million and benefits in kind during the year ended 31 December 2025 as the Issuer declared a profit in the financial year 2024.

Employees

As at 31 December 2025, the Issuer employed 6,224 full-time staff. The Issuer has not experienced any strikes since its establishment and considers its relationship with its employees to be good.

The Issuer has a variable pay scheme for all employees pursuant to which a performance bonus is awarded to top performers based on annual performance appraisals. The bonus paid is a function of the performance of the Issuer, the performance of the respective unit for which the individual works and the individual's own performance.

The Issuer has incentive plans for sales staff in various business segments. These incentives are paid on each sale booked, covering personal loans, credit cards and investment products; in most cases, the Issuer utilises a stepped incentive structure.

Emiratization

The Issuer supports the UAE government's mandate to gradually nationalise its employee workforce. In order to move towards fulfilling this commitment, the Issuer gives first priority to UAE nationals at all levels within the Issuer, subject to the availability of requisite talent in the market. In line with current UAE national workforce demographics, entry-level positions are generally filled by UAE nationals. Recruiting, developing and retaining UAE nationals is a focus area for the Issuer. See further "*The United Arab Emirates Banking System and Prudential Regulation – Characteristics of the Banking System – Expatriate workforce*".

Transactions with Related Parties

As at 31 December 2025, certain related parties (Directors, key management personnel) and major shareholders of the Issuer and companies of which they are principal owners were customers of the Issuer in the ordinary course of business and, in the aggregate, had outstanding customers' deposits of AED 2,945 million (compared with AED 2,039 million as at 31 December 2024), loans and advances, including Islamic financing, in the amount of AED 4,103 million (compared with AED 3,037 million as at 31 December 2024) and letters of credit, guarantees and acceptances in the amount of AED 2,934 million (compared with AED 1,609 million as at 31 December 2024). All such transactions were made on substantially the same terms, including as to interest rates and collateral, as loans prevailing at the same time for comparable transactions with unrelated parties and did not involve more than a normal amount of risk.

Corporate Governance

The Issuer has in place corporate governance rules based on industry best practices, the UAE Commercial Companies Law No. 32 of 2021, UAE Central Bank regulations and the UAE Securities and Commodities Authority code on corporate governance.

The Issuer takes its corporate governance obligations seriously and to that end the Board of Directors has appointed the following committees as an important element in the overall corporate governance framework of the Issuer:

- the Board Audit Committee, consisting of three non-executive directors;
- the Board Risk, Compliance and ESG Committee, consisting of three non-executive directors;
- the Board Credit Committee, consisting of three non-executive directors; and
- the Board Nomination and Compensation Committee, consisting of three non-executive directors.

The Board has appointed several committees consisting of the GCEO and senior management:

- the Executive Management Committee (ExCo);
- the Asset-Liability Committee (ALCO);
- the Investment Committee (IC);
- the Regulatory Compliance Committee (RCC);
- the Human Resource Committee (HRC);
- the Enterprise Risk Committee (ERC); and
- the Information Security Committee (ISC).

Additionally, the Issuer has well-established policies and procedures documented in various manuals and supported by detailed standard operating procedures. The Issuer has a written code of conduct to be followed by all employees (including senior management) and adherence to it is monitored closely.

THE UNITED ARAB EMIRATES BANKING SYSTEM AND PRUDENTIAL REGULATION

Overview

As at 31 December 2025, there were a total of 50 commercial banks registered in the UAE (consisting of 23 locally incorporated commercial banks and 27 foreign commercial banks) (*source*: UAE Central Bank Monetary Banking & Financial Markets Developments Report Q4 2025). As a result, the UAE could be, and has historically been, viewed as an overbanked market, even by regional standards and there has traditionally been little impetus for consolidation. However, the consummation of the merger of National Bank of Abu Dhabi and First Gulf Bank on 30 March 2017, which created First Abu Dhabi Bank (the "**Merger**"), one of the largest banks in the MENA region by assets, stimulated further movement towards greater consolidation among UAE banks (see "*Characteristics of the Banking System – Historic lack of consolidation*" below).

Within the UAE, the financial and insurance sector was estimated to have contributed approximately 7.25 per cent. of GDP (at current prices) in 2021 (*source*: FCSC National Account information for 2012-2021).

As a banking regulator, the UAE Central Bank, established in 1980, has grown in stature over the years and is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank monitors banks through its Banking Supervision and Examination Department. It conducts reviews of banks periodically based on the risk profile of each bank. It also reviews all of the returns submitted by banks to the UAE Central Bank.

Historically, the UAE Central Bank does not act as a "lender of last resort". Instead, this role tends to fall on the individual Emirs of each Emirate. However, the Marginal Lending Facility allows non-Islamic UAE banks to use certain tradable assets or foreign exchange as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management (see "*Recent Trends in Banking – Liquidity*" below).

Characteristics of the Banking System

Historic lack of consolidation

The UAE may be, and has historically been, seen as being overbanked, with 50 commercial banks registered in the UAE as at 31 December 2025 (consisting of 23 locally incorporated commercial banks and 27 foreign commercial banks) and 11 wholesale banks licensed to operate in the UAE (*source*: UAE Central Bank Monetary Banking & Financial Markets Developments Report Q4 2025), serving a population estimated to be in the region of approximately 11 million people at the end of 2024 (*source*: OPEC Annual Statistical Bulletin 2025). Traditionally, there has been little impetus for consolidation, with the federal structure of the UAE encouraging, to some extent, the fragmented nature of the banking sector, with the individual Emirates wishing to retain their own national banks. Rivalries between large local business families and a desire not to dilute shareholdings have also historically hampered the process of consolidation. As a result, during the period between the October 2007 merger of Emirates Bank International P.J.S.C. and National Bank of Dubai P.J.S.C. which created Emirates NBD and 2017 there was very limited merger activity domestically in the sector. However, following the Merger and the acquisition of Noor Bank P.J.S.C by Dubai Islamic Bank P.J.S.C in January 2020, commentators have suggested that the UAE may see more consolidation of the banking sector in order to improve profitability and reduce inefficiencies.

While the anticipated attempts at consolidation would further reduce the level of concentration in the domestic banking sector, they would also likely lead to a significant alteration of the competitive environment, with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs, such as IT system development.

Domestic focus

The UAE-incorporated banks are predominantly focused on the domestic market, but a number have small operations overseas and are showing growing interest in cross-border business, a trend that is likely to continue in the event of further merger activity in the sector.

With a large number of banks competing for a limited number of wholesale lending opportunities, most banks historically turned to retail banking, a previously untapped market. However, increasing competition in this area has gradually eroded margins and encouraged a relaxation of lending criteria.

Expansion of retail operations has also required heavy investment in distribution channels, particularly ATM networks, kiosks and telephone and internet banking services. As a consequence, IT costs have been a prominent feature of many UAE banks' expenses in addition to employee costs.

Limited foreign ownership

In 1987, the UAE federal government placed a freeze on new foreign banks opening operations in the UAE. At the same time, existing foreign banks were limited to a maximum of eight branches, which restricted their ability to develop any retail potential. As a result, international banks have largely established their presence in the UAE banking market through the DIFC (established in 2002) and the ADGM (established in 2013). UAE banks are subject to a requirement that a certain percentage of their shareholding must be held by UAE nationals, limiting foreign ownership of domestic banks. In 2018, this minimum permissible shareholding by UAE nationals in UAE banks was increased to 60 per cent. (Federal Law No. 14 of 2018).

Exposure to the oil sector

With much of the economy directly or indirectly dependent on the oil sector, UAE banks are potentially vulnerable to business erosion during long periods of low oil prices (see "*Risk Factors – Risk Factors relating to the United Arab Emirates – The UAE's economy is highly dependent upon its oil revenue*"). In particular, oil revenues tend to drive levels of liquidity and government infrastructure investment. Gradually, however, private non-oil sectors are gaining ground and the UAE economy is becoming less susceptible to oil price movements. According to preliminary estimates, published by the UAE Federal Competitiveness and Statistics Centre, the mining and quarrying sector, which includes crude oil and natural gas, accounted for approximately 25 per cent. of the UAE's constant GDP in the first half of 2024, down from 79 per cent. of GDP in 1980 (*source*: Federal Competitiveness and Statistics Centre of the UAE).

Islamic banking

Shari'a (Islamic) law forbids the charging of interest on any financial transaction. A number of banks have developed in the Islamic world to serve customers who wish to observe this principle. These institutions offer a range of products which, whilst broadly corresponding with conventional banking transactions, are structured in a way which avoids the application of interest. The UAE is home to numerous institutions offering Islamic banking and financial products. Such institutions include: Dubai Islamic Bank PJSC, Abu Dhabi Islamic Bank PJSC, Emirates Islamic Bank PJSC, Ajman Bank, Sharjah Islamic Bank PJSC, Dubai Islamic Insurance & Reinsurance Company (AMAN), Islamic Arab Insurance Co. (PSC) (Salama), Al Hilal Bank PJSC and Amlak Finance. In addition, conventional financial institutions often offer *Shari'a*-compliant products. In addition, the majority of local and international conventional financial institutions that operate in the UAE also offer *Shari'a*-compliant products through their Islamic windows. The number of Islamic banks continues to increase, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks.

Legal environment

There are three primary sources of law in the UAE: (i) federal laws and decrees; (ii) local laws; and (iii) *Shari'a* (Islamic) law. In addition, Emiri decrees can be issued by the Rulers of each of the Emirates which, when issued, have full legal effect and operation in such Emirates. The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler of a given Emirate or local government will apply his or its own rules, regulations and practices.

Supervision of banks

The main piece of legislation applicable to the banking system is the Federal Decree-Law No. 6 of 2025 (the "**Federal Banking Law**"), which repealed and replaced the Federal Decree-Law No. 14 of 2018 and strengthened the UAE Central Bank's supervisory mandate. The revised framework consolidates the regulation of banks, insurers, payment-service providers and technology-enabled financial institutions under a single statute, widens the licensing perimeter to capture emerging technology providers, and grants the UAE Central Bank enhanced powers to intervene in, regulate, and oversee licensed financial activities.

The UAE Central Bank's primary roles are to formulate and implement banking, credit, monetary and fiscal policy and to be responsible for ensuring price and currency stability with free convertibility to foreign currencies. It is also the "bank for banks" within the UAE, although it is not the "lender of last resort". In

the event of a bank experiencing financial difficulties or a solvency crisis, rescue funds, such as long-term liquidity or equity support, have historically come from the Emirate in which the institution is based. However, in the event of a run on the currency or a major banking crisis, it is likely that the UAE federal government would ultimately stand as de facto defender of the currency and the "lender of last resort".

The Federal Banking Law grants the UAE Central Bank powers to:

- draw up and implement monetary policy;
- exercise currency issuance;
- organise licensed financial activities, establish the foundations for carrying them on, and determine the standards required for developing and promoting prudential practices in accordance with the provisions of the Federal Banking Law and international standards;
- set up appropriate regulations and standards for the protection of customers of licensed financial institutions;
- monitor the credit condition in the UAE, in order to contribute to the achievement of balanced growth in the national economy;
- manage foreign reserves to maintain, at all times, sufficient foreign currency assets to cover the monetary base as per the provisions of the Federal Banking Law; and
- regulate, develop, oversee and maintain soundness of the financial infrastructure systems in the UAE, including electronic payment systems, virtual assets and stored value facilities.

Historically, income from overseas investments has been used to fund fiscal deficits, obviating the need for the UAE Central Bank to issue UAE federal government debt. However, the UAE Central Bank does issue Monetary Bills ("**M-Bills**") to UAE banks via auction, denominated in UAE dirhams, in order to absorb excess liquidity rather than to meet a specific funding need. The M-Bills programme was launched in January 2021 to replace UAE Central Bank Certificates of Deposit. The secondary market in M-Bills is currently developing but they can be used as collateral for UAE dirham funding from the UAE Central Bank at any time. The UAE dirham is linked to the International Monetary Fund's Special Drawing Right. However, the U.S. dollar is the intervention currency and, in practice, the UAE dirham is pegged to the U.S. dollar. This pegged exchange rate has been in place since the 1980s and has proved to be resilient both to political tensions in the region and to fluctuations in oil prices. However, see "*Risk Factors – Risk Factors relating to the United Arab Emirates – Foreign exchange movements or any alteration to, or abolition of, the foreign exchange "peg" of the UAE dirham to the U.S. dollar may adversely affect the Issuer's profitability*".

The UAE Central Bank is also responsible for regulating financial institutions in relation to money laundering controls and enforcing Federal Law No. 20 of 2018 regarding the procedures for Anti-Money Laundering and Combating the Financing of Terrorism and Illicit Organisations. Pursuant to this, the UAE has established the National Committee to Counter Money Laundering, Combating the Financing of Terrorism and Financing of Illegal Organisations, which is responsible for coordinating policy and systems on anti-money laundering and the combating of terrorism financing and assessing the effectiveness of such policies and systems and the representation of the UAE in international forums on these matters. Federal Law No. 20 of 2018 also recommends the establishment of an independent "Financial Information Unit" within the UAE Central Bank to receive and investigate reports submitted by financial institutions and corporate entities regarding suspected illicit financial activity. The Federal Banking Law introduced a materially enhanced enforcement and sanctions regime. The UAE Central Bank may now impose administrative penalties of up to AED 1 billion, withdraw penalties directly from an institution's accounts, and publicly disclose enforcement decisions. These enhanced enforcement powers form part of the UAE Central Bank's broader supervisory tools under the Federal Banking Law.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the DIFC, while the ADGM Financial Services Regulatory Authority regulates activity in the financial services sector in the ADGM. The UAE Central Bank has also been growing in stature as a banking supervisor. However, it is hampered in its role by the level of legal

autonomy afforded to the individual Emirates, which at times makes it difficult to enforce directives uniformly across the banking sector.

Capital Markets

The capital markets in the UAE are regulated by a number of entities, including the UAE Capital Market Authority (the "CMA"), which licenses intermediaries to trade on the Dubai Financial Market and the ADX. The CMA is a federal government organisation but has financial, legal and administrative independence. The other significant stock exchange in the UAE is Nasdaq Dubai, which commenced operations in September 2005 and, as an entity based in the DIFC, is separately regulated.

Dubai Financial Market

The Dubai Financial Market, which is now, along with Nasdaq Dubai, owned by Borse Dubai Limited, was established by the Government of Dubai in 2000 as an independent entity and operates as a market for the listing and trading of shares, bonds and investment units issued by companies, investment funds and other local or foreign financial institutions that conform to its listing requirements.

The Dubai Financial Market was upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014, which has led to an increase in interest and investment from international institutional investors in Dubai.

Nasdaq Dubai

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange or DIFX) commenced operations in September 2005. On 22 December 2009, Dubai Financial Market announced that it had made an offer to Borse Dubai Limited and the Nasdaq OMX Group to acquire Nasdaq Dubai. The offer was valued at U.S.\$121 million and comprised U.S.\$102 million in cash and 40 million Dubai Financial Market shares. The merger was approved by Borse Dubai Limited and the Nasdaq OMX Group and was completed on 11 July 2010.

Nasdaq Dubai's standards are comparable to those of leading international exchanges in New York, London and Hong Kong. Nasdaq Dubai provides regional and international issuers with access to a broad investor base through primary or dual listings. Investors may access the market through a combination of regional and international brokerage firms.

Abu Dhabi Securities Exchange

The ADX was established in November 2000 as an independent entity and operates as a market for trading securities, including shares issued by public joint stock companies, bonds or sukuk issued by governments or corporations, exchange traded funds, and any other financial instruments approved by the CMA.

ADX is classified as an 'Emerging Market' by each of the MSCI index (Morgan Stanley Capital International), S&P Dow Jones, FTSE, S&P and Russell Investments. ADX has the authority to establish centres and branches outside the Emirate of Abu Dhabi. To date, it has done so in the Emirates of Fujairah, Ras Al Khaimah and Sharjah.

Government involvement

There is a high degree of state involvement in the UAE banking sector. Most of the larger banks have some degree of government ownership. Privatisation, though advocated in principle, has been slow to manifest in practice. The state and its related entities are together the banking sector's largest customers, in terms of both deposits and project financing.

Expatriate workforce

An unusual feature of the UAE economy is its reliance on overseas labour, with expatriates making up approximately 83.3 per cent. of the workforce (*source*: FCSC Labour Force Survey 2019). The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, the high level of expatriates in the UAE has been an increasing concern for the UAE federal government and, as part of a policy of "Emiratization", pursuant to UAE Cabinet Decree number 3/10/267 of 2015 dated 25 October

2015 (the "**Emiratisation Circular**"), organisations in the UAE are subject to a scoring system which takes into account the employment and progression of Emirati employees at the organisation. The minimum threshold for Emirati employees for each institution is dependent on a number of factors. The Emiratisation Circular does not set any upper limit at which the policy would no longer be applicable. If UAE banks are not able to achieve their targets for recruiting and progressing UAE nationals through their organisation, they will be subject to penalties to be computed in accordance with a specific formula set out in the Emiratisation Circular.

Accounting standards

Since 1 January 1999, all UAE banks have been required to prepare their financial statements in accordance with IFRS (formerly International Accounting Standards (IAS)).

Structure of the banking system

Banking institutions in the UAE fall into a number of categories. Domestic commercial banks, also known as "National" banks, of which there were 23 as at 31 December 2025 (*source*: UAE Central Bank Monetary Banking & Financial Markets Developments Report Q4 2025), are required to be public shareholding companies with a minimum share capital of AED 40 million and must be majority owned by UAE nationals. Licensed foreign banks, of which there were 38 as at 31 December 2025 (comprising 27 commercial banks and 11 wholesale banks) (*source*: UAE Central Bank Monetary Banking & Financial Markets Developments Report Q4 2025), need to demonstrate that at least AED 40 million has been allocated as capital funds for their operations in the UAE. "Financial institutions" (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities, but which are not permitted to accept funds by way of deposits) and financial and monetary intermediaries (money and stockbrokers) may also be licensed to operate within the UAE.

Recent Trends in Banking

Profitability

The performance of the UAE economy is influenced by oil prices, which directly affect fiscal revenues and hence determine the level of investment in government projects (both federal and within each emirate) in the country. The high oil prices and strong economic conditions experienced in the UAE between 2004 and 2008 allowed UAE banks to expand significantly.

In addition to strong oil revenues, the UAE has seen an inflow of funds from expatriates supporting domestic demand after the COVID-19 pandemic and UAE banks have benefited from rising interest rates. The average net interest margin of the banking sector in the UAE in the first nine months of 2024 was 3.1 per cent. compared to 3.2 per cent. in 2023 and 2.8 per cent. in 2022 (*source*: Fitch non-rating action commentary in respect of the UAE Banks – Peer Review 2024, 5 February 2025).

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress. Banks must also adhere to a maximum loan-to-deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans, advances and Islamic financing to customers and interbank assets maturing after three months. UAE banks are mostly funded through on demand or time-based customer deposits made by private individuals or public and private sector companies.

As at 31 December 2025, according to data made available by the UAE Central Bank:

- demand and time deposits constituted approximately 85.7 per cent. of total resident and non-resident deposits of national banks (excluding government deposits, commercial prepayments and borrowings under repurchase agreements);
- resident corporate and individual deposits constituted approximately 67.3 per cent. of total deposits of national banks (excluding interbank deposits and bank drafts but including commercial prepayments and borrowings under repurchase agreements);

- resident government deposits (including GRE deposits) and non-banking financial institutions constituted approximately 24.7 per cent. of total deposits of national banks (excluding inter-bank deposits and bank drafts but including commercial prepayments and borrowings under repurchase agreements); and
- non-resident sources constituted approximately 8.0 per cent. of total deposits of national banks with approximately 42.9 per cent. of such non-resident deposits being from corporate non-residents (in each case, excluding interbank deposits and bank drafts but including commercial prepayments and borrowings under repurchase agreements),

(source: UAE Central Bank Statistical Bulletin December 2025).

Since September 2008, the UAE Central Bank has made available an AED 50 billion liquidity facility which banks could draw upon subject to posting eligible debt securities as collateral. The liquidity facility was available only for the purpose of funding existing commitments. New lending was required to be based on growth in the customer deposit base. The UAE Central Bank also established a CD repo facility under which banks can use CDs as collateral for dirham or U.S. dollar funding from the UAE Central Bank.

In line with Basel III requirements, the UAE Central Bank has issued the UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which entered into force in July 2015) (the "**Liquidity Notice**") and which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices. These requirements include the following:

Responsibilities of the board of directors:

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having a detailed understanding of liquidity risk management; and
- to enable the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

Responsibilities of senior management:

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank's strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

Liquidity risk framework:

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress-testing of the portfolio for a variety of scenarios (both institution-specific and market-wide), with the results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;

- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market-wide), as per the below.

	Ratio	Applicability Period
Basel III ratios.....	LCR ($LCR \geq 100\%$)	1 January 2019 onwards
	NSFR ($NSFR \geq 100\%$)	1 January 2018 onwards

The LCR represents a 30-day stress scenario with combined assumptions covering both bank-specific and market-wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30-day stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with HQLAs at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible HQLAs for this purpose. See "*Risk Factors – Risks related to the Issuer's business activities and industry – Liquidity Risk*" and "*Description of the Issuer – Liquidity Risk Management*" for more information.

NSFR is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE banks' contingent liabilities. The NSFR in the UAE mirrors the Basel III standards. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("**ASF**") factors to the sources of funds and required stable funding ("**RSF**") (usage) factors to asset classes and off-balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned RSF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III standards. The NSFR minimum is 100 per cent.

Standing Credit & Liquidity Insurance Facilities

On 15 April 2014, the UAE Central Bank introduced an Interim Marginal Lending Facility which allowed non-Islamic UAE banks to use certain assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management during times of market stress.

On 1 March 2022, this was replaced with the Marginal Lending Facility and Contingent Liquidity Insurance Facility (together referred to as the "**Standing Credit & Liquidity Insurance Facilities**"). The Marginal Lending Facility performs the same function as the former Interim Marginal Lending Facility, whereas the Contingent Liquidity Insurance Facility allows access to UAE Central Bank term liquidity at the discretion of the UAE Central Bank.

The UAE Central Bank accepts a range of tradable securities and foreign exchange as eligible collateral for the purposes of accessing the Standing Credit & Liquidity Insurance Facilities, including securities issued by sovereigns (originating in the UAE and outside the UAE) and securities issued by corporates, financial institutions or supranational, municipal, or public sector issuers. In order to be eligible, collateral must meet minimum credit rating requirements specified in the terms and conditions of the Standing Credit & Liquidity Insurance Facilities. Banks accessing the Standing Credit & Liquidity Insurance Facilities must borrow a minimum of AED 10 million.

Position of depositors

As at the date of this Base Prospectus, no bank in the UAE has been permitted to fail. However, there is no formal deposit protection scheme in the UAE.

Prudential regulations

The UAE Central Bank has supervisory responsibility for banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Prudential returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they contain. An improved risk management framework has been implemented, aimed at providing the UAE Central Bank with more up-to-date information on credit, market and operational risks within the banking sector.

Capital adequacy

All banks are required to follow the principles of the Basel Accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier 1 ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier 1 capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010, and laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions were deducted from regulatory capital. As at the date of this Base Prospectus, the Issuer is required by the UAE Central Bank to maintain a minimum total capital adequacy ratio of 13 per cent.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank for International Settlements guidelines, the UAE Central Bank applies certain jurisdiction-specific risk-weighting treatments that modify the standard Basel approach. Under the Federal Banking Law, the UAE Central Bank may determine reserve requirements for UAE banks. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III Reforms, constituting guidance on the eligibility criteria for Tier 1 and Tier 2 capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's January 2011 Press Release included an additional Basel III requirement as follows:

"The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

(a) the governing jurisdiction of the bank has in place laws that:

- (i) require such Tier 1 and Tier 2 instruments to be written off upon such event; or*
- (ii) otherwise require such instruments to fully absorb losses before taxpayers are exposed to loss;*

(b) a peer group review confirms that the jurisdiction conforms with clause (a); and

(c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a).

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier 1 or Tier 2 instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

The February 2017 Regulations and the Accompanying Standards confirm that the Non-Viability Requirement is a pre-requisite for any capital instruments issued by UAE banks to achieve Regulatory Capital (as defined below) classification from the UAE Central Bank. The Non-Viability Requirement must be provided for contractually in the absence of a statutory loss absorption framework in the UAE as at the date of this Base Prospectus.

In May 2016, the UAE Central Bank published a draft consultation document entitled "Capital Adequacy Regulation" (the "**Consultation Document**"), detailing the Basel III requirements expected to be followed by banks operating in the UAE, once the applicable legislation has been implemented in the UAE. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital (together, "**Regulatory Capital**"). It also outlines, amongst other things the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital.

On 23 February 2017, the UAE Central Bank published the February 2017 Regulations in the Official Gazette issue 612, which were effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The February 2017 Regulations are supported by the accompanying standards entitled "Standards for Capital Adequacy of Banks in the UAE" which were first published by the UAE Central Bank on 12 November 2020 by virtue of Notice No. CBUAE/BSN/N/2020/4980 and most recently updated on 30 December 2022 by virtue of Notice No. CBUAE/BSN/N/2022/5280 (the "**Accompanying Standards**"). The Accompanying Standards elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements. Banks which are classified as D-SIBs by the UAE Central Bank will be required to hold additional capital buffers as notified to them by the UAE Central Bank. In addition, a bank may also be subject to additional capital add-on requirements following a supervisory review and evaluation process of the UAE Central Bank (see "*Risk Factors – Risk Factors relating to the legal and regulatory environment – Changes to the Basel regulatory framework as implemented in the UAE may have an effect on the Issuer*").

Reserve requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

Credit controls

Banks are required by the UAE Central Bank to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries.

The UAE Central Bank circular dated 23 February 2011 on retail banking and Notice No. 31/2013 dated 28 October 2013 (which was published in the Official Gazette on 28 November 2013 and entered into force

on 28 December 2013), as amended by Notice No. CBUAE/BSN/2020/1799 dated 8 April 2020 and Resolution No. 31/2/2020 (the Mortgage Regulations) introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, impose maximum loan/income and loan to value ratios for retail products.

Large Exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits.

On 22 May 2023, the UAE Central Bank published Circular No. 01/2023 on large exposures (the "**Large Exposures Regulation**") superseding the large exposure circular No. 32/2013. The Large Exposures Regulations set out the large exposure limit for various types of counterparties. Violation of any provision of the Large Exposures Regulations shall be subject to supervisory action, administrative and financial sanctions, as deemed appropriate by the UAE Central Bank. Set out below is a table showing a summary of the limits introduced by the Large Exposures Regulations (defined as a percentage of the bank's Tier 1 capital base calculated under Basel II):

	Cap as percentage of Tier 1 capital base	
	Aggregate percentage	Individual percentage
UAE federal government and their non-commercial public sector entities treated as sovereign.....	Not applicable	Not applicable
Foreign Sovereign rated AA- or above.....	Not applicable	Not applicable
		No cap for UAE local governments; 25% for each non-commercial entity
UAE local governments and their non-commercial entities.....	150%	
Commercial entities of UAE federal government and UAE local governments (excluding standalone government related entities below).	100%	25%
Self-Sustainable commercial entities of UAE federal and local governments.....	Not applicable	25%
A single borrower or a group of related borrowers.....	Not applicable	25%
Shareholders who own 5 per cent. or more of the bank's capital and their related entities.....	50%	20%
Global systemically important bank ("G-SIB") exposure to another G-SIB.....	Not applicable	15%
UAE incorporated bank's exposure to its foreign branches.....	30%	Not applicable
Bank's non-bank subsidiaries and affiliates.....	25%	10%
Board members.....	25%	5%
Bank's external auditors.....	Prohibited	Prohibited

Provisions for loan losses

For UAE banks, IFRS 9 was introduced for financial reporting periods commencing on 1 January 2018, replacing IAS 39 and introducing an expected credit loss ("**ECL**") model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. IFRS 9 provision uses a three-stage approach in recognising increased credit risk at each stage of risk (i.e., Stage 1 for current facilities, Stage 2 for significant increase in credit risk and Stage 3 for impaired loans).

Banks in the UAE generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans and advances to customers and/or financings carried on the balance sheets of UAE banks when compared to banks operating in other economies.

UAE Model Standards and Guidelines

On 23 December 2022, the UAE Central Bank published the Model Standards and Guidelines which contain mandatory modelling practices to be implemented by banks operating in the UAE. The Model Standards and Guidelines aim to improve the quality of models used, increase model homogeneity across the UAE and mitigate model risk. All UAE banks were required to submit a gap assessment of their current

model management practices against the standard and the guidance in the Model Standards and Guidelines, together with a remediation plan, to the UAE Central Bank by 21 June 2023. The introduction of the Model Standards and Guidelines demonstrates a notable increase in the emphasis placed by the UAE Central Bank on ensuring the accuracy and reliability of models used by banks.

ESG

In 2025, the UAE Central Bank issued its Climate-related Financial Risk Management Regulation (Circular No. 8/2025), establishing a prudential framework requiring banks to integrate climate-related considerations into their governance, risk assessment processes and climate stress testing. The Federal Banking Law formally incorporates an objective for the UAE Central Bank to promote sustainable finance and the integration of environmental, social and governance (ESG) principles across its supervisory mandate. This statutory reform builds on the UAE Central Bank's broader prudential agenda, which now emphasises enhanced governance expectations, strengthened oversight of ESG-related exposures and the alignment of risk management frameworks with emerging global sustainability standards.

Al Etihad Credit Bureau

Al Etihad Credit Bureau ("AECB") is a public joint stock company wholly owned by the UAE federal government. As per UAE Federal Law No. (6) of 2010 concerning credit information and amendments, the AECB is mandated to regularly collect credit information from financial and non-financial institutions in the UAE. The AECB aggregates and analyses this data to calculate credit scores and produce credit reports. The Issuer has entered into a data and credit information supply agreement with the AECB. The availability of credit reports reduces the risk involved in the origination of customer lending and banking business generally.

Shari'a compliance

UAE law requires financial institutions licensed by the UAE Central Bank to operate their Islamic banking business activities in compliance with the rules, standards and general principles established by the Higher Shari'a Authority and, in certain circumstances, requires such financial institutions to obtain the consent of the Higher Shari'a Authority before undertaking certain licensed financial activities.

Corporate governance

Banks in the UAE are subject to the Corporate Governance Regulations and the Corporate Governance Standards which were issued by the UAE Central Bank in 2019 with a view to ensuring banks have a comprehensive approach to corporate governance.

TAXATION

The tax laws of the investor's state and of the Issuer's state of incorporation might have an impact on the income received from the securities. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

The following is an overview of certain UAE, Hong Kong and European tax considerations and withholding tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those jurisdictions or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Dubai and the United Arab Emirates

The following is a general overview of the current tax law and practice in Dubai and the UAE (to the extent applicable in Dubai) ("**Dubai Law**") and does not constitute legal or tax advice. Prospective investors in the Notes are advised to consult their own tax advisers with respect to the tax consequences under the tax laws of the country in which they are resident, and of the purchase, ownership or disposal of the Notes or any interest therein.

There are currently no withholding taxes required to be levied under UAE, Abu Dhabi or Dubai law in respect of payments on debt securities (including in relation to the Notes). In the event of the imposition of any withholding in future, the Issuer has undertaken to gross-up any payments subject to certain limitations, as described in Condition 11 (*Taxation*).

The Constitution of the UAE specifically reserves to the Federal Government of the UAE the right to revise taxes on a federal basis for the purposes of funding its budget. It is not known whether this right will be exercised in the future. See further "*Risk Factors – Risk Factors relating to the United Arab Emirates – Tax changes in the UAE may have an adverse effect on the Issuer*".

The UAE has entered into double taxation arrangements with certain countries, but these are not extensive in number.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Stamp Duty

Stamp duty will not be payable on the issue of Notes issued outside Hong Kong in any circumstances or, if issued in Hong Kong, **provided that** either:

- (i) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117)).

If stamp duty is payable, it is payable by the Issuer on the issue of Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Notes.

United Kingdom

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the published practice of His Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change,

sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

UK Withholding Tax on UK Source Interest

UK Notes listed on a recognised stock exchange

The Notes issued by the Issuer which carry a right to interest ("**UK Notes**") will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**") for the purposes of section 987 of the Act) or admitted to trading on a "multilateral trading facility" operated by a regulated recognised stock exchange (within the meaning of section 987 of the Act). Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Luxembourg Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Main Market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

All UK Notes

In addition to the exemption set out above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business.

In all cases falling outside the exemptions described above, interest on the UK Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

Payments under Deed of Covenant

Any payments made by the Issuer under the Deed of Covenant may not qualify for the exemptions from UK withholding tax described above.

Other Rules Relating to United Kingdom Withholding Tax

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer and does not consider the tax consequences of any such substitution.

The Proposed Financial Transactions Tax (the "FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**"), for a directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since ceased to participate. On 21 October 2025, the European Commission published its Work Programme for 2026, which states that the European Commission intends to formally withdraw the Commission's Proposal within six months of the date of the Work Programme.

The Commission's Proposal has very broad scope and could, if introduced (contrary to the above), apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in any Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate (to the extent that the Commission's Proposal is not formally withdrawn).

Prospective holders of any Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject

to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply to Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register as such Notes generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under "*Terms and Conditions of the Notes — Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Australia and New Zealand Banking Group Limited, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Deutsche Bank AG, London Branch, J.P. Morgan Securities plc, Mashreqbank psc, Merrill Lynch International, Mizuho International plc, Nomura International plc, Société Générale and UBS AG London Branch (the "**Dealers**") have, pursuant to an amended and restated dealership agreement dated 25 March 2026 (the "**Dealership Agreement**"), agreed with the Issuer a basis upon which the Issuer may agree to sell and they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "Form of the Notes" and "Terms and Conditions of the Notes". In the Dealership Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and the Issuer and the Dealers do not assume any responsibility for facilitating any such distribution or offering.

The relevant Dealers will be entitled in certain circumstances to be released and discharged from their obligations in respect of a proposed issue of Notes under or pursuant to the Dealer Agreement prior to the closing of the issue of such Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the issue date of such Notes. In this situation, the issuance of such Notes may not be completed. Investors will have no rights against the Issuer or the relevant Dealers in respect of any expense incurred or loss suffered in these circumstances.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the relevant Final Terms.

With regard to each Tranche of Exempt Notes or Notes which are the subject of a Pricing Supplement, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and sold any Notes, and will not offer and sell any Notes (a) as part of their distribution at any time and (b) otherwise until 40 days after the completion of the distribution of all Notes of the Series of which such Notes are a part, except in accordance with Rule 903 of Regulation S under the Securities Act.

Each Dealer has also agreed that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

In respect of Notes where TEFRA D is specified in the relevant Final Terms the relevant Dealer will be required to represent and agree that:

- (a) except to the extent permitted under U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section including, without limitation, substantially identical successor regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**"), (i) it has not offered or sold, and during the restricted period it will not offer or sell, Notes to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and it will not deliver within the United States or its possessions definitive Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring Notes for purposes of resale in connection with their original issuance and if it retains Notes for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulations Section 1.163-5I(2)(i)(D)(6) (or any successor United States Treasury Regulation section including, without limitation, substantially identical successor regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010);
- (d) with respect to each affiliate that acquires Notes from it for the purpose of offering or selling such Notes during the restricted period, it repeats and confirms the representations and agreements contained in sub-paragraphs (a), (b) and (c) above on such affiliate's behalf; and
- (e) it will obtain from any distributor (within the meaning of U.S. Treasury Regulations Section 1.163-5I(2)(i)(D)(4)(ii) (or any successor United States Treasury Regulation section including, without limitation, substantially identical successor regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010)) that purchases any Notes from it pursuant to a written contract with such Dealer (other than a distributor that is one of its affiliates or is another Dealer), for the benefit of the Issuer and each other Dealer, the representations contained in, and such distributor's agreement to comply with, the provisions of sub-paragraphs (a), (b), (c) and (d) above of this paragraph (e) insofar as they relate to the D Rules, as if such distributor were a Dealer hereunder.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the D Rules.

In respect of Notes where TEFRA C is specified in the relevant Final Terms, the relevant Dealer will be required to represent and agree that:

- (a) it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, any Notes within the United States or its possessions in connection with the original issuance of the Notes; and
- (b) in connection with the original issuance of the Notes it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such prospective purchaser is within the United States or its possessions and will not otherwise involve the United States office of such Dealer in the offer and sale of the Notes.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

If the Final Terms in respect of any Notes include a legend entitled "Prohibition of Sales to EEA Retail Investors", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

United Kingdom

Prohibition of sales to UK Retail Investors

If the Final Terms in respect of any Notes include the legend entitled "Prohibition of Sales to UK Retail Investors", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Notes which are the subject of this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK.

- (a) For the purposes of this provision, the expression "retail investor" means a person who is either one (or both) of the following:
 - (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the POATRs; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to buy or subscribe for the Notes.

Other UK regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any

Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws, regulations and ministerial guidelines of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The People's Republic of China

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the PRC (excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan) as part of the initial distribution of the Notes. The Notes and any material or information contained or incorporated by reference herein relating to the Notes have not been, and will not be, submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("**CSRC**") or other relevant governmental and regulatory authorities in the PRC pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. Any material or information contained or incorporated by reference herein relating to Notes will not be constituted an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Notes may only be invested by PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. PRC investors are responsible for informing themselves about and observing all legal and regulatory restrictions, obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from the PRC, the State Administration of Foreign Exchange, CSRC, the China Banking and Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

Hong Kong

Each Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Final Terms or Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Final Terms or Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);

- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Dealers named in the relevant Final Terms or Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (i) to take appropriate steps to safeguard the transmission of such information to any OCs; and (ii) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Dealers that it is not a Sanctions Restricted Person. A "Sanctions Restricted Person" means an individual or entity (a "**Person**"): (i) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (A) the most current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>); or (B) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>); or (C) the most current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en>); or (ii) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of the following (A) - (F) to the extent that it will not result in violation of any sanctions by the CMIs: (A) their inclusion in the most current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the "**SSI List**"), (B) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the "**EU Annexes**"), (C) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (D) them being the subject of restrictions imposed by the U.S. Department of Commerce's Bureau of Industry and Security ("**BIS**") under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (E) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled "Addressing the Threat from Securities Investments that Finance Certain Companies of the People's Republic of China" (known as the Non-SDN Chinese Military- Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled "Addressing the threat from Securities Investments that Finance Chinese Military Companies"; or (F) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (iii) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk People's Republic or Luhansk People's Republic. "**Sanctions Authority**" means: (i) the United Nations; (ii) the United States; (iii) the European Union (or any of its member states); (iv) the United Kingdom; (v) the People's Republic of China; (vi) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (vii) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time) and any other applicable laws and regulations;
- (b) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended on 10 August 2016); and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

United Arab Emirates (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Abu Dhabi Global Market

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Abu Dhabi Global Market unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rulebook of the Financial Services Regulatory Authority (the "**FSRA**");
- (b) made only to persons who meet the "Professional Client" criteria set out in Rule 2.4.1 of the Conduct of Business Rulebook of the FSRA; and
- (c) made only in circumstances in which the "Financial Promotion Restriction" set out in section 18(1) of the Financial Services and Markets Regulations 2015 does not apply.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the DFSA Rulebook; and
- (b) made only to persons who meet the "Professional Client" criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA Rulebook.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the SFA), pursuant to Section 274 of the SFA; or (b) to an accredited investor (as defined in Section 4A of the SFA), pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Notes pursuant to an offering should note that the offer of Notes is a private placement under the "Rules on the Offer of Securities and Continuing Obligations" as issued by the Board of the Capital Market Authority resolution number 3-123-2017 dated 27 December 2017, as amended (the "**KSA Regulations**"), made through a capital market institution licensed to carry out arranging activities by the Capital Market Authority and following a notification to the Capital Market Authority, in each case, in accordance with the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "institutional and qualified clients" under Article 8(a)(1) of the KSA Regulations or by way of a limited offer under Article 9 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that any offer of Notes by it to a Saudi Investor will be made in compliance with Article 10 and either Article 8(a)(1) or Article 9 of the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer", an "exempt offer" or a "parallel market offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

GENERAL INFORMATION

Registered Office

The Issuer's registered office is located at Mashreqbank Global Headquarters, Al Umniyati Street, Burj Khalifa Community, P.O. Box 1250, Dubai, United Arab Emirates, telephone number +971 4 222 333. The Issuer's Commercial License Number is 208990 and its Commercial Registration Number is 40903.

Bank Website

The Issuer's website is www.mashreqbank.com. Unless specifically incorporated by reference into this Base Prospectus, information contained on the website does not form part of this Base Prospectus.

Legal Entity Identifier

The legal entity identifier (LEI) code of the Issuer is: 5493000SA3K24EQKA103.

Authorisation

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer dated 28 January 2004 and by a resolution of the shareholders of the Issuer adopted at an extraordinary general meeting of the shareholders held on 27 January 2004. The update of the Programme and the issuance of Notes thereunder from time to time was authorised by a resolution of the Board of Directors of the Issuer dated 30 January 2025 and by a resolution of the shareholders of the Issuer adopted at an extraordinary general meeting of the shareholders held on 10 March 2026.

The Issuer has given all notices and obtained all necessary consents, approvals, registrations, authorisations or other orders of regulatory authorities required under the laws and regulations of the UAE in connection with the establishment and update of the Programme. Any additional notices, consents, approvals, registrations, authorisations or other orders of regulatory authorities required in the UAE in connection with the issuance and sale of Notes in a Series which are required to be obtained prior to the Issue Date of such Notes will be obtained prior to such Issue Date.

Listing of Notes and Admission to Trading of Notes

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of EU MiFID II and to be listed on the Luxembourg Official List. Applications have also been made to the DFSA and Nasdaq Dubai for Notes issued under the Programme to be admitted to listing on the DFSA Official List; and to trading on Nasdaq Dubai.

The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series.

Validity of this Base Prospectus

For the avoidance of doubt, the Issuer shall have no obligation to update or supplement this Base Prospectus after the end of its 12-month validity period.

Documents Available

So long as any Notes are outstanding under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Agents for the time being in London and Luxembourg:

- (i) Memorandum and Articles of Association (with a direct and accurate English translation thereof) of the Issuer;
- (ii) the Financial Statements;

- (iii) the Deed of Covenant and the Agency Agreement (which contains the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons);
- (iv) a copy of this Base Prospectus; and
- (v) any future base prospectuses, prospectuses, information memoranda, supplements to the Base Prospectus and any Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that a Pricing Supplement will only be available for inspection by a Holder of such Note and such Holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus.

This Base Prospectus will be published on the website of the Issuer at <https://www.mashreqbank.com/en/uae/about-us/investors/financial-information/emtn-base-prospectus/> and will remain available for a period of 10 years following the date of this Base Prospectus.

In addition, the Base Prospectus and each Final Terms (but not, for the avoidance of doubt, any Pricing Supplement) will be published on the website of the Luxembourg Stock Exchange at www.LuxSE.com. The Deed of Covenant will be available for viewing at <https://www.mashreqbank.com/en/uae/about-us/investors/financial-information/emtn-base-prospectus/> and the Memorandum and Articles of Association of the Issuer will be available for viewing at <https://www.mashreqbank.com/en/uae/about-us/our-company/moa-aoa/>. Copies of Final Terms in relation to Notes to be listed on Nasdaq Dubai will also be available for viewing on the website of Nasdaq Dubai at www.nasdaqdubai.com.

Copies of the 2006 ISDA Definitions and the 2021 ISDA Definitions shall be available upon request from the registered office of the Issuer.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code, International Securities Identification Number (ISIN), Financial Instrument Short Name (FISN) and Classification of Financial Instruments (CFI) Code in relation to each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard Du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, 1855 Luxembourg.

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes will be calculated on an annual or semi-annual basis using the relevant issue price at the relevant issue date. It is not an indication of future yield.

Significant or Material Change

There has been no significant change in the financial position or financial performance of the Issuer and its subsidiaries since 31 December 2025 and there has been no material adverse change in the prospects of the Issuer since 31 December 2025.

Litigation

Save as described in "*Description of the Issuer – Regulatory – 2021 Consent Order*", neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have

or have had in the 12 months preceding the date of this Base Prospectus a significant effect on the financial position or profitability of the Issuer and its subsidiaries.

Conflicts of Interest

In accordance with the Commission Delegated Regulation (EU) No. 2019/980, the Issuer confirms that there are no potential conflicts of interest between the duties which its directors and/or members of its administrative, management and supervisory bodies owe to the Issuer and their private interests and/or other duties which they have.

Dealers Transacting with the Issuer

Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer and its affiliates in the ordinary course of business for which they may receive fees. In particular, in the ordinary course of their business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer and its affiliates routinely hedge their credit exposure to the Issuer and its affiliates, consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Independent Auditors

The current auditors of the Issuer are Deloitte & Touche (M.E.) ("**Deloitte**"). Deloitte is a registered audit firm in the UAE, operating under professional licences issued by the Dubai Economic Department and the UAE Ministry of Economy. Under the UAE Commercial Companies Law No. 32 of 2021, PwC, the previous auditors of the Issuer were due for rotation in 2022 and Deloitte was appointed as the Issuer's auditor for the financial year 2023. There is no professional institute of auditors in the UAE and, accordingly, Deloitte is not a member of a professional body in the UAE. All of Deloitte's professionals and partners directly involved in the audit are members of the institutes from where they received their professional qualifications. The address of Deloitte is Building 3, Level 6, Emaar Square, Downtown Dubai, P.O. Box 4254, Dubai, United Arab Emirates.

Material Contracts

Neither the Issuer nor any of its subsidiaries has entered into any material contracts outside the ordinary course of business which could result in the Issuer or any member of the Group being under an obligation or entitlement which is, or may be, material to the ability of the Issuer to meet its obligations in respect of the Notes.

Passporting

The Issuer may, on or after the date of this Base Prospectus, make applications for one or more certificates of approval to be issued by the CSSF to the competent authority in any Member State of the EEA in order to admit Notes to trading on a regulated market in another Member State of the EEA.

ANNEX A: FORM OF FINAL TERMS

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK ("**UK**"). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently no [key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**")]/[disclosure document required by the FCA Product Disclosure Sourcebook ("**DISC**")]/for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under [the UK PRIIPs Regulation]/[the DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024].]

[EU MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**EU MiFID II**")]/[EU MiFID II]; or (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**")]/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products "]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Final Terms dated [-]

MASHREQBANK PSC, acting through its [head office in the United Arab Emirates/Hong Kong Branch/London Branch]

Legal entity identifier (LEI): 5493000SA3K24EQKA103

Issue of [-] [-]

under the U.S.\$5,000,000,000

EURO MEDIUM TERM NOTE PROGRAMME

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated 25 March 2026 [and the supplement(s) to it dated [-]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein and has been prepared for the purposes of the EU Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus and these Final Terms have been published in electronic form on the website of the Luxembourg Stock Exchange at www.LuxSE.com [and the website of Nasdaq Dubai at <http://www.nasdaqdubai.com>]. The Base Prospectus is also available on the website of the Issuer at <https://www.mashreqbank.com/en/uae/about-us/investors/financial-information/emtn-base-prospectus/>.

PART A – CONTRACTUAL TERMS

1.
 - (i) Series Number: [-]
 - (ii) Tranche Number: [-]/[Not Applicable]
 - (iii) Date on which the Notes become fungible: [-]
2. Specified Currency: [-]
3. Aggregate Principal Amount:
 - (i) Series: [-]
 - (ii) Tranche: [-]/[Not Applicable]
4. Issue Price: [-] per cent. of the Aggregate Principal Amount [plus accrued interest from [-]]
5.
 - (i) Specified Denominations: [-]
 - (ii) Calculation Amount: [-]
6.
 - (i) Issue Date: [-]
 - (ii) Interest Commencement Date: [[-]/Issue Date/Not Applicable]
 - (iii) Trade Date: [-]
7. Maturity Date: [-]
8. Interest Basis: [[-] per cent. Fixed Rate]
[[-] +/- [-] per cent. Floating Rate]
[Zero Coupon]

9. Change of Interest Basis: [For the period from and including the Interest Commencement Date, up to (but excluding) [date] paragraph [13/14] applies and for the period from (and including) the Maturity Date, paragraph [13/14] applies/[Not applicable]]
10. Put/Call Options: [Investor Put]
[Issuer Call]
11. Date Board approval for issuance of Notes obtained: [[-]/Not Applicable]
12. Status of the Notes: [Senior]/[Subordinated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [-] per cent. per annum payable on each Interest Payment Date
- (ii) Interest Payment Date(s): [-] [and [-]] in each year up to and including the Maturity Date [, subject to adjustment in accordance with the Business Day Convention set out in (iii) below]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]¹
- (iv) Fixed Coupon Amount(s): [-] per Calculation Amount
- (v) Broken Amount(s): [[-] per Calculation Amount payable on the Interest Payment Date falling [in/on] [-]]/Not Applicable]
- (vi) Day Count Fraction (Condition 6(d) (*Calculation of interest amount*)): [Actual/Actual (ICMA)]
[Actual/360]
[Actual/Actual (ISDA)]
[30/360]
[30E/360]
[Eurobond basis]
[30E/360 (ISDA)]

with the Calculation Period being [subject to adjustment in accordance with the Business Day Convention set out in (iii) above]/[not subject to adjustment in accordance with any Business Day Convention]
- (vii) Unmatured Coupons void: Condition 10(f) (*Unmatured Coupons void*) is [Applicable/Not Applicable]
14. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (i) Interest period(s): [-]

¹ Not Applicable unless the adjustment language in 13(ii) applies.

- (ii) Specified Period(s)/Specified Interest Payment Dates: [[-] in each year, subject to adjustment in accordance with the Business Day Convention set out in paragraph (iii) below]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment]
- (iv) Additional Business Centre(s): [[-]/[Not Applicable]
- (v) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (vi) Party responsible for calculating the Rates of Interest and/or Interest Amount(s) (if not the Agent): [-]/[Not Applicable]
- (vii) Screen Rate Determination:
- Reference Rate: [SOFR]/[SONIA]/[€STR]/[EURIBOR]
 - Interest Determination Date(s): [-]²
- Insert only if Index Determination is not applicable*
- Relevant Screen Page: [-]/[Bloomberg Page SONIO/N Index]/[New York Federal Reserve's Website]/[ECB's Website]/[Not Applicable]
 - Relevant Time: [-]/[Not Applicable]³
- Insert only if any of SOFR, SONIA or €STR is the Reference Rate and Index Determination is not applicable:*
- Calculation Method: [Weighted Average/Compounded Daily]
 - Observation Method: [Lag]/[Observation Shift]/[Lock-out]

² To be at least 5 Business Days before the relevant Interest Payment Date where the Reference Rate is SONIA, SOFR or €STR, without the prior agreement of the Calculation Agent.

³ Select "Not Applicable" for SOFR, SONIA or €STR.

- Observation Look-back Period: [5/[•]] Business Days]⁴
- D: [365/360/[•]/[Not Applicable]]
- Relevant Decimal Place: [-]

Insert only if any of SOFR, SONIA or €STR is the Reference Rate and Index Determination is applicable:

- Compounded Index: [SONIA Compounded Index/SOFR Compounded Index]
- Relevant Decimal Place: [-]
- Relevant Number: [-]

(viii) ISDA Determination:

- ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
- Floating Rate Option: [-]
- Designated Maturity: [-]
- Reset Date: [•]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in [•] above and as specified in the ISDA Definitions]
- Compounding: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
- Compounding Method: [Compounding with Lookback
Lookback: [•] Applicable Business Days
[Compounding with Observation Period Shift
Observation Period Shift: [•] Observation Period Shift Business Days
Observation Period Shift Additional Business Days: [•]
/ [Not Applicable]]
[Compounding with Lockout
Lockout: [•] Lockout Period Business Days]

⁴ To be at least 5 Business Days where the Reference Rate is SONIA, SOFR or €STR, without the prior agreement of the Calculation Agent.

		Lockout Period Business Days: [•]/[Applicable Business Days]]
•	Averaging	[Applicable/Not Applicable] <i>(If not applicable delete the remaining sub-paragraphs of this paragraph)</i>
•	[Averaging Method:	[Averaging with Lookback Lookback: [•] Applicable Business Days] [Averaging with Observation Period Shift Observation Period Shift: [•] Observation Period Shift Business Days Observation Period Shift Additional Business Days: [•]/[Not Applicable]] [Averaging with Lockout Lookout: [•] Lockout Period Business Days Lockout Period Business Days: [•]/[Applicable Business Days]]
•	Index Provisions:	[Applicable/Not Applicable] <i>(If not applicable delete the remaining sub-paragraphs of this paragraph)</i>
•	Index Method:	Compounded Index Method with Observation Period Shift Observation Period Shift: [•] Observation Period Shift Business Days Observation Period Shift Additional Business Days: [•] / [Not Applicable]
(ix)	Linear Interpolation:	[Not Applicable] / [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (<i>specify for each short or long interest period</i>)]
(x)	Margin(s):	[+/-][–] per cent. per annum
(xi)	Minimum Rate of Interest (Condition 7(g) (<i>Maximum or Minimum Rate of Interest</i>)):	[–] per cent. per annum
(xii)	Maximum Rate of Interest (Condition 7(g) (<i>Maximum or Minimum Rate of Interest</i>)):	[–] per cent. per annum
(xiii)	Day Count Fraction (Condition 7(h) (<i>Calculation of Interest Amount</i>)):	[Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/360] [30/360] [30E/360] [Eurobond basis] [30E/360 (ISDA)]

- (xiv) Amortisation Percentage: [•]/[Not Applicable]
15. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Accrual Yield: [–] per cent. per annum
- (ii) Reference Price: [–]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (iv) Day Count Fraction (Condition 9(h) (*Early redemption of Zero Coupon Notes*)): [Actual/Actual (ICMA)]
[Actual/360]
[Actual/Actual (ISDA)]
[30/360]
[30E/360]
[Eurobond basis]
[30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

16. **Call Option:** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s) (Call): [–]
- (ii) Optional Redemption Amount: [–] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [–] per Calculation Amount
- (b) Maximum Redemption Amount: [–] per Calculation Amount
17. **Put Option:** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [–]
- (ii) Optional Redemption Amount: [–] per Calculation Amount
18. **Early Redemption Amount/Early Termination Amount:**
- Early Redemption Amount payable on redemption for taxation reasons and/or the method of calculating the same: [Not Applicable/Final Redemption Amount/[–] per Calculation Amount]
- Early Termination Amount of each Note payable on an event of default and/or the method of calculating the same: [Not Applicable/Final Redemption Amount/[–] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19.	Bearer Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on 30 days' notice] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
20.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/[-]]
21.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No]
22.	Redenomination, renominalisation and reconverting provisions:	[Not Applicable/The provisions in Condition 20 (<i>Redenomination, Renominalisation and Reconverting</i>) apply]
23.	RMB Settlement Centre(s):	[-]/[Not Applicable]
24.	RMB Currency Event:	[Applicable]/[Not Applicable]
25.	Relevant Currency for Condition 6(e) (<i>RMB Currency Event</i>):	[-]/[Not Applicable]
26.	Relevant Spot Rate Screen Pages for Condition 6(e) (<i>RMB Currency Event</i>):	(i) Relevant Spot Rate Screen Page (Deliverable Basis): [-]/[Not Applicable] (ii) Relevant Spot Rate Screen Page (Non-deliverable Basis): [-]/[Not Applicable]
27.	Party responsible for calculating the Spot Rate for Condition 6(e) (<i>RMB Currency Event</i>):	[[-] (the " Spot Rate Calculation Agent ")]/[Not Applicable]

Signed on behalf of **MASHREQBANK PSC**, acting through its [head office in the United Arab Emirates/Hong Kong branch/London branch]

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [-]/[Applications have been made by Mashreqbank psc or on its behalf for [: (i)] the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange [: and (ii) the Notes to be admitted to listing on the official list of the Dubai Financial Services Authority and to trading on Nasdaq Dubai] with effect from [the Issue Date]/[-].]
- (ii) Estimate of total expenses related to the admission to trading: [-]

2. RATINGS

Ratings: [The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[Fitch Ratings Limited ("**Fitch**")]: [A]/[-]/[Not Applicable]]

[Moody's Investors Service Cyprus Ltd. ("**Moody's**")]: [A3]/[-]/[Not Applicable]]

[S&P Global Ratings Europe Limited ("**S&P**")]: [A]/[-]/[Not Applicable]]

(To include an explanation of the meaning of the ratings in relation to any rated Tranche)

[[Each of] [Moody's and S&P] is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"). As such, [each of] [Moody's and S&P] appears on the latest update of the list of registered credit rating agencies published on the ESMA website <http://www.esma.europa.eu>. [Moody's, and S&P] are not established in the UK or registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). The rating that [each of] [Moody's and S&P] has given to the Notes is endorsed by [Moody's Investors Service Ltd. and S&P Global Ratings UK Limited[, respectively], [each of] which is established in the UK and registered under the UK CRA Regulation.] [Fitch is established in the UK, is registered under the UK CRA Regulation and appears on the latest update of the list of registered credit rating agencies on the UK Financial Conduct Authority's Financial Services Register available at <https://data.fca.org.uk/#/cra/crasearch>. Fitch is not established in the EEA or registered under the EU CRA Regulation. The rating that Fitch has given to

the Notes to be issued under the Programme is endorsed by Fitch Ratings Ireland Limited which is established in the EEA and registered under the EU CRA Regulation.][*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**").][*Insert legal name of particular credit rating agency entity providing rating*] has not been certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation.]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save for any fees payable to the [Managers/Dealers], so far as Mashreqbank psc is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for Mashreqbank psc and its affiliates in the ordinary course of business for which they may receive fees.

4. **FIXED RATE NOTES ONLY – YIELD**

Indication of yield: [-] per cent. per annum on a [quarterly/[semi-] annual basis]/[Not Applicable]

5. **TEFRA RULES**

[TEFRA D/TEFRA C/TEFRA not applicable]

6. **HONG KONG SFC CODE OF CONDUCT**

- (i) Rebates: [A rebate of [•] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
- (ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: [Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – Overall Coordinators to provide] / [Not Applicable]
- (iii) Marketing and Investor Targeting Strategy: [As indicated in the Base Prospectus] OR [Describe if different from the programme Base Prospectus]

7. OPERATIONAL INFORMATION

- (i) ISIN Code: [-]
- (ii) Common Code: [-]
- (iii) CFI: [-]/[Not Applicable]
- (iv) FISN: [-]/[Not Applicable]
- (v) Names and addresses of additional Paying Agent(s) (if any): [-]/[Not Applicable]
- (vi) Relevant Benchmark[s]: *[[specify benchmark] is provided by [administrator legal name]][repeat as necessary]. As at the date hereof, [[administrator legal name][appears]/[does not appear]][repeat as necessary] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (Register of administrators and benchmarks) of Regulation (EU) 2016/1011/[As far as the Issuer is aware, as at the date hereof, [specify benchmark] does not fall within the scope of Regulation (EU) 2016/1011/ [As far as the Issuer is aware, the transitional provisions in Article 51 of Regulation (EU) 2016/1011, as amended apply, such that [name of administrator] is not currently required to obtain recognition, endorsement or equivalence]/[Not Applicable]*

8. THIRD PARTY INFORMATION

[-] has been extracted from [-]. Mashreqbank psc confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [-], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

9. DISTRIBUTION

- (i) Method of Distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated: [Not Applicable/give names]
 - (A) Names of Dealers
 - (B) Stabilisation Manager(s), if any: [Not Applicable/give names]
- (iii) If non-syndicated, name of Dealer: [-]
- (iv) U.S. Selling Restrictions: [Reg S Compliance Category [1/2]; [TEFRA C/TEFRA D/TEFRA not applicable]
- (v) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]

(If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be

specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)

- (vi) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]

(If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)

10. REASONS FOR THE OFFER AND ESTIMATED NET AMOUNT OF PROCEEDS

Reasons for the offer: [-] [See["Use of Proceeds"] in Base Prospectus/Give details] [If reasons differ from what is disclosed in the Base Prospectus, give details here.]

Estimated net proceeds: [-]

ANNEX B: FORM OF PRICING SUPPLEMENT

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "EU MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA be unlawful under the EU PRIIPs Regulation.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold, distributed or otherwise made available to and should not be offered, sold, distributed or otherwise made available to any retail investor in the UK ("UK"). For these purposes, a retail investor means a person who is either one (or both) of the following: (i) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. Consequently no [key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation")]/[disclosure document required by the FCA Product Disclosure Sourcebook ("DISC")] for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under [the UK PRIIPs Regulation]/[the DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024].]

[EU MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "EU MiFID II")]/[EU MiFID II]; or (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "distributor")/[distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are ["prescribed capital markets products"]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).]

Set out below is the form of Pricing Supplement for use in connection with each Tranche of Exempt Notes issued by Mashreqbank under the Programme.

Pricing Supplement dated [-]

NO BASE PROSPECTUS IS REQUIRED TO BE PRODUCED IN ACCORDANCE WITH REGULATION (EU) 2017/1129 (THE "EU PROSPECTUS REGULATION") FOR THIS ISSUE OF NOTES. THE LUXEMBOURG COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

MASHREQBANK PSC, acting through its [head office in the United Arab Emirates/Hong Kong Branch/London Branch]

Legal entity identifier (LEI): 5493000SA3K24EQKA103

Issue of [-] [-]
under the U.S.\$5,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the "**Conditions**") set forth in the base prospectus dated 25 March 2026 [and the supplement(s) to it dated [-]] (the "**Base Prospectus**"). This Pricing Supplement contains the Final Terms of the Notes and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus is available for viewing at the Issuer's head office at Mashreqbank Building, Omer Bin Al Khattab Street, Deira, P.O. Box 1250, Dubai, UAE and copies may be obtained from the Issuing and Principal Paying Agent, The Bank of New York Mellon, London Branch, 160 Queen Victoria Street, London, EC4V 4LA, England. [The Base Prospectus and this Pricing Supplement have also been published in electronic form on the website of Nasdaq Dubai at <http://www.nasdaqdubai.com>.]

PART A – CONTRACTUAL TERMS

1.
 - (i) Series Number: [-]
 - (ii) Tranche Number: [-]/[Not Applicable]
 - (iii) Date on which the Notes become fungible: [-]
2. Specified Currency: [-]
3. Aggregate Principal Amount:
 - (i) Series: [-]

[The Aggregate Principal Amount of this Series of Notes shall not exceed the product of the Specified Denominations and forty-nine (49) with the issue of any additional tranche(s) of notes that become fungible to this Series of Notes.]
 - (ii) Tranche: [-]/[Not Applicable]
4. Issue Price: [-] per cent. of the Aggregate Principal Amount [plus accrued interest from [-]]
5.
 - (i) Specified Denominations: [-]

- (ii) Calculation Amount: [-]
6. (i) Issue Date: [-]
- (ii) Interest Commencement Date: [[-]/Issue Date/Not Applicable]
- (iii) Trade Date: [-]
7. Maturity Date: [-]
8. Interest Basis: [[-] per cent. Fixed Rate]
- [[-] +/- [-] per cent. Floating Rate]
- [Zero Coupon]
9. Change of Interest Basis: [For the period from and including the Interest Commencement Date, up to (but excluding) [date] paragraph [13/14] applies and for the period from (and including) the Maturity Date, paragraph [13/14] applies/[Not applicable]]
10. Put/Call Options: [Investor Put]
- [Issuer Call]
11. Date Board approval for issuance of Notes obtained: [[-]/Not Applicable]
12. Status of the Notes: [Senior]/[Subordinated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [-] per cent. per annum payable on each Interest Payment Date
- (ii) Interest Payment Date(s): [-] [and [-]] in each year up to and including the Maturity Date [, subject to adjustment in accordance with the Business Day Convention set out in (iii) below]
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]⁵
- (iv) Fixed Coupon Amount(s): [-] per Calculation Amount
- (v) Broken Amount(s): [[-] per Calculation Amount payable on the Interest Payment Date falling [in/on] [-]]/Not Applicable]

⁵ Not Applicable unless the adjustment language in 13(ii) applies.

	(vi)	Day Count Fraction (Condition 6(d)):	[Actual/Actual (ICMA)] [Actual/360] [Actual/Actual (ISDA)] [30/360] [30E/360] [Eurobond basis] [30E/360 (ISDA)] with the Calculation Period being [subject to adjustment in accordance with the Business Day Convention set out in (iii) above]/[not subject to adjustment in accordance with any Business Day Convention]
	(vii)	Unmatured Coupons void:	Condition 10(f) (<i>Unmatured Coupons void</i>) is [Applicable/Not Applicable]
14.	Floating Rate Note Provisions		[Applicable/Not Applicable]
	(i)	Interest period(s):	[-]
	(ii)	Specified Period(s)/Specified Interest Payment Dates:	[-] in each year, subject to adjustment in accordance with the Business Day Convention set out in subparagraph (iii) below]
	(iii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment]
	(iv)	Additional Business Centre(s):	[-]/[Not Applicable]
	(v)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(vi)	Party responsible for calculating the Rates of Interest and/or Interest Amount(s) (if not the Agent):	[-]/[Not Applicable]
	(vii)	Screen Rate Determination:	
		• Reference Rate:	[SOFR]/[SONIA]/[€STR]/[EURIBOR]
		• Interest Determination Date(s):	[-] ⁶

⁶ To be at least 5 Business Days before the relevant Interest Payment Date where the Reference Rate is SONIA, SOFR or €STR, without the prior agreement of the Calculation Agent.

Insert only if Index Determination is not applicable:

- Relevant Screen Page: [-]/[Bloomberg Page SONIO/N Index]/[New York Federal Reserve's Website]/[ECB's Website]/[Not Applicable]
- Relevant Time: [-]/[Not Applicable]⁷

Insert only if any of SOFR, SONIA or €STR is the Reference Rate and Index Determination is not applicable:

- Calculation Method: [Weighted Average/Compounded Daily]
- Observation Method: [Lag]/[Observation Shift]/[Lock-out]
- Observation Look-back Period: [5/[•]] Business Days⁸
- D: [365/360/[•]/[Not Applicable]]
- Relevant Decimal Place: [-]

Insert only if any of SOFR, SONIA or €STR is the Reference Rate and Index Determination is applicable:

- Compounded Index: [SONIA Compounded Index/SOFR Compounded Index]
- Relevant Decimal Place: [-]
- Relevant Number: [-]

(viii) ISDA Determination:

- ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
- Floating Rate Option: [-]
- Designated Maturity: [-]
- Reset Date: [•]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in

⁷ Select "Not Applicable" for SOFR, SONIA or €STR.

⁸ To be at least 5 Business Days where the Reference Rate is SONIA, SOFR or €STR, without the prior agreement of the Calculation Agent.

- accordance with the Business Day Convention set out in [•] above and as specified in the ISDA Definitions]
- Compounding: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
 - Compounding Method: [Compounding with Lookback
Lookback: [•] Applicable Business Days
[Compounding with Observation Period Shift
Observation Period Shift: [•] Observation Period Shift Business Days
Observation Period Shift Additional Business Days: [•] / [Not Applicable]]
[Compounding with Lockout
Lockout: [•] Lockout Period Business Days
Lockout Period Business Days: [•]/[Applicable Business Days]]
 - Averaging: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
 - [Averaging Method: [Averaging with Lookback
Lookback: [•] Applicable Business Days
[Averaging with Observation Period Shift
Observation Period Shift: [•] Observation Period Shift Business Days
Observation Period Shift Additional Business Days: [•]/[Not Applicable]]
[Averaging with Lockout
Lockout: [•] Lockout Period Business Days
Lockout Period Business Days: [•]/[Applicable Business Days]]
 - Index Provisions: [Applicable/Not Applicable] *(If not applicable delete the remaining sub-paragraphs of this paragraph)*
 - Index Method: Compounded Index Method with Observation Period Shift
Observation Period Shift: [•] Observation Period Shift Business Days
Observation Period Shift Additional Business Days: [•] / [Not Applicable]
 - (ix) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be

calculated using Linear Interpolation (*specify for each short or long interest period*)

- (x) Margin(s): [+/ -] [-] per cent. per annum
 - (xi) Minimum Rate of Interest (Condition 7(e) (*ISDA Determination*)): [-] per cent. per annum
 - (xii) Maximum Rate of Interest (Condition 7(e) (*ISDA Determination*)): [-] per cent. per annum
 - (xiii) Day Count Fraction (Condition 7(g) (*Maximum or Minimum Rate of Interest*)): [Actual/Actual (ICMA)]
[Actual/360]
[Actual/Actual (ISDA)]
[30/360]
[30E/360]
[Eurobond basis]
[30E/360 (ISDA)]
 - (xiv) Amortisation Percentage: [•]/[Not Applicable]
15. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Accrual Yield: [-] per cent. per annum
 - (ii) Reference Price: [-]
 - (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
 - (iv) Day Count Fraction (Condition 9(h) (*Early redemption of Zero Coupon Notes*)): [Actual/Actual (ICMA)]
[Actual/360]
[Actual/Actual (ISDA)]
[30/360]
[30E/360]
[Eurobond basis]
[30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

16. **Call Option:** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s) (Call): [-]
 - (ii) Optional Redemption Amount: [-] per Calculation Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [-] per Calculation Amount
 - (b) Maximum Redemption Amount: [-] per Calculation Amount
17. **Put Option:** [Applicable/Not Applicable]

- (i) Optional Redemption Date(s): [-]
- (ii) Optional Redemption Amount: [-] per Calculation Amount
18. **Early Redemption Amount/Early Termination Amount:**
- Early Redemption Amount payable on redemption for taxation reasons and/or the method of calculating the same: [Not Applicable/Final Redemption Amount/[-] per Calculation Amount]
- Early Termination Amount payable on an event of default and/or the method of calculating the same: [Not Applicable/Final Redemption Amount/[-] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
[Temporary Global Note exchangeable for Definitive Notes on 30 days' notice]
[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
20. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/[-]]
21. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]
22. Redenomination, renominalisation and reconverting provisions: [Not Applicable/The provisions in Condition 20 (*Redenomination, Renominalisation and Reconverting*) apply]
23. RMB Settlement Centre(s): [-]/[Not Applicable]
24. RMB Currency Event: [Applicable]/[Not Applicable]
25. Relevant Currency for Condition 6(e) (*RMB Currency Event*): [-]/[Not Applicable]
26. Relevant Spot Rate Screen Pages for Condition 6(e) (*RMB Currency Event*): (i) Relevant Spot Rate Screen Page (Deliverable Basis): [-]/[Not Applicable]
(ii) Relevant Spot Rate Screen Page (Non-deliverable Basis): [-]/[Not Applicable]
27. Party responsible for calculating the Spot Rate for Condition 6(e) (*RMB Currency Event*): [[-] (the "**Spot Rate Calculation Agent**")]/[Not Applicable]

[SELLING RESTRICTIONS:]

[The Notes have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3 and 4, Item 2 of the FIEA.

The Note is not permitted to be divided into any unit less than the Specified Denomination.]

Signed on behalf of **MASHREQBANK PSC**, acting through its [head office in the United Arab Emirates/Hong Kong branch/London branch]

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: [-]/[Not Applicable]/[Applications have been made by Mashreqbank psc or on its behalf for the Notes to be admitted to listing on the official list of the Dubai Financial Services Authority and to trading on Nasdaq Dubai with effect from [the Issue Date]/[-].]
- (ii) Estimate of total expenses related to the admission to trading: [-]

2. RATINGS

Ratings: [The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[Fitch Ratings Limited ("**Fitch**")]: [A]/[-]/[Not Applicable]]

[Moody's Investors Service Cyprus Ltd. ("**Moody's**")]: [A3]/[-]/[Not Applicable]]

[S&P Global Ratings Europe Limited ("**S&P**")]: [A]/[-]/[Not Applicable]]

(To include an explanation of the meaning of the ratings in relation to any rated Tranche)

[[Each of] [Moody's and S&P] is established in the EEA and registered under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"). As such, [each of] [Moody's and S&P] appears on the latest update of the list of registered credit rating agencies published on the ESMA website <http://www.esma.europa.eu>. [Moody's, and S&P] are not established in the UK or registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**"). The rating that [each of] [Moody's and S&P] has given to the Notes is endorsed by [Moody's Investors Service Ltd. and S&P Global Ratings UK Limited[, respectively], [each of] which is established in the UK and registered under the UK CRA Regulation.] [Fitch is established in the UK, is registered under the UK CRA Regulation and appears on the latest update of the list of registered credit rating agencies on the UK Financial Conduct Authority's Financial Services Register available at <https://data.fca.org.uk/#/cra/crasearch>. Fitch is not established in the EEA or registered under the EU CRA Regulation. The rating that Fitch has given to the Notes to be issued under the Programme is endorsed by Fitch Ratings Ireland Limited which is established in the EEA and registered under the EU CRA Regulation.][*Insert legal name of particular credit rating agency entity providing rating*] has been certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA**

Regulation").] *[[Insert legal name of particular credit rating agency entity providing rating]* has not been certified under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the EU CRA Regulation.]

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

Save for any fees payable to the [Managers/Dealers], so far as Mashreqbank psc is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for Mashreqbank psc and its affiliates in the ordinary course of business for which they may receive fees.

4. **FIXED RATE NOTES ONLY – YIELD**

Indication of yield: [-] per cent. per annum on a [quarterly/[semi-] annual basis]/[Not Applicable]

5. **TEFRA RULES**

[TEFRA D/TEFRA C/TEFRA not applicable]

6. **HONG KONG SFC CODE OF CONDUCT**

- (i) Rebates: [A rebate of [•] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMI otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.] / [Not Applicable]
- (ii) Contact email addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: *[Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – Overall Coordinators to provide]* / [Not Applicable]
- (iii) Marketing and Investor Targeting Strategy: *[As indicated in the Base Prospectus]* OR *[Describe if different from the programme Base Prospectus]*

7. **OPERATIONAL INFORMATION**

- (i) ISIN Code: [-]
- (ii) Common Code: [-]
- (iii) CFI: [-]/[Not Applicable]

- (iv) FISN: [-]/[Not Applicable]
- (v) Names and addresses of additional Paying Agent(s) (if any): [-]/[Not Applicable]

8. **THIRD PARTY INFORMATION**

[-] has been extracted from [-]. Mashreqbank psc confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [-], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

9. **DISTRIBUTION**

- (i) Method of Distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated: [Not Applicable/give names]
- (A) Names of Dealers
- (B) Stabilisation Manager(s), if any: [Not Applicable/give names]
- (iii) If non-syndicated, name of Dealer: [-]
- (iv) U.S. Selling Restrictions: [Reg S Compliance Category [1/2]; [TEFRA C/TEFRA D/TEFRA not applicable]
- (v) Prohibition of Sales to EEA Retail Investors: [Applicable]/[Not Applicable]
- (If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)*
- (vi) Prohibition of Sales to UK Retail Investors: [Applicable]/[Not Applicable]
- (If the Notes clearly do not constitute "packaged" products, or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products, "Applicable" should be specified.)*

10. **REASONS FOR THE OFFER AND ESTIMATED NET AMOUNT OF PROCEEDS**

- Reasons for the offer: [-] [See["Use of Proceeds"] in Base Prospectus/Give details] [If reasons differ from what is disclosed in the Base Prospectus, give details here.]
- Estimated net proceeds: [-]

ANNEX C: INDEX TO FINANCIAL STATEMENTS

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Mashreqbank PSC Group

**Report and consolidated financial statements
for the year ended 31 December 2025**

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

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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 2025.

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, Oman, Egypt, Hong Kong, India, Pakistan, Qatar, the United Kingdom and the United States of America.

Financial position and results

The financial position and results of the Group for the year ended 31 December 2025 are set out in the accompanying consolidated financial statements.

Dividend

The Board of Directors has proposed a cash dividend of 102% for the year ended 31 December 2025 at the meeting held on 02 February 2026.

Directors

The following are the Directors of the Bank as at 31 December 2025:

Chairman:	Abdul Aziz Abdulla Al Ghurair
Vice Chairman:	Ahmad Ali Al Khallafi
Directors:	Rashed Saif Ahmed Al Ghurair
	John Gregory Iossifidis
	Iyad Mazher Saleh Malas
	Saeed Saif Ahmed Al Ghurair
	Mariam Saeed Ghobash

Auditors

The consolidated financial statements for the year ended 31 December 2025 have been audited by Deloitte & Touche (M.E.).

By order of the Board of Directors



Abdul Aziz Abdulla Al Ghurair
Chairman

02 February 2026

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Mashreqbank PSC
Dubai
United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Mashreqbank PSC** ("the Bank"), **and its subsidiaries** (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of consolidated financial statements of public interest entities, together with the other ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances at amortised cost	
The Group's loans and advances at amortised cost (which comprises loans and advances to customers and Islamic financing and investment products) are carried in the consolidated statement of financial position at AED 164.3 billion as at 31 December 2025. The expected credit loss ("ECL") allowance was AED 2.5 billion as at this date, which comprises an allowance of AED 1 billion against Stage 1 and 2 exposures and an allowance of AED 1.5 billion against exposures classified under Stage 3. 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 is carried out collectively by the ECL models with limited manual intervention or overrides. It is important that these ECL models and their parameters (Probability of Default (PD), Loss Given Default (LGD), Exposure At Default (EAD) and macroeconomic adjustments) are valid throughout the reporting period and are subject to a validation/monitoring process by an independent reviewer. However, the accuracy of the results produced from these ECL models is dependent on using reasonable parameters and up to date inputs to the PD, LGD, EAD and macroeconomic adjustments, which are relevant for the reporting period.	We performed the following audit procedures on the computation and reasonableness/ appropriateness of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2025: We obtained a detailed business process understanding of the Group's loans and advances measured at amortised cost, including a review of the post model adjustments and management overlays in order to assess the reasonableness of these adjustments, along with the other critical accounting estimates and judgments that management had applied. We have involved our subject matter experts to assist us in auditing the ECL models as of 31 December 2025. 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 assessed, on a sample basis, that reported exceptions to policies and procedures as outlined in the Board risk appetite statement were approved by the Board / Board Committee and the approval process was formally documented. For a sample of new / renewed corporate credit facilities, we checked that reported exceptions to limits, as set out in the Board approved delegation of authority matrix, were approved by the Board / Board Credit Committee or its approved delegate and the approval process was formally documented. We performed an independent credit assessment for a sample of non-retail customers, by assessing quantitative and qualitative factors, including assessments of the financial performance of the customers, the source of their repayments and their history and other relevant risk factors. For exposures determined to be individually impaired, we assessed on a sample basis, - the estimated future discounted cash flows used in the measurement of ECL, including the discount rates used and the probable scenario analysis; and - the valuation and enforceability of collateral, including the underlying key assumptions,

INDEPENDENT AUDITOR'S REPORT**to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)**

	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 a significant increase in credit risk and the resultant basis for classification of exposures into various stages. For a sample of exposures, we checked the appropriateness of the Group's staging criteria, including the basis for movement between stages. 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.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of loans and advances at amortised cost	
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. Impaired loans and advances at amortised cost for corporate portfolio are measured on the basis of the present value of estimated future cash flows (which in the case of stage 3 exposures also includes an assessment of the fair value and recoverability of the collateral). The impairment loss is calculated based on the shortfall between the carrying value of loans and advances at amortised cost compared to the net present value of future estimated cash flows discounted using the original effective interest rate. The factors considered when determining impairment losses on individually assessed impaired accounts include the customer's aggregate borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts. The audit of the impairment of loans and advances measured at amortised cost is a key area of audit focus because of its size (representing 49% of total assets) and due to the significance and complexity of the estimates and judgments that were used in classifying these loans and advances at amortised cost into various stages and determining the ECL allowance as well as the level of audit effort required. Refer to Note 3 of the consolidated financial statements for the accounting policy, Note 4 for critical accounting judgements and estimates and Note 43 for disclosures on credit risk.	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. 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.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)

Key audit matter	How our audit addressed the key audit matter
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 are not operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of changes to an application or underlying data.	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 the 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.

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.

INDEPENDENT AUDITOR'S REPORT**to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)****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 UAE Federal Law No. (32) of 2021, as amended, and UAE Federal Decree Law No. (6) of 2025 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Decree Law No. (32) of 2021, as amended we report that for the year ended 31 December 2025:

- We have obtained all the information we considered necessary for the purposes of our audit.
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended;
- The Group has maintained proper books of account.
- The financial information included in the Board of Directors' report is consistent with the Group's books of account;
- Note 7 to the consolidated financial statements of the Group discloses its investments in shares during the financial year ended 31 December 2025;
- Note 37 to the consolidated financial statements of the Group discloses material related party transactions, the terms under which they were conducted;
- Note 32 to the consolidated financial statements discloses social contributions made during the financial year ended 31 December 2025; and

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Mashreqbank PSC, Dubai, United Arab Emirates (continued)

Report on Other Legal and Regulatory Requirements (continued)

- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021, as amended or of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2025.

Further, as required by UAE Federal Decree Law No. (6) of 2025, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

Deloitte & Touche (M.E.)



Musa Ramahi
Registration No.: 872
02 February 2026
Dubai
United Arab Emirates

Consolidated statement of financial position as at 31 December

	Notes	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
ASSETS					
Cash and balances with central banks	5	33,532,283	9,129,399	40,592,508	11,051,595
Loans and advances to banks	6	65,721,062	17,893,020	52,271,604	14,231,311
Financial assets measured at fair value	7	21,457,498	5,841,954	26,327,534	7,167,856
Securities measured at amortised cost	7	28,906,304	7,869,944	9,797,117	2,667,334
Loans and advances to customers	8	138,070,975	37,590,791	103,080,846	28,064,483
Islamic financing and investment products	9	26,277,704	7,154,289	21,677,551	5,901,865
Acceptances		10,372,108	2,823,879	3,495,184	951,588
Reinsurance contract assets	20	3,222,503	877,349	3,379,148	919,997
Investment in associate		260,380	70,890	296,878	80,827
Investment properties	11	183,935	50,078	151,620	41,280
Property and equipment	12	1,350,125	367,581	1,339,360	364,650
Intangible assets	13	423,331	115,255	374,333	101,915
Other assets	10	4,855,663	1,321,989	4,669,475	1,271,297
Total assets		334,633,871	91,106,418	267,453,158	72,815,998
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits and balances due to banks	14	38,922,265	10,596,860	43,374,316	11,808,962
Repurchase agreements with banks	15	7,136,046	1,942,839	2,075,517	565,074
Customers' deposits	16	178,891,181	48,704,378	143,564,793	39,086,521
Islamic customers' deposits	17	26,004,253	7,079,840	17,374,901	4,730,439
Acceptances		10,372,108	2,823,879	3,495,184	951,588
Borrowings	19	13,473,859	3,668,353	3,902,528	1,062,491
Insurance and Investment contract liabilities	20	6,501,987	1,770,212	6,187,190	1,684,506
Sukuk Issued	48	1,836,500	500,000	-	-
Other liabilities	18	10,919,117	2,972,806	9,698,535	2,640,494
Total liabilities		294,057,316	80,059,167	229,672,964	62,530,075
EQUITY					
Capital and reserves					
Issued and paid up capital	21	2,006,098	546,174	2,006,098	546,174
Tier 1 capital notes	46	2,938,400	800,000	2,938,400	800,000
Other reserves	21	669,832	182,366	(359,453)	(97,863)
Retained earnings		33,759,840	9,191,353	32,127,720	8,746,997
Equity attributable to owners of the Parent including noteholders of the Group		39,374,170	10,719,893	36,712,765	9,995,308
Non-controlling interests	22	1,202,385	327,358	1,067,429	290,615
Total equity		40,576,555	11,047,251	37,780,194	10,285,923
Total liabilities and equity		334,633,871	91,106,418	267,453,158	72,815,998

To the best of our knowledge, the consolidated financial statements present fairly in all material respects the financial condition, results of operation and cashflows of the Group as of, and for, the periods presented therein:


Abdul Aziz Abdulla Al Ghurair
Chairman


Ahmed Abdelaal
Group Chief Executive Officer

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss for the year ended 31 December

	Notes	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
Interest income	24	13,959,584	3,800,595	14,271,348	3,885,475
Income from Islamic financing and investment products	25	1,906,055	518,937	1,666,868	453,816
Total interest income and income from Islamic financing and investment products		15,865,639	4,319,532	15,938,216	4,339,291
Interest expense	26	(7,140,971)	(1,944,179)	(6,892,160)	(1,876,439)
Distribution to depositors - Islamic products	27	(583,322)	(158,814)	(657,945)	(179,130)
Net interest income and income from Islamic products net of distribution to depositors		8,141,346	2,216,539	8,388,111	2,283,722
Fee and commission income	28	5,269,686	1,434,709	4,560,133	1,241,528
Fee and commission expense	28	(3,936,650)	(1,071,781)	(3,095,628)	(842,806)
Net fee and commission income		1,333,036	362,928	1,464,505	398,722
Net investment income	29	350,437	95,409	228,576	62,231
Other income, net	30	2,751,595	749,141	3,334,511	907,844
Operating income		12,576,414	3,424,017	13,415,703	3,652,519
General and administrative expenses	32	(3,871,265)	(1,053,979)	(3,695,864)	(1,006,225)
Operating profit before impairment		8,705,149	2,370,038	9,719,839	2,646,294
Net impairment (charge)/reversal	31	(444,165)	(120,927)	166,065	45,212
Profit before tax		8,260,984	2,249,111	9,885,904	2,691,506
Tax expense	45	(1,290,791)	(351,427)	(868,527)	(236,463)
Profit for the year		6,970,193	1,897,684	9,017,377	2,455,043
Attributable to:					
Owners of the Parent		6,839,622	1,862,134	8,917,202	2,427,770
Non-controlling interests		130,571	35,550	100,175	27,273
		6,970,193	1,897,684	9,017,377	2,455,043
Earnings per share	33	AED 32.98	USD 8.98	AED 43.66	USD 11.89

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income for the year ended 31 December

	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
Profit for the year	6,970,193	1,897,684	9,017,377	2,455,043
Other comprehensive income/(loss)				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets measured at fair value through other comprehensive income (equity instruments), net of tax	148,310	40,378	46,908	12,771
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Changes in currency translation reserve, net of tax [Note 21(d)]	(53,149)	(14,470)	(242,447)	(66,008)
Changes in fair value of financial assets measured at fair value through other comprehensive income (debt instruments) net of tax	220,855	60,129	(279,751)	(76,163)
Changes in insurance finance income and expenses reserve	(3,875)	(1,055)	(1,137)	(310)
Total other comprehensive income/(loss) for the year	312,141	84,982	(476,427)	(129,710)
Total comprehensive income for the year	7,282,334	1,982,666	8,540,950	2,325,333
<u>Attributed to:</u>				
Owners of the Parent	7,114,708	1,937,029	8,421,662	2,292,856
Non-controlling interests	167,626	45,637	119,288	32,477
	7,282,334	1,982,666	8,540,950	2,325,333

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December

	Issued and paid up capital AED'000	Tier 1 capital notes AED'000	Other reserves AED'000	Retained Earnings AED'000	Equity attributable to owners of the Parent AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2024	2,006,098	1,101,900	567,248	26,658,113	30,333,359	984,431	31,317,790
Profit for the year	-	-	-	8,917,202	8,917,202	100,175	9,017,377
Other comprehensive loss	-	-	(495,540)	-	(495,540)	19,113	(476,427)
Total comprehensive income for the year	-	-	(495,540)	8,917,202	8,421,662	119,288	8,540,950
Issue of tier 1 Capital	-	1,836,500	-	(8,022)	1,828,478	-	1,828,478
Payment of dividends [Note 21 (f)]	-	-	-	(3,711,282)	(3,711,282)	(32,675)	(3,743,957)
Transfer from investment revaluation reserve to retained earnings	-	-	(3,556)	3,556	-	-	-
Transfer between retained earnings impairment reserve	-	-	365,000	(365,000)	-	-	-
Coupon payment to Tier 1 note holders	-	-	-	(159,089)	(159,089)	-	(159,089)
Transaction with non-controlling interests	-	-	-	(363)	(363)	(3,615)	(3,978)
Other movements [Note 21(d)]	-	-	(792,605)	792,605	-	-	-
Balance at 31 December 2024	2,006,098	2,938,400	(359,453)	32,127,720	36,712,765	1,067,429	37,780,194
Balance at 1 January 2025	2,006,098	2,938,400	(359,453)	32,127,720	36,712,765	1,067,429	37,780,194
Profit for the year	-	-	-	6,839,622	6,839,622	130,571	6,970,193
Other comprehensive income	-	-	275,086	-	275,086	37,055	312,141
Total comprehensive income for the year	-	-	275,086	6,839,622	7,114,708	167,626	7,282,334
Coupon payment to Tier 1 note holders	-	-	-	(224,512)	(224,512)	-	(224,512)
Payment of dividends [Note 21 (f)]	-	-	-	(4,232,867)	(4,232,867)	(32,549)	(4,265,416)
Transfer from investment revaluation reserve to retained earnings	-	-	44,227	(44,227)	-	-	-
Transfer between retained earnings and impairment reserve	-	-	711,000	(711,000)	-	-	-
Other movements	-	-	(1,028)	5,104	4,076	(121)	3,955
Balance at 31 December 2025	2,006,098	2,938,400	669,832	33,759,840	39,374,170	1,202,385	40,576,555

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December

	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
Cash flows from operating activities				
Profit before taxation for the year	8,260,984	2,249,111	9,885,904	2,691,506
Adjustments for:				
Depreciation and amortisation	294,556	80,195	277,708	75,608
Allowances for impairment, net	444,165	120,927	(166,065)	(45,212)
Gain on disposal of property and equipment	(1,858)	(506)	(12,857)	(3,500)
Loss on disposal of investment properties	50	14	7,897	2,150
Unrealised gain on other financial assets held at FVTPL	(14,223)	(3,872)	(16,077)	(4,377)
Fair value adjustments of investment properties	(33,915)	(9,234)	(10,426)	(2,839)
Net realized gain from sale of financial assets measured at FVTPL	(115,521)	(31,451)	(107,720)	(29,327)
Dividend income from financial assets measured at FVTOCI	(86,369)	(23,515)	(65,926)	(17,949)
Net realised gain from sale of financial assets measured at FVTOCI and securities measured at amortised cost	(133,309)	(36,294)	(38,023)	(10,352)
Impairment allowance on investment in associate	36,498	9,937	-	-
Unrealised loss/(gain) on derivatives	4,767	1,298	(17,248)	(4,696)
Gain on sale/bargain purchase	-	-	(1,211,017)	(329,708)
Gain on revaluation of Forex	-	-	(167,589)	(45,627)
Operating cash flows before tax paid and changes in operating assets and liabilities	8,655,825	2,356,610	8,358,561	2,275,677
Tax paid	(906,088)	(246,689)	(138,346)	(37,666)
Changes in operating assets and liabilities				
Increase in deposits with central banks	(3,327,470)	(905,927)	(4,574,606)	(1,245,469)
Increase in loans and advances to banks with original maturity after three months	(10,224,077)	(2,783,577)	(6,541,729)	(1,781,032)
Increase in loans and advances to customers	(35,322,750)	(9,616,866)	(9,652,081)	(2,627,847)
Increase in Islamic financing and investment products	(4,582,324)	(1,247,570)	(4,670,555)	(1,271,591)
Increase/(decrease) in reinsurance assets	156,645	42,648	(622,285)	(169,421)
Increase in other assets	(206,302)	(56,167)	(612,548)	(166,770)
(Increase)/Decrease in financial assets carried at FVTPL	(1,626,969)	(442,954)	712,508	193,985
Increase in repurchase agreements with banks	5,060,529	1,377,764	1,012,526	275,667
Increase in customers' deposits	35,326,388	9,617,857	10,955,102	2,982,603
Increase in Islamic customers' deposits	8,629,353	2,349,402	3,752,418	1,021,622
(Decrease)/Increase in deposits and balances due to banks	(4,452,051)	(1,212,102)	6,039,268	1,644,233
Increase in Insurance and Investment contract liabilities	314,797	85,706	852,232	232,026
Increase in other liabilities	657,910	179,121	1,096,849	298,625
Net cash (used in)/ generated from operating activities	(1,846,584)	(502,744)	5,967,314	1,624,642
Cash flows from investing activities				
Purchase of property and equipment	(184,203)	(50,151)	(167,298)	(45,548)
Purchase on intangible assets	(192,310)	(52,358)	(149,055)	(40,581)
Proceeds from sale of property and equipment	24,053	6,549	37,927	10,326
Purchase of other financial assets measured at fair value or amortised cost	(60,838,398)	(16,563,680)	(57,027,475)	(15,526,130)
Proceeds from sale of other financial assets measured at fair value or amortised cost	48,899,915	13,313,345	56,104,272	15,274,781
Dividend income from other financial assets measured at FVTOCI	86,369	23,515	65,926	17,949
Proceeds from sale of investment properties	1,550	422	352,956	96,095
Disposal of subsidiary	-	-	845,800	230,275
Net cash (used in)/ generated from investing activities	(12,203,024)	(3,322,358)	63,053	17,167

Consolidated statement of cash flows for the year ended 31 December (continued)

	2025 AED'000	2025 USD'000	2024 AED'000	2024 USD'000
<i>Cash flows from financing activities</i>				
Transaction with NCI	(112)	(30)	(3,978)	(1,083)
Dividends paid	(4,265,416)	(1,161,289)	(3,743,957)	(1,019,319)
Medium term notes issued	2,991,087	814,344	933,476	254,145
Medium term notes redeemed	(765,756)	(208,482)	(4,020,676)	(1,094,657)
Sukuk issued	1,836,500	500,000	-	-
Syndicated borrowings	7,346,000	2,000,000	-	-
Tier 1 notes issued	(1,065)	(290)	1,828,478	497,816
Coupon payment to Tier 1 note holders	(224,512)	(61,125)	(159,089)	(43,313)
Net cash generated from / (used in) financing activities	6,916,726	1,883,128	(5,165,746)	(1,406,411)
Net (decrease)/increase in cash and cash equivalents	(7,132,882)	(1,941,974)	864,621	235,398
Net foreign exchange difference	(58,948)	(16,049)	(20,715)	(5,640)
Cash and cash equivalents at beginning of the year	38,950,366	10,604,509	38,106,460	10,374,751
Cash and cash equivalents at end of the year (Note 35)	31,758,536	8,646,486	38,950,366	10,604,509

Notes to the consolidated financial statements for the year ended 31 December 2025

1. General information

Mashreqbank PSC (the “Bank”) was incorporated in the Emirate of Dubai in 1967 under a decree issued by The Ruler of Dubai. The Bank carries out retail banking, commercial banking, investment banking, Islamic banking, brokerage and asset management activities through its branches in the United Arab Emirates, Oman, Bahrain, Kuwait, Egypt, Hong Kong, India, Pakistan, Qatar, the United Kingdom and the United States of America. The address of the Bank’s registered office is P.O. Box 1250, Dubai, United Arab Emirates.

The accompanying consolidated financial statements combine the activities of the Bank and its subsidiaries (collectively the “Mashreqbank PSC Group” or “Group”), as listed in Note 36.

2. Application of new and revised International Financial Reporting Standards (“IFRS Accounting Standards”)

2.1 New and revised IFRS adopted in the consolidated financial statements

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

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

2.1 New and revised IFRS adopted in the consolidated financial statements (continued)

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

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

<i>New and revised IFRS</i>	<i>Effective for annual periods beginning on or after</i>

<i>Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments</i>	1 January 2026

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 *Financial Instruments*.

<i>Annual improvements to IFRS Accounting Standards - Volume 11</i>	1 January 2026

(IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Statement of Cash Flows)

<i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>	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.

<i>IFRS 18 Presentation and Disclosures in Financial Statements</i>	1 January 2027

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

<i>Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates relating to Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

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

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies

3.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by International Accounting Standards Board ("IASB") and also complies with the applicable requirements of the laws in the U.A.E including the UAE Federal Law No. 32 of 2021 on Commercial Companies and the Decretal Federal Law No. 14 of 2018.

On 8 September 2025, the UAE Federal Decree Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business was issued and came into effect on 16 September 2025 which repealed the UAE Federal Law No. 14 of 2018. The Company/ Bank/Group must within a period not exceeding (1) one year from the date of the enforcement of its provisions from 16 September 2025 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No. (6) of 2025.

3.2 Basis of preparation

The consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments, including derivatives, investment properties and reserves for unit linked policies which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements are presented in Arab Emirates Dirham ("AED") and all values are rounded to the nearest thousands AED, except where otherwise indicated.

The accounting policies used in the preparation of this consolidated financial statements are consistent with those audited annual consolidated financial statements for the year ended 31 December 2024.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

3.3 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank and its subsidiaries made up to 31 December each year. Control is achieved when the Bank:

- has power over an investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.3 Basis of consolidation (continued)

- 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 arising 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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.3 Basis of consolidation (continued)

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,

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (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).

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.4 Revenue recognition (continued)

(c) *Fee and commission income and expenses*

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

- i) Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn down and other credit-related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight-line basis.
- ii) Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(d) *Dividend income*

Dividend income from investments is recognised in the consolidated statement of profit or loss when the Group's right to receive dividend has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of Income can be measured reliably).

(e) *Gain or loss from redemption of medium-term loans*

Gain or loss from redemption of medium-term loans represents the difference between the amount paid and the carrying amount of the liability on the date of redemption.

(f) *Rental income*

Rental income from investment property which are leased under operating leases are recognised on a straight-line basis over the term of the relevant lease.

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.5 Leasing (continued)

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The group assesses whether a contract is, or contains, a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

3.6 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in UAE Dirham (AED), which is the functional currency of the Bank, and the presentation currency for the consolidated financial statements.

The presentation currency of the Group is the UAE Dirham (AED); however, for presentation purposes only, additional columns for US Dollar (USD) equivalent amounts have been presented in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows and certain notes to the consolidated financial statements using a fixed conversion rate of USD 1.00 = AED 3.673.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in AED using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's Currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Bank losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Bank losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.6 Foreign currencies (continued)

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further

excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.8 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Cost includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are recognised in the profit or loss in the period of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use evidenced by the end of owner-occupation or commencement of an operating lease to another party. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use. Fair value is determined by open market values based on valuations performed by independent surveyors and consultants or broker's quotes.

3.9 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.9 Property and equipment (continued)

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:

	<u>Years</u>
Properties for own use	20 - 50
Furniture, fixtures, equipment and vehicles	4 - 15
Improvements to freehold properties and others	5 - 10

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Capital work-in-progress are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3.10 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.10 Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.11 Intangible assets

Intangible assets consists of software which are stated at cost less amortisation and any accumulated impairment losses. Amortisation is charged on a straight lines over the estimated useful lives of 5 to 10 years. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3.12 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.13 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the consolidated statement of profit or loss. Immediately after initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVTOCI, as described in note 43, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- 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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.13 Financial instruments (continued)

3.13.1 Financial assets (continued)

i) Classification of financial assets (continued)

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'.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.13 Financial instruments (continued)

3.13.1 Financial assets (continued)

i) Classification of financial assets (continued)

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and an interest rate that is consistent with basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and there were no material reclassification during the year.

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. On disposal of these equity investments, any related balance within the FVTOCI reserve is reclassified to retained earnings. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.13 Financial instruments (continued)

3.13.1 Financial assets (continued)

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).

ii) 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.

Further, the Group also considers relevant regulatory requirements, in the context of the alignment of those requirements with IFRS, in the estimation of ECL in respect of Stage 3 exposures.

Note 43 provides more detail of how the expected credit loss allowance is measured.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.13 Financial instruments (continued)

3.13.1 Financial assets (continued)

(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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.13 Financial instruments (continued)

3.13.1 Financial assets (continued)

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retain a subordinated residual interest.

3.13.2 Financial liabilities

Classification and subsequent measurement

Financial liabilities (including deposits and balances due to banks, repurchase agreements with banks, medium term loans, subordinated debt and customer deposits) are initially recognised as fair value and subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading and other financial liabilities designated as such on initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the change in fair value due to credit risk) and partially profit or loss (the remaining amount of change in the fair value of the liability).
- This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition whereby for financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
 - Financial guarantee contracts and loan commitments.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.13 Financial instruments (continued)

3.13.2 Financial liabilities (continued)

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

When replacing an existing debt with a new debt from a new lender, the existing debt would be de-recognized in the financial statements, with the difference between the carrying amount and the fair value of the consideration paid

recognized in profit or loss. However, when modifying or exchanging a debt while keeping the original lender, the International Financial Reporting Standards (IFRS Accounting Standards) have specific guidance on whether the transaction results in a de-recognition or is accounted for differently. This analysis is driven by the question whether the modification is "substantial" or whether the original debt has been replaced by another debt with "substantially" different terms.

3.13.3 Financial guarantee contracts and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument. Loan commitments are irrevocable commitments to provide credit under pre-specified terms and conditions.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognized in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance (calculated as described in Note 43).

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.13 Financial instruments (continued)

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.15 Derivative financial instruments (continued)

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the group has both a legally enforceable right and intention to offset.

(a) *Embedded derivatives*

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 *Financial Instruments* (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3.16 Hedge accounting

The Group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 41 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in consolidated statement of profit or loss, and is included in the other income line item.

Amounts previously recognised in the consolidated statement of comprehensive income and accumulated in equity are reclassified to consolidated statement of profit or loss in the periods when the hedged item affects in the recognition of a non-financial assets or a non-financial liability, the gains and losses previously recognised in consolidated statement of comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.16 Hedge accounting (continued)

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in the consolidated statement of comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated statement of profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cumulative translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the cumulative translation reserve are reclassified to the consolidated statement of profit or loss on the disposal of the foreign operation.

3.17 Insurance contracts

To allocate individual insurance contracts to groups of contracts, an entity first needs to define portfolios which include contracts with similar risks and that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts. IFRS 17 consists of 3 measurement models:

- The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin (CSM).
- The variable fee approach (VFA) is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate insurance contracts with direct participating features.
- The premium allocation approach is an optional simplified approach for the measurement of the liability for remaining coverage. An entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.17 Insurance contracts (continued)

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.

Liability for Incurred Claims ("LIC") adjusted for time value of money

The LIC is discounted and adjusted for the time value of money.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.17 Insurance contracts (continued)

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.17 Insurance contracts (continued)

Reinsurance contracts held

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss. Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. The Group aggregates contracts for which there is a net gain at initial recognition, if any, contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently, and remaining contracts in the portfolio, if any.

Modification and derecognition

The Group derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.18 Islamic financing and investment products

In addition to conventional banking products, the Group offers its customers a variety of non-interest based banking products, which are approved by its Internal Shari'ah Supervision Committee.

Any conventional terminologies that are used only for reasons of legal requirement, explanation and/or clarity will be considered as replaced with its Shari'ah compliant equivalent and will not impact the Islamic products or documentation in terms of their Shari'ah compliance.

All Islamic banking products are accounted for in conformity with the accounting policies described below:

(i) Definitions

The following terms are used in Islamic financing:

Murabaha

Murabaha is a sale of goods with an agreed upon profit mark-up on the cost.

The arrangement is referred to as a Murabaha to the Purchase Orderer where the company sells to a customer a commodity or an asset, which the company has purchased and acquired, based on a promise received from customer.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.18 Islamic financing and investment products (continued)

Commodity Murabaha

Commodity Murabaha is a financing transaction based on purchase and sale, whereby the bank purchases a commodity from a broker and sells it to the customer through the Murabaha agreement with a disclosed cost and profit. After signing the Murabaha agreement, the Customer sells the commodity to another broker through the bank, which acts as the Customer's messenger.

Ijarah

Ijarah is a contract, or part of contractual agreement, that transfers the usufruct of an asset (the underlying asset) for a period of time in exchange for an agreed consideration, from lessor (the owner of underlying asset i.e. the company) to a lessee (the customer).

This may involve a hybrid Ijarah arrangement (known as Ijarah Muntahia Bittamleek) which, in addition to the Ijarah contract, includes a promise (by the company) resulting in transfer of the ownership of the underlying asset to the lessee (the customer) through a sale or gift – independent of Ijarah Contract.

Istisna'

Istisna' is a contract of sale of specified items to be manufactured or constructed, with an obligation on part of the manufacturer or builder (contractor) to deliver them to the customer upon completion.

Under this arrangement, the Group provides funds to a customer for construction of a real estate and/or manufacturing of any other assets. Istisna' requires properly specifying the finished product. The customer is required to arrange/employ all the resources required to produce the specified asset(s).

Mudarabah

Mudarabah is a partnership in profit whereby one party provides capital (Rab al-Mal) and the other party provides labour (Mudarib). The Mudarib is responsible for investing such funds in a specific enterprise or activity in return for a pre-agreed percentage of the Mudarabah profit. In case of loss, the same is borne by Rab-al-Mal. The Mudarib is not liable for losses except in case of misconduct in respect to Mudarabah fund, negligence and breach of the terms of Mudarabah contract.

Wakalah

Wakalah is an act of one party (principal) delegating another party (the agent) to perform a permissible activity on his behalf. This may involve Al-Wakalah Bi Al-Istithmar, in which the Company appoints another person an agent to invest its funds with an intention to earn profit, in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of default, negligence or violation of any of the terms and conditions of the Wakalah.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.18 Islamic financing and investment products (continued)

(ii) Accounting policy

Islamic financing and investment products are measured at amortised cost, using the effective profit method, less any amounts written off, allowance for doubtful accounts and unearned income. The effective profit rate is the rate that exactly discounts estimated future cash flow through the expected life of the financial asset or liability, or, where appropriate, a shorter period. Allowance for impairment is made against Islamic financing and investment products when their recovery is in doubt taking into consideration IFRS requirements. Islamic financing and investment products are written off only when all possible courses of action to achieve recovery have proved unsuccessful.

(iii) Revenue recognition policy

Income from Islamic financing and investing assets are recognised in the consolidated statement of profit or loss using the effective profit method.

The calculation of the effective profit rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective profit rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

Murabaha

Murabaha income is recognised on effective profit rate basis over the period of the contract based on the balance outstanding.

Commodity Murabaha

Murabaha income is recognised on effective profit rate basis over the period of the contract based on the balance outstanding.

Ijarah

Ijarah income is recognised on effective profit rate basis over the lease term.

Mudarabah

Income or losses on Mudarabah financing are recognised on an accrual basis if they can be reliably estimated. Otherwise, income is recognised on distribution by the Mudarib, whereas the losses are charged to income on their declaration by the Mudarib.

Wakalah

Estimated income from Wakalah is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

3.18 Islamic financing and investment products (continued)

(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 2025 is not materially different from the provision computed in accordance with the UAE Labour Law.

The provision arising is disclosed as 'provision for employees' end of service indemnity' in the consolidated statement of financial position under 'other liabilities' (Note 18).

Pension and national contribution for UAE citizens are made by the Group in accordance with Federal Law No. 7 of 1999 and no further liability exists.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

3. Material accounting policies (continued)

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

4. Critical accounting judgements and key sources of estimation uncertainty

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.

4.5 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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

5. Cash and balances with central banks

a) The analysis of the Group's cash and balances with central banks is as follows:

	2025 AED'000	2024 AED'000
Cash on hand	1,864,835	1,762,079
<i>Balances with central banks:</i>		
Current accounts and other balances	13,129,777	23,620,228
Statutory deposits	18,137,671	14,810,201
Certificates of deposit	400,000	400,000
	33,532,283	40,592,508

b) The geographical analysis of the cash and balances with central banks is as follows:

	2025 AED'000	2024 AED'000
Within the UAE	25,819,057	23,209,145
Outside the UAE	7,713,226	17,383,363
	33,532,283	40,592,508

c) The Group is required to maintain statutory deposits with various central banks on demand, time and other deposits as per the statutory requirements. The statutory deposits are not available for use in the Group's day-to-day operations. Cash on hand and current account balances are non-interest-bearing. Certificate of deposits are at an average interest rate of 3.96% (31 December 2024: 4.93%) per annum.

6. Loans and advances to banks

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

	2025 AED'000	2024 AED'000
Demand	3,627,109	5,067,842
Time	62,182,977	47,322,099
	65,810,086	52,389,941
Less: Allowance for impairment	(89,024)	(118,337)
	65,721,062	52,271,604

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

6. Loans and advances to banks (continued)

b) The above represent loans and advances to:

	2025 AED'000	2024 AED'000
Banks within the UAE	9,991,392	6,669,039
Banks outside the UAE	55,818,694	45,720,902
	65,810,086	52,389,941
Less: Allowance for impairment	(89,024)	(118,337)
	65,721,062	52,271,604

c) Allowance for impairment movement:

	2025 AED'000	2024 AED'000
At beginning of the year	118,337	139,399
Reversal during the year (Note 31)	(29,516)	(16,553)
Exchange and other adjustments	203	(4,509)
At end of the year	89,024	118,337

7. Other financial assets

a) The analysis of the Group's other financial assets is as follows:

Financial assets measured at fair value

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

	2025 AED'000	2024 AED'000
Debt securities	2,651,274	895,716
<i>Equities</i>		
Quoted	1,005	23,689
Unquoted	1,101	1,032
Funds	1,349,908	1,326,137
	4,003,288	2,246,574

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

7. Other financial assets (continued)

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

	2025 AED'000	2024 AED'000
Debt securities	15,912,709	23,012,440
<i>Equities</i>		
Quoted	933,929	755,933
Unquoted	87,544	79,946
Funds	524,652	243,418
	17,458,834	24,091,737
Less : Allowance for Impairment	(4,624)	(10,777)
Total financial assets measured at fair value (A)	21,457,498	26,327,534

iii) Securities measured at amortised cost:

	2025 AED'000	2024 AED'000
Debt securities	28,924,027	9,827,791
Less: Allowance for impairment	(17,723)	(30,674)
Total securities measured at amortised cost (B)	28,906,304	9,797,117
Total other financial assets [(A) + (B)]	50,363,802	36,124,651

b) The geographical analysis of other financial assets is as follows:

	2025 AED'000	2024 AED'000
Within the UAE	18,911,578	21,354,085
Outside the UAE	31,474,571	14,812,017
	50,386,149	36,166,102
Less: Allowance for impairment	(22,347)	(41,451)
	50,363,802	36,124,651

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

7. Other financial assets (continued)

c) The analysis of other financial assets by industry sector is as follows:

	2025 AED'000	2024 AED'000
Government and public sector	29,098,830	15,301,030
Commercial and business	6,405,954	2,314,148
Financial institutions	14,881,365	18,550,924
Total	50,386,149	36,166,102
Less: Allowance for impairment	(22,347)	(41,451)
	50,363,802	36,124,651

d) The movement of the allowance for impairment of other financial assets measured at amortised cost and other comprehensive income during the year was as follows:

	2025 AED'000	2024 AED'000
At the beginning of the year	41,451	54,152
Reversal during the year (Note 31)	(19,078)	(12,687)
Exchange and other adjustments	(26)	(14)
At end of the year	22,347	41,451

- e) The fair value of securities measured at amortised cost amounted to AED 29 billion as of 31 December 2025 (31 December 2024: AED 9.54 billion) (Note 43).
- f) At 31 December 2025, certain financial assets measured at amortized cost, financial assets measured at fair value included debt securities with an aggregate carrying value of AED 6,903 million (fair value of AED 7,025 million) [31 December 2024: Carrying value of AED 1,279 million (fair value of AED 1,310 million)] which were collateralized as at that date against repurchase agreements with banks ("Repo") of AED 5,981 million (31 December 2024: AED 1,169 million).
- g) During the year ended 31 December 2025, the Group has reviewed its portfolio and sold certain other financial assets measured at amortized cost, resulting in a gain of AED 28 million (31 December 2024: Gain of AED 0.26 million) on the sale.
- h) As of 31 December 2025, there are no significant concentrations of credit risk for debt securities measured at amortised cost. The carrying amount reflected above represents the Group's maximum exposure for credit risk for such assets.
- i) During the year ended 31 December 2025, dividends received from financial assets measured at FVTOCI amounting to AED 86 million (31 December 2024: AED 66 million) were recognized as net investment income in the consolidated statement of profit or loss (Note 29).

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

7. Other financial assets (continued)

- j) As of 31 December 2025, change in fair value of other financial assets measured at FVTPL resulted in gain of AED 14 million (31 December 2024: gain of AED 16 million) and was recognized as investment income in the consolidated statement of profit or loss (Note 29).
- k) As of 31 December 2025, change in fair value of other financial assets measured at FVTOCI resulted in a gain of AED 369 million (31 December 2024: loss of AED 233 million) and was recognised in the consolidated statement of comprehensive income. The realised gain in respect of FVTOCI debt securities was AED 106 million during the year 2025 (31 December 2024: 38 million) and was recognised in consolidated statement of profit and loss.
- l) During the year ended 31 December 2025, the Group purchased and disposed equity shares amounting to AED 469 million (31 December 2024: AED 522 million) and AED 289 million (31 December 2024: AED 489 million), respectively.

8. Loans and advances to customers

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

	2025 AED'000	2024 AED'000
Loans	129,043,280	96,996,669
Overdrafts	6,434,080	4,024,512
Credit cards	4,091,438	3,666,857
Others	976,813	893,460
Total	140,545,611	105,581,498
Less: Allowance for impairment	(2,474,636)	(2,500,652)
	138,070,975	103,080,846

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

	2025 AED'000	2024 AED'000
Manufacturing	29,718,606	23,133,877
Construction	11,860,829	8,906,290
Trade	26,674,301	21,960,671
Services	21,265,724	15,632,555
Financial institutions	12,290,713	4,953,676
Personal	14,438,889	10,859,373
Residential mortgage	14,231,620	11,089,651
Government and related enterprises	10,064,929	9,045,405
	140,545,611	105,581,498
Less: Allowance for impairment	(2,474,636)	(2,500,652)
	138,070,975	103,080,846

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

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 2025 and 2024, legal proceedings are pursued for some of these accounts by the Group in the normal course of business.
- d) The movements in the allowance for impairment and suspended interest on loans and advances to customers are as follows:

	2025 AED'000	2024 AED'000
At beginning of the year	2,500,652	2,624,687
Charge for the year (Note 31)	82,455	58,683
Exchange and other adjustments	11,521	44,032
Written off during the year	(119,992)	(226,750)
At end of the year	2,474,636	2,500,652

- e) The allowance for impairment includes a specific provision of AED 1,470 million for stage 3 loans of the Group as at 31 December 2025 (31 December 2024: AED 1,585 million).

9. Islamic financing and investment products

- a) The analysis of the Group's Islamic financing and investment products is as follows:

	2025 AED'000	2024 AED'000
Financing		
Murabaha	22,705,013	17,473,960
Ijarah	3,710,087	3,639,102
	26,415,100	21,113,062
Investment		
Wakalah	2,476,539	2,898,718
Total	28,891,639	24,011,780
Less: Unearned income	(2,536,440)	(2,259,031)
Allowance for impairment	(77,495)	(75,198)
	26,277,704	21,677,551

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

9. Islamic financing and investment products (continued)

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

	2025 AED'000	2024 AED'000
Manufacturing	5,828,328	3,291,508
Construction	4,886,808	1,905,384
Trade	1,405,820	1,192,918
Services	4,775,126	5,631,988
Financial institutions	893,288	1,214,657
Personal	6,143,713	6,532,409
Residential mortgage	1,230,694	1,035,913
Government and related enterprises	3,727,862	3,207,003
Total	28,891,639	24,011,780
Less: Unearned income	(2,536,440)	(2,259,031)
Allowance for impairment	(77,495)	(75,198)
	26,277,704	21,677,551

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

	2025 AED'000	2024 AED'000
At beginning of the year	75,198	349,088
Reversal of impairment allowance for the year (Note 31)	(5,233)	(249,032)
Exchange and other adjustment	7,530	(24,858)
At end of the year	77,495	75,198

d) The allowance for impairment includes a specific provision of AED 35 million for stage 3 Islamic financing and investment exposure of the Group as at 31 December 2025 (31 December 2024: AED 34 million).

10. Other assets

	2025 AED'000	2024 AED'000
Interest receivable	508,056	212,699
Prepayments	234,193	201,573
Positive fair value of derivatives (Note 41)	1,683,994	2,297,670
Credit card related receivables	449,498	395,285
Taxes paid in advance	262,616	207,333
Commission/income receivable	27,860	56,112
Advances to suppliers/vendors	453,443	308,477
Others	1,236,003	990,326
	4,855,663	4,669,475

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

11. Investment properties

	2025 AED'000	2024 AED'000
At fair value		
At beginning of the year	151,620	502,047
Purchases	-	-
Change in fair value during the year (Note 30)	33,915	10,426
Sale of investment property	(1,600)	(360,853)
At end of the year	183,935	151,620

All of the Group's investment properties are freehold properties and located in the U.A.E these were classified as level 3 in the fair value hierarchy.

Valuation processes

The Group has complied with the requirements of the Insurance Authority Board Decision No. (25) of 2014 with regards to the valuation of the investment properties and were accounted accordingly for the purpose of financial reporting. The Group's investment properties were valued as at 31 December 2025 by independent external professionally qualified valuers who hold recognized relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. The fair value is in accordance with relevant appraisal and valuation standards issued by the Royal Institute of Chartered Surveyors ("RICS").

Valuation techniques underlying management's estimation of fair value

Valuation of the Group's investment properties was determined using either of Discounted Cash Flow ("DCF"), Income capitalization method, and sales comparison methods based on the available inputs.

The DCF method involves forecasting future cash flows from the property based on precisely stated market-based assumptions by adopting an appropriate discount rate and capitalization rate. Income capitalization method considers a market rent that may be achieved based on the comparable evidence and deducting appropriate maintenance and vacancy rates to derive the Net Rent achievable which then capitalized at an appropriate risk yield to derive the Fair Value of the subject property. Sales comparison method considers the value of comparable properties in proximity adjusted for differences in key attributes such as property size and quality of interior fittings.

Notes to the consolidated financial statements for the year ended 31 December 2025 (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 2023	1,190,954	437,018	274,969	157,901	88,773	2,149,615
Additions during the year	-	57,486	27,732	64,819	17,427	167,464
Transfers	-	8,033	1,272	-	(9,305)	-
Disposals/write-offs/elimination	(59,692)	(43,735)	(88,262)	(45,013)	-	(236,702)
At 31 December 2024	1,131,262	458,802	215,711	177,707	96,895	2,080,377
Additions during the year	13	73,179	47,949	41,665	21,399	184,205
Transfers	-	1,373	78	-	(1,451)	-
Disposals/write-offs/elimination	(2,586)	(45,309)	(15,976)	(32,144)	-	(96,015)
At 31 December 2025	1,128,689	488,045	247,762	187,228	116,843	2,168,567
Accumulated depreciation and impairment						
At 31 December 2023	310,788	259,677	103,930	93,485	-	767,880
Charge for the year (Note 32)	28,839	53,046	34,553	39,005	-	155,443
Disposals/write-offs/elimination	(34,837)	(37,908)	(65,144)	(44,417)	-	(182,306)
At 31 December 2024	304,790	274,815	73,339	88,073	-	741,017
Charge for the year (Note 32)	26,664	56,378	28,741	40,207	-	151,990
Disposals/write-offs/elimination	(2,493)	(43,679)	(7,972)	(20,421)	-	(74,565)
At 31 December 2025	328,961	287,514	94,108	107,859	-	818,442
Carrying amount						
At 31 December 2025	799,728	200,531	153,654	79,369	116,843	1,350,125
At 31 December 2024	826,472	183,987	142,372	89,634	96,895	1,339,360

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

13. Intangible assets

	Software AED'000
Cost	
At 31 December 2023	657,321
Additions during the year	149,054
Disposals/write-offs/elimination	(66,026)
At 31 December 2024	740,349
Additions during the year	192,310
Disposals/write-offs/elimination	(72,636)
At 31 December 2025	860,023
Accumulated amortization and impairment	
At 31 December 2023	296,710
Charge for the year (Note 32)	122,265
Disposals/write-offs/elimination	(52,959)
At 31 December 2024	366,016
Charge for the year (Note 32)	142,566
Disposals/write-offs/elimination	(71,890)
At 31 December 2025	436,692
Carrying amount	
At 31 December 2025	423,331
At 31 December 2024	374,333

14. Deposits and balances due to banks

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

	2025 AED'000	2024 AED'000
Time	26,100,698	28,230,111
Demand	7,827,983	9,289,142
Overnight	4,993,584	5,855,063
	38,922,265	43,374,316

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

14. Deposits and balances due to banks (continued)

b) The above represent deposits and balances due to banks from:

	2025 AED'000	2024 AED'000
Banks within the UAE	7,297,268	9,554,641
Banks outside the UAE	31,624,997	33,819,675
	38,922,265	43,374,316

15. Repurchase agreements with banks

	2025 AED'000	2024 AED'000
Repurchase agreements	7,136,046	2,075,517

The above repurchase agreements with banks are at an average interest rate of 4.22% (2024: 5.01%) per annum. Collateral provided as security against these Repo borrowings are disclosed in Note 7(f) to the consolidated financial statements.

16. Customers' deposits

a) The analysis of customers' deposits is as follows:

	2025 AED'000	2024 AED'000
Current and other accounts	97,803,841	86,176,336
Saving accounts	21,692,457	11,204,167
Time deposits	59,394,883	46,184,290
	178,891,181	143,564,793

b) Analysis by industry sector:

	2025 AED'000	2024 AED'000
Government and public sector	16,265,397	12,778,569
Commercial and business	104,358,890	87,186,913
Personal	50,636,411	37,249,561
Financial institutions	7,314,076	6,198,823
Other	316,407	150,927
	178,891,181	143,564,793

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

17. Islamic customers' deposits

a) The analysis of Islamic customers' deposits is as follows:

	2025 AED'000	2024 AED'000
Current and other accounts	7,692,619	8,267,801
Saving accounts	470,336	523,524
Time deposits	17,841,298	8,583,576
	26,004,253	17,374,901

The amount under time deposits include AED 16.5 million relating to Investment risk reserve (31 December 2024: AED 15.5 million).

b) Analysis by industry sector:

	2025 AED'000	2024 AED'000
Government and public sector	4,976,157	3,762,282
Commercial and business	13,906,323	9,260,731
Personal	5,846,608	3,775,127
Financial institutions	1,275,165	576,761
	26,004,253	17,374,901

c) Movement in the depositors' IRR is given below:

	2025 AED'000	2024 AED'000
Balance at the beginning of the year	15,480	14,041
Profit earned on IRR (invested amount)	349	164
Addition to the IRR (Transfer)	627	1,275
Amount allocated (from IRR) to the Depositors	-	-
Balance at the end of the year	16,456	15,480

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

18. Other liabilities

	2025 AED'000	2024 AED'000
Interest payable	1,022,990	1,089,597
Negative fair value of derivatives (Note 41)	1,323,399	1,669,256
Accrued expenses	1,607,828	1,515,647
Income received in advance	486,059	521,473
Pay orders issued	1,127,962	857,409
Provision for employees' end of service indemnity*	323,452	306,838
Provision for taxation	1,238,512	822,542
Lease liability	67,696	79,702
Others	3,076,634	2,364,916
Allowance for impairment – off balance sheet**	644,585	471,155
	10,919,117	9,698,535

*Provision for employees' end of service indemnity included AED 277 million (2024: AED 264 million) for estimated amounts required to cover employees' end of service indemnity at the reporting date as per UAE Labour Law.

The remaining amount of provision for employees' end of service indemnity relates to overseas branches and subsidiaries outside UAE and is computed based on the local laws and regulations of respective jurisdictions.

**The allowance for impairment on off balance sheet and acceptance during the year ended 31 December 2025 amounted to AED 175 million (2024: reversal for impairment of AED 320 million). Refer to note 31.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

19. Borrowings

	2025 AED'000	2024 AED'000
Medium term notes (Note 19a)	4,296,832	2,071,501
Subordinated Debt (Note 19 b)	1,831,027	1,831,027
Syndicated Borrowings *	7,346,000	-
	13,473,859	3,902,528

*Mashreq, on 23rd December successfully closed its \$2 billion syndicated loan with two tranches, a three-year and a five-year tranche

a) Medium term notes

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

Year	2025 AED'000	2024 AED'000
2025	-	699,760
2026	2,387,450	73,460
2027	60,150	96,850
2028	581,599	415,049
2029	792,377	786,382
2030	475,256	-
	4,296,832	2,071,501

	2025 AED'000	2024 AED'000
U.S. Dollars	4,104,180	1,369,125
Japanese Yen	23,420	140,340
Singapore Dollars	57,145	53,876
Chinese Yuan	112,087	477,042
South African Rand	-	31,118
	4,296,832	2,071,501

The Group established a Euro Medium Term Note (EMTN) programme for USD 5 billion (AED 18.37 billion) under an agreement dated 15 March 2010.

During the year ended 31 December 2025, medium-term notes of AED 766 million were redeemed (31 December 2024: AED 4 billion).

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

19. Borrowings (continued)

b) 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.

20. Insurance and investment contract liabilities and reinsurance contract assets

	2025 AED'000	2024 AED'000
Insurance and investment contract liabilities		
Liabilities for Incurred Claims (LIC) under Premium Allocation Approach (PAA)		
Present value of their future cashflows	3,775,315	3,786,799
Risk adjustment for non-financial risk	225,157	263,538
	4,000,472	4,050,337
Liabilities for Incurred Claims (LIC) not under Premium Allocation Approach (PAA)	7,894	4,782
Liabilities for Remaining Coverage (LRC)		
Excluding loss component	1,535,255	1,122,024
Loss component	19,147	22,700
	1,554,402	1,144,724
Investment contract liabilities	939,219	987,347
	6,501,987	6,187,190
Reinsurance contract assets		
Incurred claims for contracts under Premium Allocation Approach (PAA)		
Present value of future cashflows	2,679,264	2,932,498
Risk adjustment for non-financial risk	167,480	208,584
	2,846,744	3,141,082
Remaining coverage excluding loss-recovery component	363,147	229,028
Remaining coverage loss recovery component	6,173	5,365
Incurred claims for contracts not under PAA	6,439	3,673
	3,222,503	3,379,148

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

21. Issued and paid-up capital and other reserves

(a) Issued and paid-up capital

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

Other reserves:

The movement in these reserves is as follows:

	Statutory and legal reserve	General reserve	Insurance finance income and expenses reserve	Impairment reserve – General*	Currency translation reserve	Investment revaluation reserve	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
2024							
As at 1 January	1,027,494	312,000	8,454	1,130,000	(134,315)	(1,776,385)	567,248
Other comprehensive loss	-	-	(736)	-	(242,447)	(252,357)	(495,540)
Transfer between retained earnings and impairment reserve	-	-	-	365,000	-	-	365,000
Other movements [note 21(d)]	-	-	-	-	(792,605)	-	(792,605)
Transfer from investment revaluation reserve to retained earnings	-	-	-	-	-	(3,556)	(3,556)
As at 31 December	1,027,494	312,000	7,718	1,495,000	(1,169,367)	(2,032,298)	(359,453)
2025							
As at 1 January	1,027,494	312,000	7,718	1,495,000	(1,169,367)	(2,032,298)	(359,453)
Other comprehensive (loss)/income	-	-	(2,510)	-	(53,149)	330,745	275,086
Transfer between retained earnings and impairment reserve	-	-	-	711,000	-	-	711,000
Other movements	-	4,771	-	-	(5,799)	-	(1,028)
Transfer from investment revaluation reserve to retained earnings	-	-	-	-	-	44,227	44,227
As at 31 December	1,027,494	316,771	5,208	2,206,000	(1,228,315)	(1,657,326)	669,832

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

21. Issued and paid-up capital and other reserves (continued)

* Impairment reserve – General

Impairment reserve – General is a non-distributable reserve held to meet provision requirement under Credit Risk Management Regulation & Standards (CRMS) issued by Central Bank of UAE.

As per CRMS, in case where provision for impairment required by CB UAE (1.5% of Credit Risk Weighted Assets) exceeds the amount for Stage 1 and 2 expected credit loss under IFRS 9, the bank can transfer the excess amount as a non-distributable impairment reserve in Equity.

	2025 AED'000	2024 AED'000
Regulatory general provision – under CRMS	3,480,905	2,560,746
Aggregate expected credit loss for stage 1 and 2	1,290,709	1,252,699
Impairment reserve – General	2,206,000	1,495,000
As at 31 December	3,496,709	2,747,699

(b) Statutory and legal reserves

In accordance with UAE Federal Law No. 32 of 2021, 10% of net profit for the year is to be transferred to the statutory reserve. Such transfers to reserves may cease when they reach the levels established by the respective regulatory authorities (in the UAE, this level is 50% of the issued and paid up share capital). The legal reserve relates to the Group's foreign operations. Neither the statutory reserve nor the legal reserve is available for distribution.

(c) General reserve

The general reserve is computed pursuant to the Bank's Articles of Association and can be used for the purposes determined by the Annual General Meeting.

(d) Currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. AED), are recognised directly in consolidated statement of comprehensive income and accumulated in the Currency translation reserve. Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are included in the Currency translation reserve. Exchange differences previously accumulated in the Currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to the consolidated statement of profit or loss on the disposal or reduction of net equity via distribution of the foreign operation.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

21. Issued and paid-up capital and other reserves (continued)

(d) Currency translation reserve (continued)

Included within other movements is an amount of AED 792.61 million relating to the cumulative impact of foreign currency translation adjustments pertaining to Mashreqbank Egypt Branch which has been accounted for during 2024.

(e) Investments revaluation reserve

Investments revaluation reserve shows the effects from the fair value measurement of financial assets measured at FVTOCI. The change in fair value for the year amounted to a gain of AED 369 million (2024: loss of AED 233 million) and was reflected in the consolidated statement of comprehensive income [Note 7(k)].

(f) Dividends on equity instruments

At the Annual General Meeting of the shareholders held on 27 February 2025, the shareholders approved a cash dividend of 211% for the year ended 31 December 2024 (31 December 2023: Cash dividend of 185%) of the issued and paid up capital amounting to AED 4.2 billion (31 December 2023: AED 3.7 billion).

22. Non-controlling interests

	2025 AED'000	2024 AED'000
At beginning of the year	1,067,429	984,431
Share of profit for the year	130,571	100,175
Share of other comprehensive income for the year	37,055	19,113
Dividend paid	(32,549)	(32,675)
Transaction with non-controlling interests	(121)	(3,615)
At end of the year	1,202,385	1,067,429

23. Contingent liabilities and commitments

(a) The analysis of the Group's contingent liabilities and commitments is as follows:

	2025 AED'000	2024 AED'000
Guarantees	31,121,872	23,677,271
Letters of credit	12,134,413	14,633,158
Commitments for capital expenditure	590,196	444,615
At end of the year	43,846,481	38,755,044

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

23. Contingent liabilities and commitments (continued)

(b) Irrevocable undrawn credit facilities commitments as at 31 December 2025 amounted to AED 20.43 billion (2024: AED 14.70 billion).

The analysis of contingent liabilities and commitments by geographic region and industry sector is shown in Note 38 to the consolidated financial statements.

24. Interest income

	2025 AED'000	2024 AED'000
Loans and advances to customers	7,353,956	7,421,609
Loans and advances to banks	3,473,505	3,309,203
Central banks	1,074,340	1,453,681
Securities measured at amortised cost	805,955	427,585
Financial assets measured at fair value	1,251,828	1,659,270
	13,959,584	14,271,348

25. Income from Islamic financing and investment products

	2025 AED'000	2024 AED'000
Financing		
Murabaha	1,186,867	1,071,288
Ijarah	201,438	243,861
Other	25,273	12,802
	1,413,578	1,327,951
Investment		
Wakalah	330,616	266,838
Other	161,861	72,079
	492,477	338,917
Total	1,906,055	1,666,868

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

26. Interest expense

	2025 AED'000	2024 AED'000
Customers' deposits	4,786,674	4,782,745
Deposits and balances due to banks	1,875,355	1,772,232
Medium-term loans	270,424	192,559
Subordinated debt	208,518	144,624
	7,140,971	6,892,160

27. Distribution to depositors – Islamic products

This represents the share of income allocated to depositors of the Group. The allocation and distribution to depositors is approved by the Group's Internal Shari'ah Supervision Committee.

28. Net fee and commission income

	2025 AED'000	2024 AED'000
<i>Fee and commission income</i>		
Commission income	609,609	574,580
Fees and charges on banking services	1,332,361	1,199,456
Credit card related fees	3,109,626	2,601,110
Others	218,090	184,987
Total	5,269,686	4,560,133
<i>Fee and commission expenses</i>		
Commission expense	(35,768)	(18,021)
Insurance commission	(826,696)	(675,041)
Credit card related expenses	(2,520,050)	(2,136,257)
Others	(554,136)	(266,309)
Total	(3,936,650)	(3,095,628)
Net fee and commission income	1,333,036	1,464,505

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

29. Net investment income

	2025 AED'000	2024 AED'000
Net realised gain from sale of other financial assets measured at FVTPL	115,521	107,720
Unrealised gain on other financial assets measured at FVTPL [Note 7(j)]	14,223	16,077
Dividend income from other financial assets measured at FVTPL	1,015	830
Net realised gain from sale of other financial assets measured at amortised cost/ FVTOCI	133,309	38,023
Dividend income from other financial assets measured at FVTOCI [Note 7 (i)]	86,369	65,926
	350,437	228,576

30. Other income, net

	2025 AED'000	2024 AED'000
Foreign exchange gains	1,412,879	1,093,166
Insurance related income	1,143,036	915,778
Gain on disposal of property and equipment	1,858	12,857
Unrealised (loss)/gain on derivatives	(4,767)	17,248
Unrealised gain on investment properties (Note 11)	33,915	10,426
Others*	164,674	1,285,036
	2,751,595	3,334,511

* Included within others during 2024 is a capital gain of AED 1,211 million from the sale of 65% of the Bank's direct interest in IDFAA Payment Service LLC. The Group retains significant influence in IDFAA through 35% indirect ownership via its 100 % subsidiary Citrus Ventures Holding Ltd.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

31. Net impairment charge/(reversal)

	2025 AED'000	2024 AED'000
Loans and advances to banks [Note 6(c)]	(29,516)	(16,553)
Securities measured at amortised cost [Note 7(d)]	(12,951)	(14,549)
Financial assets measured at FVTOCI [Note 7(d)]	(6,127)	1,862
Loans and advances to customers [Note 8(d)]	82,455	58,683
Islamic financing and investment products [Note 9(c)]	(5,233)	(249,032)
Other assets	3,198	263,183
Change in impairment allowance on off-balance sheet items	174,770	(319,727)
Loans and advances to customers including Islamic financing and investment products written off	505,576	285,815
Recovery of loans and advances to customers including Islamic financing and investment products previously written off	(268,007)	(175,747)
	444,165	(166,065)

32. General and administrative expenses

	2025 AED'000	2024 AED'000
Salaries and employees related expenses	2,103,639	2,134,424
Depreciation on property and equipment (Note 12)	151,990	155,443
Amortisation on intangible assets (Note 13)	142,566	122,265
Social contribution	1,133	1,000
Others	1,471,937	1,282,732
	3,871,265	3,695,864

33. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the year:

	2025 AED'000	2024 AED'000
Profit for the period attributable to owners of the Parent	6,839,622	8,917,202
Less: Coupons paid on Tier one Capital	(224,512)	(159,089)
Net adjusted profit for the period attributable to owners of the parent	6,615,110	8,758,113
Weighted average number of shares in issue	200,609,830	200,609,830
Basic earnings per share (AED)	32.98	43.66

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

34. Proposed dividends

The board of Directors has proposed 102% cash dividend for the year ended 31 December 2025 at their meeting held on 02 February 2026.

35. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, current accounts and other balances with central banks, certificates of deposits, balances with banks and money market placements which are maturing within three months from the date of the deposit or placement, as below:

	2025	2024
	AED'000	AED'000
Cash on hand	1,864,835	1,762,079
Current accounts and other balances with central banks	13,129,777	23,620,228
Certificates of deposit maturing within 3 months	400,000	400,000
Loans and advances to banks with original maturity of less than 3 months	16,363,924	13,168,059
	31,758,536	38,950,366

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

36. Investment in subsidiaries and associate

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

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest (%)	Principal activity
31 December 2025			
<i>Subsidiary</i>			
Sukoon Insurance (PJSC)	United Arab Emirates	64.76%	Insurance & reinsurance
Mindscape FZ LLC	United Arab Emirates	100.00%	IT services
Mashreq Securities LLC	United Arab Emirates	100.00%	Brokerage
			Asset and fund
Mashreq Capital (DIFC) Limited	United Arab Emirates	100.00%	management
Mashreq Al Islami Finance Company (PJSC)	United Arab Emirates	99.80%	Islamic finance company
Injaz Services FZ LLC	United Arab Emirates	100.00%	Service provider
Invictus Limited	Cayman Islands	100.00%	Special purpose vehicle
Mashreq Global Network	Egypt	100.00%	Employment services
Mashreq Global Services (SMC Private) Limited	Pakistan	100.00%	Employment services
Shorouq Commodities Trading DMCC	United Arab Emirates	100.00%	Trading
Osool – A Finance Company (PJSC)*	United Arab Emirates	100.00%	Finance
Mashreq Bank Pakistan Limited	Pakistan	100.00%	Banking
Neo Ventures Ltd	United Arab Emirates	100.00%	Corporate venture capital company
Citrus Ventures Holding Ltd	United Arab Emirates	100.00%	Special purpose vehicle

* Under liquidation.

As at 31 December 2025, the Bank had the following associates

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

Notes to the consolidated financial statements for the year ended 31 December 2025 (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:

	2025 AED'000	2024 AED'000
<i>Balances with major shareholders</i>		
Loans and advances	3,806,448	2,506,660
Deposits/financial instruments under lien	2,728,359	1,647,558
Letter of credit and guarantees	2,926,918	1,576,704

Balances with directors and key management personnel

Loans and advances	108,723	153,630
Deposits/financial instruments under lien	216,166	364,947
Letter of credit and guarantees	6,846	7,212

Balances with associates and joint venture

Loans and advances	188,267	376,534
Deposits/financial instruments under lien	10	26,031
Letter of credit and guarantees	-	25,000

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

Transactions with major shareholders

Interest income	281,724	165,175
Interest expense	25,065	11,843
Other income	50,571	26,518

Transactions with directors and key management personnel

Interest income	3,641	6,819
Interest expense	2,100	6,077
Other income	138	47

Transactions with associates and joint venture

Other income	-	2

d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

e) Compensation of key management personnel comprises of salaries, bonuses and other benefits amounted in total to AED 86 million (2024: AED 83 million).

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

38. Concentration of assets, liabilities and off-balance sheet items

	31 December 2025			31 December 2024		
	Assets AED'000	Liabilities AED'000	Letter of credit and guarantees AED'000	Assets AED'000	Liabilities AED'000	Letter of credit and guarantees AED'000
<i>a) Geographic regions</i>						
UAE	161,959,107	202,274,766	29,113,414	130,570,914	156,584,922	24,647,847
Other Middle East countries	75,557,223	23,738,736	6,582,785	57,309,619	24,811,561	5,227,897
O.E.C.D.	52,867,967	34,723,834	4,118,870	44,447,288	18,370,416	3,394,240
Others	44,249,574	33,319,980	3,441,216	35,125,337	29,906,065	5,040,445
	334,633,871	294,057,316	43,256,285	267,453,158	229,672,964	38,310,429
<i>b) Industry sectors</i>						
Government and public sector	42,708,128	22,679,360	13,134	27,442,105	17,447,048	9,107
Commercial and business	120,252,368	130,059,444	32,194,585	85,125,474	101,358,788	28,311,026
Personal	35,368,596	58,225,981	472,932	28,538,597	42,411,564	610,069
Financial institutions	134,199,110	82,135,745	10,570,134	124,502,618	67,289,402	9,370,531
Others	2,105,669	956,786	5,500	1,844,364	1,166,162	9,696
At 31 December	334,633,871	294,057,316	43,256,285	267,453,158	229,672,964	38,310,429

Notes to the consolidated financial statements for the year ended 31 December 2025 (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 & Global Markets segment consists of customer flow business and proprietary business and asset liability management. Customer flow business includes transactions for foreign exchange, derivatives, margin trading, futures, hedging, investment products, equities brokerage undertaken on behalf of customers. The customer flow revenues are housed under respective customer segment. The proprietary business includes trading in FX, fixed income, derivatives and structured credit. Asset liability management includes investments undertaken on behalf of the Group, capital market issuances and money market placements and borrowing.
- 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 business lines held centrally due to their strategic significance to the Group.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of general and administrative expenses, allowances for impairment and tax expenses.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

39. Segmental information (continued)

	31 December 2025				
	Wholesale banking AED'000	Retail AED'000	Treasury and global markets AED'000	Insurance & others AED'000	Total AED'000
Net interest income and earnings from Islamic products	3,159,136	2,878,628	1,618,404	485,178	8,141,346
Fee and commission, net investment and other income	2,030,082	1,734,670	110,555	559,761	4,435,068
Operating income	5,189,218	4,613,298	1,728,959	1,044,939	12,576,414
General and administrative expenses	(1,342,685)	(2,099,493)	(178,654)	(250,433)	(3,871,265)
Operating profit before impairment					8,705,149
Net impairment reversal					(444,165)
Profit before taxes					8,260,984
Tax expense					(1,290,791)
Profit for the year					6,970,193
Attributed to:					
Owners of the Parent					6,839,622
Non-controlling interests					130,571
					6,970,193
Segment Assets	189,601,258	36,039,901	69,097,389	39,895,323	334,633,871
Segment Liabilities	140,240,638	101,815,479	34,291,750	17,709,449	294,057,316

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

39. Segmental information (continued)

	31 December 2024				
	Wholesale banking AED'000	Retail AED'000	Treasury and global markets AED'000	Insurance & others AED'000	Total AED'000
Net interest income and earnings from Islamic products	3,435,161	2,844,350	1,423,641	684,959	8,388,111
Fee and commission, net investment and other income	1,694,102	1,639,344	10,642	1,683,504	5,027,592
Operating income	5,129,263	4,483,694	1,434,283	2,368,463	13,415,703
General and administrative expenses	(1,234,018)	(1,946,051)	(156,381)	(359,414)	(3,695,864)
Operating profit before impairment					9,719,839
Net impairment reversal					166,065
Profit before taxes					9,885,904
Tax expense					(868,527)
Profit for the year					9,017,377
<i>Attributed to:</i>					
Owners of the Parent					8,917,202
Non-controlling interests					100,175
					9,017,377
Segment Assets	145,352,620	31,958,290	59,652,552	30,489,696	267,453,158
Segment Liabilities	120,813,545	74,432,274	22,672,148	11,754,997	229,672,964

Notes to the consolidated financial statements for the year ended 31 December 2025 (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, Qatar and Oman), O.E.C.D. (USA and UK) and other countries (India and Hong Kong).

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Operating income from external customers*		Non-current assets**	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
UAE	9,316,834	12,133,363	1,796,686	1,725,588
Other Middle East countries	2,301,541	793,086	90,693	86,711
O.E.C.D.	751,045	349,634	29,577	20,428
Other countries	206,994	139,620	40,435	32,586
	12,576,414	13,415,703	1,957,391	1,865,313

*Operating income from external customers is based on the Group's operational centres.

**Non-current assets include property & equipment, intangible assets and investment properties. The additions to non-current assets during the year relate to investment properties, property & equipment and intangible assets which has been disclosed in note 11, 12 and 13. Refer to note 12 and 13 for depreciation and amortisation, and note 11 for the sale of investment property.

Revenue from major products and services

Revenue from major products and services are disclosed in Notes 24, 25, 28, 29 and 30 in the consolidated financial statements.

Information about major customers

No single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2025 and 2024.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

40. Classification of financial assets and liabilities

- a) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2025:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial assets:				
Cash and balances with central banks	-	-	33,532,283	33,532,283
Loans and advances to banks	-	-	65,721,062	65,721,062
Financial assets measured at fair value	4,003,288	17,454,210	-	21,457,498
Securities measured at amortised cost	-	-	28,906,304	28,906,304
Loans and advances to customers	-	-	138,070,975	138,070,975
Islamic financing and investment products	-	-	26,277,704	26,277,704
Acceptances	-	-	10,372,108	10,372,108
Other assets	1,683,994	-	2,201,167	3,885,161
Total	5,687,282	17,454,210	305,081,603	328,223,095

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
Financial liabilities:				
Deposits and balances due to banks	-	-	38,922,265	38,922,265
Repurchase agreements with banks	-	-	7,136,046	7,136,046
Customers' deposits	-	-	178,891,181	178,891,181
Islamic customers' deposits	-	-	26,004,253	26,004,253
Acceptances	-	-	10,372,108	10,372,108
Borrowings	-	-	13,473,859	13,473,859
Sukuk Issued	-	-	1,836,500	1,836,500
Other liabilities	1,323,399	-	7,547,694	8,871,093
Total	1,323,399	-	284,183,906	285,507,305

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

40. Classification of financial assets and liabilities (continued)

- b) The table below sets out the Group's classification of each class of financial assets and liabilities and their carrying amounts as at 31 December 2024:

	FVTPL AED'000	FVTOCI AED'000	Amortised cost AED'000	Total AED'000
<i>Financial assets:</i>				
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
<i>Financial liabilities:</i>				
Deposits and balances due to banks	-	-	43,374,316	43,374,316
Repurchase agreements with banks	-	-	2,075,517	2,075,517
Customers' deposits	-	-	143,564,793	143,564,793
Islamic customers' deposits	-	-	17,374,901	17,374,901
Acceptances	-	-	3,495,184	3,495,184
Borrowings	-	-	3,902,528	3,902,528
Other liabilities	1,669,256	-	6,378,425	8,047,681
Total	1,669,256	-	220,165,664	221,834,920

Notes to the consolidated financial statements for the year ended 31 December 2025 (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 counterparties, probability of default and recovery rates. Internally the Group manages and monitor the exposure to this risk by defining controls and limits around a 'peak future exposure' (PFE) measure and in many cases by collateralizing facilities under Credit Support Annex (CSA).

Notes to the consolidated financial statements for the year ended 31 December 2025 (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 2025								
<i>Derivatives held for trading</i>								
Forward foreign exchange contract	468,942	455,526	108,424,292	92,116,508	9,451,410	6,615,116	241,258	-
Foreign exchange options (bought)	58,942	58,735	3,704,444	790,150	709,016	1,627,440	487,316	90,522
Foreign exchange options (sold)	-	-	3,752,117	800,221	711,293	1,638,356	512,590	89,657
Interest rate swaps	1,119,534	783,472	33,831,307	1,890,094	1,963,878	2,837,971	13,733,258	13,406,106
Credit default swaps	3,426	16,387	146,920	36,730	-	-	73,460	36,730
Currency swap	26,446	884	1,144,523	32,089	1,069,683	42,751	-	-
Futures contracts purchased (Customer)	881	44	156,417	155,629	788	-	-	-
Futures contracts sold (Customer)	-	-	627	627	-	-	-	-
Futures contracts purchased (Bank)	44	1,334	1,372,186	1,371,398	788	-	-	-
Futures contracts sold (Bank)	1,834	140	296,017	296,017	-	-	-	-
Total	1,680,049	1,316,522	152,828,850	97,489,463	13,906,856	12,761,634	15,047,882	13,623,015
<i>Held as fair value hedge</i>								
Interest rate swap	3,945	6,877	348,791	-	-	45,913	302,878	-
Total	1,683,994	1,323,399	153,177,641	97,489,463	13,906,856	12,807,547	15,350,760	13,623,015

Notes to the consolidated financial statements for the year ended 31 December 2025 (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
<i>31 December 2024</i>								
<i>Derivatives held for trading</i>								
Forward foreign exchange contract	508,388	671,981	132,677,376	121,894,686	5,556,914	4,955,310	270,466	-
Foreign exchange options (bought)	44,618	44,617	2,228,846	535,580	792,015	901,251	-	-
Foreign exchange options (sold)	-	-	1,612,346	344,841	540,006	727,499	-	-
Interest rate swaps	1,708,548	849,055	36,570,624	2,675,038	3,942,123	3,604,238	9,362,639	16,986,586
Credit default swaps	-	4,426	55,095	-	-	-	36,730	18,365
Currency swap	6,468	3,609	1,356,105	1,356,105	-	-	-	-
Futures contracts purchased (Customer)	8,528	8,251	731,388	726,424	4,964	-	-	-
Futures contracts sold (Customer)	32	3,356	158,113	158,113	-	-	-	-
Futures contracts purchased (Bank)	8,251	8,757	811,859	806,895	4,964	-	-	-
Futures contracts sold (Bank)	3,356	32	158,113	158,113	-	-	-	-
Total	2,288,189	1,594,084	176,359,865	128,655,795	10,840,986	10,188,298	9,669,835	17,004,951
<i>Held as fair value hedge</i>								
Interest rate swap	9,481	75,172	917,289	187,744	256,136	203,828	269,581	-
Total	2,297,670	1,669,256	177,277,154	128,843,539	11,097,122	10,392,126	9,939,416	17,004,951

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

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 RWA; and
- iii) Total capital, calculated as sum of Tier 1 capital and Tier 2 capital must be at least 10.5% of RWA.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

42. Capital management (continued)

Regulatory capital (continued)

- iv) In addition, banks are required to maintain a capital conservation buffer (CCB) of 2.5% of RWA and countercyclical buffer (CCYB), calculated based on geographic composition of the bank's portfolio of private sector credit exposures, in the form of CET1. From 1st January 2026, this will also be applicable on UAE private sector exposures at 0.5% of credit risk weighted assets (CRWA).
- v) From 30th June 2026, being a Domestic systemically important bank (DSIB), the bank will be required to maintain an additional 0.5% buffer of RWA.

The Group's assets are risk-weighted as to their relative credit, market, and operational risk. Credit risk includes both on and off-balance sheet risks. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes interest rate risk, foreign exchange risk, equity exposure risk, commodity risk, and options risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

As part of its Capital Management, the Bank conducts an Internal Capital Adequacy Assessment Process (ICAAP) to demonstrate to the Central Bank of the UAE that the Bank has implemented methods and procedures to ensure adequate capital resources and action plans in stress conditions, with due attention to all material risks. The Central Bank of the UAE conducts a Supervisory Review and Evaluation Process (SREP) to assess the soundness of the Bank's ICAAP.

The Group's policy is to maintain a strong capital base so as to maintain market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. Historically the Group has followed a conservative dividend policy to increase capital from internal resources to meet future growth. To further strengthen the capital base and to ensure effective management of capital, the Group has issued medium-term floating rates notes.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

There have been no material changes in the Group's management of capital during the year.

- a) The Group's regulatory capital positions as at 31 December 2025 and 31 December 2024 were as follows:

	2025 AED'000	2024 AED'000
Common equity Tier 1 capital		
Issued and paid-up capital	2,006,098	2,006,098
Statutory and legal reserve	1,027,494	1,027,494
General reserve	316,771	312,000
Currency translation reserve	(1,228,315)	(1,169,367)
Investments revaluation reserve	(1,746,661)	(2,042,235)
Retained earnings	31,707,953	27,894,851
Less: Regulatory deductions	(415,427)	(393,640)
Total (A)	31,667,913	27,635,201

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

42. Capital management (continued)

Regulatory capital (continued)

Additional Tier 1 capital	2,938,400	2,938,400
Total Tier 1 capital (B)	34,606,313	30,573,601
Tier 2 capital		
Subordinated debt	1,831,027	1,831,027
Collective impairment allowance	1,074,006	1,043,916
Total	2,905,033	2,874,943
Total capital base (C)	37,511,346	33,448,544
Credit risk	232,060,365	170,716,431
Market risk	5,551,539	2,679,453
Operational risk	20,829,145	17,861,805
Total risk-weighted assets (D)	258,441,049	191,257,689
Capital adequacy ratio [(C)/(D) x 100]	14.51%	17.49%

The capital adequacy ratio is calculated after deduction of proposed dividend as required by the Standards for Capital Adequacy issued by UAE Central Bank.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based on the inherent risk it carries. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Finance and Risk Groups, and is subject to review by the Bank's Assets and Liabilities Committee (ALCO) as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer term strategic objectives. The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management

The Risk Management Group ("RMG") is responsible for identifying, analysing, measuring, and managing risk to ensure that the Group (i) remains within its risk appetite; and (ii) generates sustainable risk-adjusted returns as mandated by the shareholders.

The Group is exposed to the following Financial and Non-Financial risks:

- Credit Risk
- Market and Counterparty Credit Risk
- Operational Risk & Resilience
- Liquidity Risk Model Risk
- Shari'ah Non-Compliance Risk
- Reputational Risk
- Compliance and Regulatory Risk
- Environmental, Social and Governance Risk
- Strategic Risk
- Information Security and Data Privacy Risk

The Group's ability to consistently foster a robust risk management culture and framework is an important factor in its financial strength and stability.

Risk Management Framework

The Board of Directors (the "Board") through the Board Risk, Compliance and Environmental Social Governance Committee ("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") Information Security Committee ("ISC"), Investments Committee ("IC"), Technology Steering Committee ("TSC") and Sustainability Executive Committee ("SEC"). These committees are appointed by the Board to assist in carrying out its functions with respect to all aspects of risk management. The roles and delegated authorities of these committees are set out in their respective Terms of References (ToRs)/ Charters.

While the Board carries ultimate responsibility for overall risk management, the GRC assists the Board/Board Risk, Compliance and ESG Committee in discharging these responsibilities including functioning as a management committee, for day-to-day management of risks in-line with the approved risk framework and within the Group Risk Appetite Statement (GRAS).

The GRC has overall responsibility for oversight of risk management framework and risk appetite of the Group. The GRC is also responsible for the approval of risk management policies and procedures of the Group, to ensure adherence to the approved policies and close monitoring of different risks within the Group. The GRC also approves policy exceptions, establishes, and monitors various concentration limits (such as limits for country, industry sector etc.) as part of the risk appetite and reviews credit portfolio to manage asset quality.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

The Risk Management Group ("RMG") is independent of business groups and is led by a Group Chief Risk Officer ("GCRO") with responsibility for deploying group risk management and oversight of all material risks within the Group. The RMG is primarily responsible for defining the framework for management of all material risks within the Group.

The Internal Audit Group ("IAG") acts as the third line of defence function within the Group, independent from both the business units ("first line of defence") and Risk Management and Compliance ("second line of defence"). IAG provides independent assurance to stakeholders and senior management on compliance with all risk policies and procedures in the Group and the effectiveness of the risk management processes. This is undertaken through periodic reviews of all risk-taking units within the Bank, in addition to Risk Management.

Capital Management

The Group's capital management ensures that regulatory requirements are met and that the Group's operating activities, including its branches and subsidiaries, are 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 BRCEG. 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 BRCEG.

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Internal Capital Adequacy Assessment Process (ICAAP) (continued)

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.

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Credit risk management (continued)

Under IFRS 9, bank estimates expected credit loss (ECL) based on macro adjusted PD, LGD & EAD measures. Additionally, it also captures deterioration and lifetime likelihood of defaults. Over the course of 2025, the bank revamped wholesale IFRS 9 models, enhancing its ability to assess credit risk. All the IFRS 9 PD models underwent performance monitoring reviews with additional data points incorporated in alignment with the Model Monitoring Standards.

Credit risk grading

The Group uses specific internal rating models tailored to various industry segments/counterparty. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) are an input into this rating model. This is further supplemented with external data input. The credit grades are calibrated such that risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a 6 and 8 rating grade is lower than the difference in the PD between a 18 and 20 rating grade.

The risk rating system for performing assets ranges from 1 to 25, each grade being associated with a PD. Non-performing borrowers are rated 60, 70 and 80.

Below table is the rating equivalence for Mashreq Bank and UAECB.

Mashreq Rating Scale (MRS)	Mashreq Balance Sheet
MRS 20 or better	Not impaired
MRS 21-22 (Watch)	Not impaired
MRS 23-24-25 (Special Mention)	Not impaired
MRS 60 (Sub-Std.)	Impaired
MRS 70 (Doubtful)	Impaired
MRS 80 (Loss)	Impaired
MRS 99 (Write-off)	Impaired

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition of a facility as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group. Provisioning is aligned with the latest CRMS guidance issued by the CBUAE.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Expected credit loss measurement (continued)

- 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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Expected credit loss measurement (continued)

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.).

Qualitative criteria:

Corporate Loans

For corporate loans, the following is also considered in determining a significant increase in probability of default:

- Net worth erosion
- Fraudulent activity
- Significant operations disruption
- Departure of key members of management
- Industry outlook
- Income stability Unavailable/inadequate financial information/financial statements
- Qualified report by external auditors
- Pending significant litigation
- Increase in operational risk
- Continued delay and non-cooperation by the borrower in providing key relevant documentation

Backstop:

A borrower that is more than 30 days past due on its contractual obligations is presumed to have a significantly increased credit risk as a backstop unless this presumption can be reasonably rebutted based on supportable forward-looking information. The borrower is also flagged in the system and is therefore subject to closer monitoring.

Definition of default and credit-impaired assets

The definition of default is proposed to be as below:

- The counterparty is classified as a non-performing asset under the extant guidelines of CBUAE.
- The exposure to the counterparty has been restructured by the bank and such exposure continues to be in the 'monitoring period'.

The following criteria which is applicable to all credit facilities and all obligors should be employed to identify an event of default. The default of obligor should be assessed after considering obligations across all Mashreq entities including in UAE and overseas.

Non-Payment :

A default is considered to have occurred when one or both of the following events have taken place:

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Definition of default and credit-impaired assets (continued)

When the obligor is past due to a period in excess of 90 days on any material obligation. A facility or a group of facilities will be considered material if their combined exposure is greater than 5% of the total funded exposure of the obligor. In case of multiple credit facilities, the days past due (DPD) counter must start from date of the first credit facility becoming past due. In other words, the DPD counter must be computed across credit facilities with a consecutive day count.

Overdrafts will be considered past due once the limit is breached or the customer has been advised of a limit which is lesser than the current outstanding. Additionally, default must be considered when outstanding balances are consistently in excess of agreed limit where consistently is defined as a period that exceeds 90 continuous days or more than 90 days in any six-month period.

Unlikelihood to pay:

This evaluation should be based on a holistic evaluation of the borrower's creditworthiness supported by factual evidence and a view on the borrower's current and future performance. Classification of an obligor as "defaulted" based on perceived unlikelihood to pay cannot be automatic and must be based on an established set of criteria as defined in the bank's Early Alert Symptoms.

- The bank considers that the borrower is unlikely to pay its existing debt. For this purpose, a non-exhaustive list of indicators of unlikelihood to pay include: -
 - o The bank puts the credit obligation on non-accrued status.
 - o The bank sells a part of the credit obligation at a material credit-related economic loss.
 - o The bank consents to a distressed restructuring of the credit obligation, where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees.
 - o The bank has filed for the debtor's bankruptcy or a similar order in respect of the borrower's credit obligation.
 - o The debtor has sought or has been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation.
 - o There is evidence that full repayment based on the contractual terms, original or, when applicable, modified (e.g., repayment of principal and interest) is unlikely without the bank's realisation of collateral, regardless of whether the exposure is current or the number of days the exposure is past due.
 - o 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.
 - o The obligor is past due more than 90 days on any material credit obligation to the Banking Group.

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:

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Measuring ECL – Explanation of inputs, assumptions, and estimation techniques (continued)

- 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.
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the effective interest rate or an approximation thereof.

Lifetime expected credit losses are expected credit loss resulting from all probable default events over the expected lifetime of the financial instrument. Expected credit losses are the probability-weighted average of credit losses and the weighing factor is the Probability of Default (PD) for a lifetime.

During economically challenging periods, the Group may choose to increase the scenario weightage of the pessimistic scenario under guidance from respective regulatory authorities in order to maintain higher level of ECL provisions & lower the scenario weightage of pessimistic scenario once a favourable trend is noticed in the macro economic climate.

The macroeconomic factors used in the IFRS 9 models take into account such information. The macroeconomic data for IFRS 9 PDs term structure gets refreshed every 3 months. The update was last made in September 2025.

The Group has implemented risk rating models since 2005 which has enabled the Bank to rate borrowers based on their financial and qualitative information. The bank revamped wholesale rating models, improving the bank's ability to assess credit risk and optimize decisioning. All rating models have undergone periodic performance monitoring exercise and rating models are used as an input into IFRS 9 macroeconomic models to derive a PD term structure for each rating grade in the IFRS 9 ECL computation.

In 2025, all the IFRS 9 PD models underwent performance monitoring reviews in alignment with the Model Monitoring Standards.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortising products and bullet repayments loans, this is based on the contractual repayments owed by the borrower over a 12 month period or lifetime basis.
- For revolving committed products, the exposure at default is predicted by taking current drawn balance and considering a "credit conversion factor" which allows for the expected drawdown of the remaining committed limit by the time of default.
- For contingent products like LC & LG, the exposure at default is predicted using a Credit conversion factor in line with the Basel regulatory guidelines.

The LGDs are determined based on the factors which impact recoveries made following default. These vary by product type.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Measuring ECL – Explanation of inputs, assumptions, and estimation techniques (continued)

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set by different borrower segments (e.g. Corporates, Financial Institutions etc.) in order to reflect differences in asset structures, collection strategies and historical recovery experience.

The Group has revised the Wholesale LGD framework during 2020 in order to reflect recent recovery experience and additional admissible security types. Forward-looking economic information is also included in determining the 12-month and lifetime LGD. In 2025 all the LGD models underwent performance monitoring in alignment with the Model Monitoring Standards

Forward looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

A 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 14 million and an ECL increase by AED 12 million respectively.

Current Year Provisions (ECL):

The calculation process, the methodology, and the results for provisions have been reviewed and approved by the Committee responsible for the oversight of provisions. Accordingly, the Committee responsible has formally reviewed, as presented by the CRO, the calculation process, the methodology, and the results of the provisions. Thereafter, the provisions have been presented and approved by the delegated body of the Board, as per Article 9 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024 issued by UAE Central Bank.

Notes to the consolidated financial statements for the year ended 31 December 2025 (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:

Credit risk exposures relating to on balance sheet assets:	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	12-month AED'000	Lifetime AED'000	Lifetime AED'000		12-month AED'000	Lifetime AED'000	Lifetime AED'000	
Cash and balances with Central Bank	33,532,283	-	-	33,532,283	40,592,508	-	-	40,592,508
Loss allowance	-	-	-	-	-	-	-	-
Carrying amount	33,532,283	-	-	33,532,283	40,592,508	-	-	40,592,508

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk – Financial instruments subject to impairment

Loans and advances to banks	2025				2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Investment-grade	28,772,866	336,426	-	29,109,292	25,471,311	33	-	25,471,344
BB+& below	28,662,825	3,258,478	-	31,921,303	13,924,577	6,410,677	-	20,335,254
Unrated	2,975,864	1,803,627	-	4,779,491	4,928,813	1,654,530	-	6,583,343
	60,411,555	5,398,531	-	65,810,086	44,324,701	8,065,240	-	52,389,941
Loss allowance	(61,021)	(28,003)	-	(89,024)	(79,487)	(38,850)	-	(118,337)
Carrying amount	60,350,534	5,370,528	-	65,721,062	44,245,214	8,026,390	-	52,271,604

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

	2025			
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
<i>Securities measured at amortised cost</i>				
Investment - grade	27,662,828	-	-	27,662,828
BB+ & below	1,143,770	-	-	1,143,770
Unrated	117,429	-	-	117,429
	28,924,027	-	-	28,924,027
Loss allowance	(17,723)	-	-	(17,723)
Carrying amount	28,906,304	-	-	28,906,304
<i>Financial assets measured at FVTOCI (debt securities)</i>				
Investment - grade	15,021,322	-	-	15,021,322
BB+ & below	891,387	-	-	891,387
Unrated	-	-	-	-
	15,912,709	-	-	15,912,709
Loss allowance	(4,624)	-	-	(4,624)
Carrying amount	15,908,085	-	-	15,908,085

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

	2024			
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
<i>Securities measured at amortised cost</i>				
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
<i>Financial assets measured at FVTOCI (debt securities)</i>				
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 2025 (continued)

43. Risk management (continued)

Credit risk management (continued)

Maximum exposure to credit risk – Financial instruments subject to impairment (continued)

The table below shows the maximum exposure to credit risk for financial assets that are not subject to impairment.

	2025 AED'000	2024 AED'000
Trading assets		
- Debt securities	2,651,274	895,716
- Derivatives	1,680,049	2,288,189
Hedging derivatives	3,945	9,481
	4,335,268	3,193,386

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 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 September 2025.

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 minimum ECL allocation on account of them being fully collateralized after application of relevant haircuts.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Collateral and other credit enhancements (continued)

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	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
<i>Against individually impaired:</i>				
Properties	486,045	542,781	-	-
Cash	33,473	34,633	-	-
Others	5,987	54,612	-	-
	525,505	632,026	-	-
<i>Against not impaired:</i>				
Properties	31,710,260	27,735,347	-	-
Debt securities	8,849,045	5,027,036	-	-
Equities	1,019,528	1,070,568	-	-
Cash	10,745,396	8,875,586	10,221,819	8,548,361
Others	3,957,088	2,381,263	-	-
	56,281,317	45,089,800	10,221,819	8,548,361
Total	56,806,822	45,721,826	10,221,819	8,548,361

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Loss allowance

The following tables explain the changes in the loss allowances for the year ended 31 December 2025 and 31 December 2024:

	2025			Total AED'000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL AED'000	ECL AED'000	ECL AED'000	
Loans and advances to banks:				
Loss allowance as at 1 January	79,487	38,850	-	118,337
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(27,446)	27,446	-	-
Transfer from Stage 2 to Stage 1	2,600	(2,600)	-	-
Net Changes in PDs/LGDs/EADs	6,380	(35,693)	-	(29,313)
Loss allowance as at 31 December	61,021	28,003	-	89,024
	2024			Total AED'000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL AED'000	ECL AED'000	ECL AED'000	
Loans and advances to banks:				
Loss allowance as at 1 January	66,007	63,655	9,737	139,399
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(35,073)	35,073	-	-
Transfer from Stage 2 to Stage 1	379	(379)	-	-
Net Changes in PDs/LGDs/EADs	48,174	(59,499)	(9,737)	(21,062)
Loss allowance as at 31 December	79,487	38,850	-	118,337

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Loss allowance (continued)

The following tables explain the changes in the loss allowances for the year ended 31 December 2025 and 31 December 2024 (continued):

	2025			Total AED'000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL AED'000	ECL AED'000	ECL AED'000	
Loans and advances to customers				
Loss allowance as at 1 January	591,016	324,802	1,584,834	2,500,652
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(98,833)	98,833	-	-
Transfer from Stage 1 to Stage 3	(5,650)	-	5,650	-
Transfer from Stage 2 to Stage 1	94,944	(94,944)	-	-
Transfer from Stage 2 to Stage 3	-	(16,177)	16,177	-
Transfer from Stage 3 to Stage 2	-	23,168	(23,168)	-
Net Changes in PDs/LGDs/EADs	116,793	(29,699)	6,883	93,977
Write-offs	-	-	(119,993)	(119,993)
Loss allowance as at 31 December	698,270	305,983	1,470,383	2,474,636

	2024			Total AED'000
	Stage 1	Stage 2	Stage 3	
	12-month	Lifetime	Lifetime	
	ECL AED'000	ECL AED'000	ECL AED'000	
Loans and advances to customers				
Loss allowance as at 1 January	553,661	459,159	1,611,867	2,624,687
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(146,296)	146,296	-	-
Transfer from Stage 1 to Stage 3	(109,451)	-	109,451	-
Transfer from Stage 2 to Stage 1	10,309	(10,309)	-	-
Transfer from Stage 2 to Stage 3	-	(107,011)	107,011	-
Transfer from Stage 3 to Stage 2	-	1,175	(1,175)	-
Net Changes in PDs/LGDs/EADs	282,793	(164,508)	(15,570)	102,715
Write-offs	-	-	(226,750)	(226,750)
Loss allowance as at 31 December	591,016	324,802	1,584,834	2,500,652

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Loss allowance (continued)

The following tables explain the changes in the loss allowances for the year ended 31 December 2025 and 31 December 2024 (continued):

	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Islamic financing and investment products	AED'000	AED'000	AED'000	AED'000
Loss allowance as at 1 January	30,437	10,428	34,333	75,198
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(987)	987	-	-
Transfer from Stage 1 to Stage 3	(2)	-	2	-
Transfer from Stage 2 to Stage 1	644	(644)	-	-
Transfer from Stage 2 to Stage 3	-	(455)	455	-
Transfer from Stage 3 to Stage 2	-	3,407	(3,407)	-
Net Changes in PDs/LGDs/EADs	7,582	(9,015)	3,730	2,297
Loss allowance as at 31 December	37,674	4,708	35,113	77,495

	2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
Islamic financing and investment products	AED'000	AED'000	AED'000	AED'000
Loss allowance as at 1 January	23,284	26,232	299,572	349,088
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(6,517)	6,517	-	-
Transfer from Stage 1 to Stage 3	(1,351)	-	1,351	-
Transfer from Stage 2 to Stage 1	100	(100)	-	-
Transfer from Stage 2 to Stage 3	-	(19,537)	19,537	-
Transfer from Stage 3 to Stage 2	-	-	-	-
Net Changes in PDs/LGDs/EADs	14,921	(2,684)	(286,127)	(273,890)
Loss allowance as at 31 December	30,437	10,428	34,333	75,198

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Loss allowance (continued)

The following tables explain the changes in the loss allowances for the year ended 31 December 2025 and 31 December 2024 (continued):

	2025			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	AED'000	AED'000	AED'000	AED'000
Securities measured at amortised cost				
Loss allowance as at 1 January	30,674	-	-	30,674
<i>Transfers</i>				
Net Changes in PDs/LGDs/EADs	(12,951)	-	-	(12,951)
Loss allowance as at 31 December	17,723	-	-	17,723

	2024			
	Stage 1	Stage 2	Stage 3	Total
	12-month	Lifetime	Lifetime	
	ECL	ECL	ECL	
	AED'000	AED'000	AED'000	AED'000
Securities measured at amortised cost				
Loss allowance as at 1 January	45,135	-	-	45,135
<i>Transfers</i>				
Net Changes in PDs/LGDs/EADs	(14,461)	-	-	(14,461)
Loss allowance as at 31 December	30,674	-	-	30,674

The loss allowance as at 31 December 2025 on off balance sheet and acceptances amounted to AED 96 million on Stage 1, AED 37 million on Stage 2, and AED 512 million on Stage 3 (2024: AED 89 million on Stage 1, AED 47 million on Stage 2, and AED 335 million on Stage 3)

Notes to the consolidated financial statements for the year ended 31 December 2025 (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 2025 and 31 December 2024:

	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Cash and balances with central banks				
Gross carrying amount as at 1 January	40,592,508	-	-	40,592,508
New financial assets, net of repayments and others	(7,060,225)	-	-	(7,060,225)
Gross carrying amount as at 31 December	33,532,283	-	-	33,532,283
	2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Cash and balances with central banks				
Gross carrying amount as at 1 January	41,760,286	-	-	41,760,286
New financial assets, net of repayments and others	(1,167,778)	-	-	(1,167,778)
Gross carrying amount as at 31 December	40,592,508	-	-	40,592,508
	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to banks				
Gross carrying amount as at January	44,324,701	8,065,240	-	52,389,941
Transfer from Stage 1 to Stage 2	(4,976,349)	4,976,349	-	-
Transfer from Stage 2 to Stage 1	393,949	(393,949)	-	-
New financial assets, net of repayments and others	20,669,254	(7,249,109)	-	13,420,145
Gross carrying amount as at 31 December	60,411,555	5,398,531	-	65,810,086

Notes to the consolidated financial statements for the year ended 31 December 2025 (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 2025 and 31 December 2024 (continued):

	2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
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

	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Financial assets measured at FVTOCI (debt securities) and securities measured at amortised cost				
Gross carrying amount as at 1 January	32,840,231	-	-	32,840,231
New financial assets, net of repayments and others	11,996,505	-	-	11,996,505
Write-offs	-	-	-	-
Gross carrying amount as at 31 December	44,836,736	-	-	44,836,736

	2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Financial assets measured at FVTOCI (debt securities) and securities measured at amortised cost				
Gross carrying amount as at 1 January	32,349,185	-	-	32,349,185
New financial assets, net of repayments and others	491,046	-	-	491,046
Write-offs	-	-	-	-
Gross carrying amount as at 31 December	32,840,231	-	-	32,840,231

Notes to the consolidated financial statements for the year ended 31 December 2025 (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 2025 and 31 December 2024 (continued):

	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to customers				
Gross carrying amount as at January	97,525,290	6,095,498	1,960,710	105,581,498
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(2,649,061)	2,649,061	-	-
Transfer from Stage 1 to Stage 3	(173,119)	-	173,119	-
Transfer from Stage 2 to Stage 1	3,443,596	(3,443,596)	-	-
Transfer from Stage 2 to Stage 3	-	(147,939)	147,939	-
Transfer from Stage 3 to Stage 2	-	62,654	(62,654)	-
New financial assets, net of repayments and others	37,045,547	(1,704,977)	(256,464)	35,084,106
Write-offs	-	-	(119,993)	(119,993)
Gross carrying amount as at 31 December	135,192,253	3,510,701	1,842,657	140,545,611

	2024			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to customers				
Gross carrying amount as at January	89,554,282	5,034,065	1,639,577	96,227,924
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(4,057,851)	4,057,851	-	-
Transfer from Stage 1 to Stage 3	(200,765)	-	200,765	-
Transfer from Stage 2 to Stage 1	530,651	(530,651)	-	-
Transfer from Stage 2 to Stage 3	-	(433,672)	433,672	-
Transfer from Stage 3 to Stage 2	-	221,994	(221,994)	-
New financial assets, net of repayments and others	11,698,973	(2,254,089)	135,440	9,580,324
Write-offs	-	-	(226,750)	(226,750)
Gross carrying amount as at 31 December	97,525,290	6,095,498	1,960,710	105,581,498

Notes to the consolidated financial statements for the year ended 31 December 2025 (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 2025 and 31 December 2024 (continued):

	2025			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Islamic financing and investment products				
Gross carrying amount as at 1 January	20,638,638	883,572	230,539	21,752,749
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(292,009)	292,009	-	-
Transfer from Stage 1 to Stage 3	(2,297)	-	2,297	-
Transfer from Stage 2 to Stage 1	30,246	(30,246)	-	-
Transfer from Stage 2 to Stage 3	-	(2,340)	2,340	-
Transfer from Stage 3 to Stage 2	-	12,413	(12,413)	-
New financial assets, net of repayments and others	5,350,120	(754,639)	6,969	4,602,450
Gross carrying amount as at 31 December	25,724,698	400,769	229,732	26,355,199

	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
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(564,036)	564,036	-	-
Transfer from Stage 1 to Stage 3	(5,012)	-	5,012	-
Transfer from Stage 2 to Stage 1	17,074	(17,074)	-	-
Transfer from Stage 2 to Stage 3	-	(186,208)	186,208	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets, net of repayments and others	5,299,554	(369,499)	(278,636)	4,651,419
Gross carrying amount as at 31 December	20,638,638	883,572	230,539	21,752,749

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Write-off policy

Once a loan is fully provided for, the outstanding exposure of the borrower may be written-off. Where a loan is only partially provided for, it may be written-off to the extent provided for with approval of the relevant authority. However, it is ensured that aforesaid does not alter in any way the bank's recourse against the borrower, and the process for follow-up for recovery of exposure with the borrower remains unchanged. Group ensures that the data & MI is available, for both internal and external reporting.

The Group will not hold a Stage 3 exposure on the balance sheet for more than 5 years since the date of migration to Stage 3. After this time, such exposures will be subject to a full write-off. Any exceptions to this should be subject to

appropriate sign-off and oversight, based upon robust legal or accounting justification and supported by appropriate documentation available for review by the CBUAE.

If the borrower has been in arrears for a prolonged period, full or partial write-off is performed based on realistic expectation of recovery.

For exposures under an insolvency procedure, write-off is performed if the legal expenses are expected to consume most of the recovered amount.

Partial write-off may be justified when there is evidence that the borrower is unable to repay the amount of the exposure in full and there is a reasonable expectation of recovering a part of the exposure.

Modification of financial assets

The Group modifies terms of loans provided to customers from time-to-time primarily due to ongoing client needs, commercial renegotiations or for managing distressed loans. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. The Group may determine that credit risk has significantly improved after restructuring, and such assets are moved from Stage 3 to Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only done when modified assets have performed in accordance with the new terms and after a certain time period as required by extant UAECB guidelines. The gross carrying amounts of modified financial assets held at 31 December 2025 was immaterial.

Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Operational risk excludes strategic and reputational risk.

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;

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Operational Risk Governance (continued)

- Oversight by Operational risk management team; and other second line functions; and
- Independent review by Internal Audit

Operational risk management follows three lines of defence model.

The first line of defence is the Business Line Management. The operational risk governance will recognize that Business Units (BUs) are the owners of risk and hence responsible for identifying and managing the risks, inherent in the products, services and activities, within their BUs.

The second line of defence is the Operational Risk Management function and other second line functions, the Chief Risk Officer, the Operational Risk & Resilience Committee (ORRC) and the Group Risk Committee. They are collectively responsible for designing, implementing, coordinating, reporting and facilitating effective Operational Risk Management on Group-wide basis.

The third line of defence is the Internal Audit who are responsible to independently assess the effectiveness and efficiency of the internal control, and for independently validate and provide an independent assurance to the Board Audit Committee (BAC) on the adequacy and effectiveness of the Operational Risk Management Framework.

The Board has the overall responsibility for managing operational risk at the Bank and ensure that the three line of defence approach is implemented and operated in an appropriate and acceptable manner.

The Group has adopted The Standardized Approach (TSA) to determine its operational risk capital requirements.

Operational Risk Appetite

The Group's operational risk appetite articulates the boundaries for quantitative and qualitative operational risks that the Bank is willing to take (or not take), with respect to pursuit of its strategic objectives. It helps in setting the risk culture across the Bank and facilitates an effective implementation of the Bank's Operational Risk Management Framework. The operational risk appetite is applied for decision-making and comprehending operational risk exposures across the Bank through implementation of policies, controls and operational risk tolerances

Operational Risk Management Framework

The Group's Operational Risk Management Framework ("ORMF") is a set of interrelated tools and processes that are used to identify, assess, measure, monitor and remediate operational risks. Its components have been designed to operate together to provide a comprehensive approach to managing the Group's most material operational risks. ORMF components include the setup of the three lines of defence as well as roles and responsibilities for the Operational Risk management process and appropriate independent challenge, the Group's approach to setting Operational Risk appetite and adhering to it, the Operational Risk type and control taxonomies, the minimum standards for Operational Risk management processes including tools, independent governance, and the Bank's Operational Risk capital model. Tools implemented for the identification and assessment of Operational risk include and is not limited to:

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Operational Risk Management Framework (continued)

- a) Risk and Control Self-Assessment
- b) Operational Risk Event Management
- c) Key Risk Indicator Management
- d) New product & Process Approval (NPPA); and
- e) Issues and Action Management

The Bank has also implemented a comprehensive Business Continuity Management System (BCMS) aligned to national and international Standards and regulations to ensure that Mashreq has the capabilities to respond and recover within the impact appetite and the predefined recovery time objectives following any business disruption. Additionally, the Bank has developed a comprehensive Third-Party Risk Management Framework in line with regulatory expectations and industry best practices.

Incident management

The reporting of Operational risk incidents is a critical component of the Group's Operational risk management framework. This ensures greater risk transparency across the organisation and helps to identify gaps and facilitate timely remedial action for potential risk exposures.

The Central Bank of U.A.E. published final guidelines on operational risk management in October 2018. These guidelines lay out detailed supervisory expectations relating to operational risk governance, identification and assessment, systems and reporting. ORMF is aligned to Circular No. 163/2018, the 'Operational Risk Regulation' and the 'Operational Risk Standards

Market Risk Management

Market risk is the risk that fair value or cash flows of financial instruments held by the Group or its income may be adversely affected by movement in market factors, such as interest rates, credit spreads, foreign exchange rates, equity and commodity prices.

Market risk at the Group is governed by a comprehensive control framework as defined by the approved Market Risk Framework. This function is independent of any risk taking businesses. The Market Risk function folds under Risk Management Group and reports to the Chief Risk Officer of the Group.

Market risk arises from the Group's trading and non-trading activities. The Market Risk Management function primarily manages risks arising from its proprietary trading activities. Risk exposure arising from non-trading activities is managed by the Assets & Liabilities Committee (ALCO). Trading risks are primarily concentrated in Treasury and Global Markets (TGM) and are managed by a robust framework of market risk limits that reflect the Group's market risk appetite. Appropriate limits are placed on position sizes, stop loss levels, as well as on market factor sensitivities depending on the size and complexity of trading strategies involved.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Market Risk Management (continued)

A comprehensive risk reporting framework is in place whereby, positions are monitored daily against the established limits and monitoring reports are circulated to the Market Risk Management and the respective Business Heads. In case of a limit exception, corrective action is taken in line with the Market Risk Framework or the concerned trading desk's limits mandate.

Each trading desk has a 'permitted product list' comprising of products and structures which have been determined to be appropriate for the TGM desk to trade. Any addition to this list is made after approval from Head of TGM, Head of Market Risk and Chief Risk Officer who assess the risks associated with the product and verify that they can be controlled effectively prior to approving the product.

The bank uses Value at Risk (VaR) methodology as its core analytical tool to assess risks across proprietary trading desks. VaR is an estimate of the potential losses arising in a portfolio over a specified time horizon due to adverse changes in underlying market factors. The Bank calculates its one-day VaR at a 99% confidence interval mainly using Monte Carlo Simulations approach across its trading portfolio and open FX position. VaR results are highly dependent on assumptions around input variables used in the model and also VaR does not provide the 'worst case' possible loss.

Being a statistical technique, VaR is known to have limitations and therefore its interpretation needs to be further supplemented by other limits, sensitivity triggers or stress tests. Stress testing is conducted by generating extreme, but plausible scenarios, such as significant movements in interest rates, credit spreads, etc. and analysing their effect on the Group's trading positions.

Stress testing is conducted by generating extreme, but plausible scenarios, such as significant movements in interest rates, credit spreads, etc. and analysing their effect on the Group's trading positions.

In 2025, VaR was being calculated regularly and as of 31st December 2025, the 99% 1-day VaR was estimated at USD 3.29 million (31 December 2024: USD 0.85 million) for the bank wide market risk positions (stemming mainly from proprietary trading FX net open position). The Bank's VaR model considers FX risk in all currencies, including GCC pegged currencies except USD and AED.

The 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.

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:

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

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.

ii) *Settlement Risk*

Settlement Risk arises when a bank, exchanges securities or cash payments to a counterparty on a value date and is unable to verify that payment or securities have been received in exchange until after it has paid or delivered its side of the transaction. The bank manages this exposure by dealing preferentially on a DvP/PvP basis or by defining control mechanism around settlement limits at a counterparty level.

Liquidity Risk

Liquidity Risk is the risk that the Bank's entities, in various locations and in various currencies, will be unable to meet financial commitment to a customer, creditor, or investor when due. The Bank has established a robust Liquidity Management Framework that is well integrated into the Bank-wide Risk Management process. The primary objective of the Liquidity Management Framework is to ensure with a high degree of confidence that the Bank is in a position to both address its daily liquidity obligations and withstand a period of liquidity stress. In addition to maintaining sound liquidity governance and management practices, the Bank also holds an adequate liquidity cushion comprised of High-Quality Liquid Assets ("HQLA") to be in a position to survive such periods of liquidity stress.

Model Risk

Model risk is the risk, which is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. During the course of usage of models, the Bank may be exposed to potential losses occurring from making decisions based on incorrect models or the inappropriate usage of models. This potential loss is referred to as Model Risk. Model risk can lead to financial loss, poor business and strategic decision making, or damage to a bank's reputation. Models are used at Mashreq Bank (MB) for many purposes, including predicting client behaviour, valuation of financial products and the measurement and management of risk. MB follows CB UAE requirements mentioned in the Model Management Standards and Guidelines (MMSG).

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Shari'ah Non-Compliance Risk

Mashreq Bank carries out Islamic business under a fully embedded Islamic Banking Window ("Islamic window") which offers clients a complete suite of Shari'ah compliant products and solutions. Islamic Banks (IBs) must be prudent towards Shari'ah compliance, and such compliance requirements must permeate throughout the organization and their products and activities. Being a licensed Islamic Financial Institution ("IFI"), the Islamic Window has to conduct its activities and businesses in accordance with the provisions of Islamic Shari'ah, as outlined by CB-UAE Notice No. 2123/2020 on Standards Re Shari'ah Governance for Islamic Financial Institutions in May 2020 and Standard Re Risk Management Requirements For Islamic Banks in February 2021.

Mashreq Bank's Board ("the Board") is ultimately responsible for the Bank's compliance with Islamic Shari'ah, where applicable, in light of the Central Bank's Standard Re. Shari'ah Governance for Islamic Financial Institutions. The CB UAE Standards on Risk Management Requirements for Islamic Banks states that an Islamic Bank (IB) must establish, implement and maintain a risk governance framework that enables it to identify, assess, monitor, mitigate and control risks. The risk governance framework consists of policies, procedures processes, systems, controls and limits. The Risk Management Framework for Islamic Banking of the Bank outlines policies and procedures within Mashreq Bank for compliance with relevant sections of these standards.

Reputational Risk

Reputational risk is 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 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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Environmental, Social and Governance Risk

Environmental, Social and Governance risk encompasses the risks related to environmental, social and governance issues such as climate change, sustainability, social responsibility and governance practices like board oversight, succession planning, compensation, diversity, equity and inclusion etc. Managing environmental, social and governance risk involves considering these factors in the lending and investment decision-making process and assessing the potential financial impact of ESG-related events. ESG risks are interlinked across multiple risk classes and can potentially impact a wide range of risks throughout the organization, such as Credit Risk, Market Risk, Reputational risk, Operational risk, Model risk, Credit risk. Identification, assessment, mitigation and management of ESG Risk is achieved through the Bank's Sustainable Finance Framework and Sustainable Credit Policy.

Strategic Risk

Strategic risk is the risk of loss arising from ineffective formulation of strategy, business plans or the implementation of these in a manner that is inconsistent with internal factors and external environment. 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 and Data Privacy 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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Information Security and Data Privacy Risk (continued)

Data privacy, sometimes also referred to as information privacy concerns the proper handling of sensitive data including, notably, personal data but also other confidential data, such as certain financial data and intellectual property data, to meet regulatory requirements as well as protecting the confidentiality and immutability of the data. The Bank has established Data Privacy and Protection Framework with comprehensive set of controls and measures to ensure compliance to data privacy regulations and protection of confidential and sensitive data within Mashreq and suppliers. Banks have data privacy management solutions to cater customer's privacy needs and rights.

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 2025 would be a decrease in net interest income by -1.7% (in case of decrease of interest rates) and would have been an increase in net interest income by +1.2 % (in case of increase of interest rates) [31 December 2024: -3.1% and +3.1%] respectively.

During the year ended 31 December 2025, the effective interest rate on loans and advances to banks and certificates of deposits with central banks was 4.3% (31 December 2024: 5.5%), on loans and advances measured at amortised cost 6.2% (31 December 2024: 6.9%), on customers' deposits 2.4% (31 December 2024: 2.7%) and on due to banks (including repurchase agreements) 3.5% (31 December 2024: 4.5%).

The following table depicts the interest rate sensitivity position and interest rate gap position based on contractual repricing arrangement:

Notes to the consolidated financial statements for the year ended 31 December 2025 (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	More than 1 year AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2025						
Assets						
Cash and balances with central banks	11,678,042	-	-	-	21,854,241	33,532,283
Loans and advances to banks	43,960,270	11,651,806	5,493,249	371,799	4,243,938	65,721,062
Financial assets measured at fair value	3,016,531	2,383,364	3,138,176	10,450,288	2,469,139	21,457,498
Securities measured at amortised cost	2,220,248	708,894	634,685	25,342,477	-	28,906,304
Loans and advances to customers	93,412,891	14,702,180	9,360,568	21,280,899	(685,563)	138,070,975
Islamic financing and investment products	16,044,725	1,478,352	1,138,906	7,501,239	114,482	26,277,704
Acceptances	-	-	-	-	10,372,108	10,372,108
Reinsurance contract assets	-	-	-	-	3,222,503	3,222,503
Investment in associate	-	-	-	-	260,380	260,380
Investment properties	-	-	-	-	183,935	183,935
Property and equipment	-	-	-	-	1,350,125	1,350,125
Intangible assets	-	-	-	-	423,331	423,331
Other assets	-	-	-	-	4,855,663	4,855,663
Total assets	170,332,707	30,924,596	19,765,584	64,946,702	48,664,282	334,633,871

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Interest rate risk management (continued)

Interest rate repricing analysis (continued):

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	More than 1 year AED'000	Non-interest bearing items AED'000	Total AED'000
31 December 2025						
Liabilities and equity						
Deposits and balances due to banks	24,190,681	3,195,838	3,428,968	396,278	7,710,500	38,922,265
Repurchase agreements with banks	7,136,046	-	-	-	-	7,136,046
Customers' deposits	70,643,680	9,997,750	9,192,319	3,510,102	85,547,330	178,891,181
Islamic customers' deposits	12,618,783	2,248,593	1,684,796	3,446,896	6,005,185	26,004,253
Acceptances	-	-	-	-	10,372,108	10,372,108
Other liabilities	-	-	-	-	10,919,117	10,919,117
Borrowings	73,460	7,346,000	2,313,990	3,740,409	-	13,473,859
Sukuk issued	-	-	-	1,836,500	-	1,836,500
Insurance contract and investment liabilities	-	-	-	-	6,501,987	6,501,987
Equity attributable to shareholders of the Parent	-	-	-	-	39,374,170	39,374,170
Non-controlling interest	-	-	-	-	1,202,385	1,202,385
Total liabilities and equity	114,662,650	22,788,181	16,620,073	12,930,185	167,632,782	334,633,871
On balance sheet gap	55,670,057	8,136,415	3,145,511	52,016,517	(118,968,500)	-
Off balance sheet gap	3,148	-	-	(3,148)	-	-
Cumulative interest rate sensitivity gap	55,673,205	63,809,620	66,955,131	118,968,500	-	-

Notes to the consolidated financial statements for the year ended 31 December 2025 (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	More than 1 year AED'000	Non-interest bearing items AED'000	Total AED'000
<i>31 December 2024</i>						
<i>Assets</i>						
Cash and balances with central banks	21,300,489	-	-	-	19,292,019	40,592,508
Loans and advances to banks	34,085,028	8,797,577	4,219,141	245,297	4,924,561	52,271,604
Financial assets measured at fair value	7,859,289	5,655,961	3,003,717	7,684,452	2,124,115	26,327,534
Securities measured at amortised cost	1,467,159	311,272	1,229,595	6,782,752	6,339	9,797,117
Loans and advances to customers	74,003,645	11,147,943	3,001,368	16,400,504	(1,472,614)	103,080,846
Islamic financing and investment products	13,944,693	673,456	373,193	6,595,164	91,045	21,677,551
Acceptances	-	-	-	-	3,495,184	3,495,184
Reinsurance contract assets	-	-	-	-	3,379,148	3,379,148
Investment in associate	-	-	-	-	296,878	296,878
Investment properties	-	-	-	-	151,620	151,620
Property and equipment	-	-	-	-	1,339,360	1,339,360
Intangible assets	-	-	-	-	374,333	374,333
Other assets	-	-	-	-	4,669,475	4,669,475
Total assets	152,660,303	26,586,209	11,827,014	37,708,169	38,671,463	267,453,158

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Interest rate risk management (continued)

Interest rate repricing analysis (continued):

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	More than 1 year AED'000	Non- interest bearing items AED'000	Total AED'000
<i>31 December 2024</i>						
<i>Liabilities and equity</i>						
Deposits and balances due to banks	27,131,429	3,893,078	1,742,648	-	10,607,161	43,374,316
Repurchase agreements with banks	2,075,517	-	-	-	-	2,075,517
Customers' deposits	53,396,330	10,232,579	6,544,853	2,052,570	71,338,461	143,564,793
Islamic customers' deposits	7,336,089	1,318,006	1,458,054	946,314	6,316,438	17,374,901
Acceptances	-	-	-	-	3,495,184	3,495,184
Other liabilities	-	-	-	-	9,698,535	9,698,535
Borrowings	296,218	252,788	150,754	3,202,768	-	3,902,528
Insurance contract and investment liabilities	-	-	-	-	6,187,190	6,187,190
Equity attributable to shareholders of the Parent	-	-	-	-	36,712,765	36,712,765
Non-controlling interest	-	-	-	-	1,067,429	1,067,429
Total liabilities and equity	90,235,583	15,696,451	9,896,309	6,201,652	145,423,163	267,453,158
On balance sheet gap	62,424,720	10,889,758	1,930,705	31,506,517	(106,751,700)	-
Off balance sheet gap	(64,844)	(16,904)	(10,018)	91,766	-	-
Cumulative interest rate sensitivity gap	62,359,876	73,232,730	75,153,417	106,751,700	-	-

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

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 2025			31 December 2024		
	Net spot position AED'000	Net Forward position AED'000	Net Position AED'000	Net spot position AED'000	Net Forward position AED'000	Net Position AED'000
U.S. Dollars	63,882,975	(7,717,033)	56,165,942	32,927,511	(9,664,949)	23,262,562
Qatari Riyals	(192,208)	(21,349)	(213,557)	(255,321)	66,824	(188,497)
Pound Sterling	(443,070)	746,360	303,290	(780,976)	812,836	31,860
Euro	(4,732,764)	4,921,037	188,273	(8,624,012)	8,562,641	(61,371)
Bahrain Dinar	(70,615)	(11,084)	(81,699)	953,517	(801,867)	151,650
Saudi Riyal	(2,074,403)	2,237,127	162,724	53,380	(43,723)	9,657
Japanese Yen	(278,497)	272,359	(6,138)	(995,263)	1,000,602	5,339
Swiss Francs	855,103	(857,626)	(2,523)	16,146	(20,442)	(4,296)
Kuwaiti Dinar	(13,283)	(155,896)	(169,179)	9,076	(155,020)	(145,944)
Chinese Yuan	(1,510,094)	1,205,241	(304,853)	(1,581,441)	1,478,117	(103,324)
Other	1,876,621	(856,786)	1,019,835	1,782,130	(655,258)	1,126,872
Total	57,299,765	(237,650)	57,062,115	23,504,747	579,761	24,084,508

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:

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Liquidity risk management (continued)

- better understand the various sources of liquidity risk, particularly under stressed conditions;
- ensure the Group's short term and long term resilience, as measured by the Basel III guidelines, is sufficiently robust to meet realistic adverse scenarios;
- develop effective contingency funding plans to deal with liquidity crises;
- develop liquidity risk tolerance levels within the Internal Capital Adequacy Assessment Process (ICAAP) framework; and
- demonstrate that the bank can survive the closure of one or more funding markets by ensuring that funding can be readily raised from a variety of sources.

In compliance with Basel Committee on Banking Supervision ("BCBS") document titled "Principles for Sound Liquidity Management" and CBUAE "Regulations re Liquidity at Banks" (Circular Number 33/2015) and accompanying Guidance Manual, the Group has established a robust liquidity management framework that is well integrated into the bank-wide risk management process. A primary objective of the liquidity management framework is to ensure with a high degree of confidence that the Bank is in a position to address both its daily liquidity obligations as well as withstand a period of liquidity stress. In addition to maintaining sound liquidity governance and management practices, the Bank also holds an adequate liquidity cushion comprised of High Quality Liquid Assets ("HQLA") to be in a position to survive such periods of liquidity stress. The Bank's Liquidity Management Framework has two tiers:

1. **Board of Directors oversight** through review and approval of Liquidity Management Policy and definition of Liquidity Risk Tolerance Limits.
2. **Strategies, policies and practices developed by the ALCO** to manage liquidity risk in accordance with the Board of directors approved risk tolerance and ensure that the bank maintains sufficient liquidity.

The Group's Board of Directors (the "Board") bears the ultimate responsibility for liquidity risk management within the Bank. The Board members hence are familiar with liquidity risk and how it is managed as well as have a thorough understanding of how other risks including credit, market, operational and reputation risks affect the bank's overall liquidity risk.

Mashreqbank's Head Office ("HO") and International Banking Group ("IBG") Asset and Liability Committees ("ALCO") are responsible for formulating policies for implementing the Board approved liquidity risk appetite. In this regard, the following policies, procedures and systems have been implemented:

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.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Liquidity risk management (continued)

The Head Office ALCO comprises of the Group Chief Executive Officer, the Group Chief Financial Officer, Group Chief Risk Officer, Group Chief Credit Officer, Group Head of Retail Banking, Group Head of Corporate Banking, Group Head of International Banking and the Group Head of Treasury & Capital Markets.

The IBG ALCO comprises of Group Head of International Banking, Group Head of Retail Banking, Group Chief Risk Officer, Group Head of Treasury & Capital Markets, ALM, Finance and representatives from respective international locations.

b) Maintenance of Adequate High Quality Liquid Assets ("HQLA") cushion

The Bank holds a portfolio of HQLA aligned with the established liquidity risk tolerance of the bank, which means at a minimum it is sufficient to meet all regulatory and internal ratios under normal operating conditions, and enough to meet the liquidity needs under stressed conditions as estimated by Stress tests.

c) Gap limits

The minimum size of net placements in highly liquid money market instruments and HQLA bond portfolio is based on liquidity stress testing exercise, which takes into account the stability of deposits from different sources as well as contingent funding requirements of overseas branches. The Money Book and HQLA deployments are also required to adhere to gap limits, to ensure that the bank is in a position to meet short term and intraday liquidity needs.

d) Liquidity risk management over different time horizons and currencies

The time horizons over which the Bank manages liquidity risk range from intraday basis, day-to-day cashflow movements, 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 Bank has historically relied on customer deposits for most of its funding needs. Over the years, the Bank has successfully introduced various cash management products and retail savings' schemes which have enabled it to mobilise low cost, broad based deposits. In order to diversify the funding sources, a Euro Medium Term Notes program was launched in 2004 and, as of 31 December 2025 has an outstanding balance of AED 4.3 billion (2024: AED 2.07 billion) [Note 19] in medium-term loans. The Bank also established Certificate of Deposit (CD) programmes through its London branch in 2014 and its Hong Kong Branch in 2018. Recently the Bank established a Trust Certificate (Sukuk) Issuance Programme in 2024.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Liquidity risk management (continued)

f) Liquidity Stress Testing for a variety of short-term and protracted Group-specific and market-wide stress scenarios

Stress tests enable the Bank to 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 UAE banking sector's liquidity.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Maturity profile:

The maturity profile of assets, liabilities and equity as at 31 December 2025 were as follows:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Assets						
Cash and balances with central banks	33,532,283	-	-	-	-	33,532,283
Loans and advances to banks	35,312,007	15,310,585	8,749,337	6,349,133	-	65,721,062
Financial assets measured at fair value	4,233,507	2,441,600	3,175,482	3,153,796	8,453,113	21,457,498
Securities measured at amortised cost	2,220,248	708,894	634,685	5,195,125	20,147,352	28,906,304
Loans and advances to customers	46,864,216	11,121,137	9,744,265	42,720,399	27,620,958	138,070,975
Islamic financing and investment products	14,936,361	1,630,121	802,945	3,178,512	5,729,765	26,277,704
Acceptances	7,337,675	963,201	2,055,169	9,188	6,875	10,372,108
Reinsurance contract assets	1,134,541	605,025	643,896	814,348	24,693	3,222,503
Investment in associate	-	-	-	-	260,380	260,380
Investment properties	-	-	-	-	183,935	183,935
Property and equipment	-	-	-	-	1,350,125	1,350,125
Intangible assets	-	-	-	-	423,331	423,331
Other assets	4,498,739	169,437	65,245	88,275	33,967	4,855,663
Total assets	150,069,577	32,950,000	25,871,024	61,508,776	64,234,494	334,633,871

Notes to the consolidated financial statements for the year ended 31 December 2025 (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
<i>Liabilities and equity</i>						
Deposits and balances due to banks	32,412,259	4,565,323	1,548,405	396,278	-	38,922,265
Repurchase agreements with banks	7,136,046	-	-	-	-	7,136,046
Customers' deposits	155,206,197	10,086,664	10,017,867	3,043,262	537,191	178,891,181
Islamic customers' deposits	17,084,985	2,002,553	3,469,819	3,446,896	-	26,004,253
Acceptances	7,337,675	963,201	2,055,169	9,188	6,875	10,372,108
Other liabilities	9,527,155	389,709	397,823	496,779	107,651	10,919,117
Borrowings	73,460	-	2,313,990	1,909,382	9,177,027	13,473,859
Sukuk issued	-	-	-	1,836,500	-	1,836,500
Insurance and investment contract liabilities	1,940,106	921,459	972,696	1,708,225	959,501	6,501,987
Equity attributable to shareholders of the Parent	-	-	-	-	39,374,170	39,374,170
Non-controlling interest	-	-	-	-	1,202,385	1,202,385
Total liabilities and equity	<u>230,717,883</u>	<u>18,928,909</u>	<u>20,775,769</u>	<u>12,846,510</u>	<u>51,364,800</u>	<u>334,633,871</u>
Guarantees	5,672,866	2,463,831	2,952,670	12,230,417	7,802,088	31,121,872
Letters of credit	9,163,447	1,345,681	1,561,411	33,499	30,375	12,134,413
Total	<u>14,836,313</u>	<u>3,809,512</u>	<u>4,514,081</u>	<u>12,263,916</u>	<u>7,832,463</u>	<u>43,256,285</u>

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Maturity profile (continued)

The maturity profile of assets, liabilities and equity as at 31 December 2024 were as follows:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
Assets						
Cash and balances with central banks	40,592,508	-	-	-	-	40,592,508
Loans and advances to banks	27,610,771	10,204,918	7,595,672	6,860,243	-	52,271,604
Financial assets measured at fair value	9,024,513	5,655,961	3,003,717	1,455,598	7,187,745	26,327,534
Securities measured at amortised cost	1,485,388	311,166	1,228,037	3,252,701	3,519,825	9,797,117
Loans and advances to customers	35,611,493	8,192,501	8,441,861	24,606,907	26,228,084	103,080,846
Islamic financing and investment products	9,120,178	2,660,699	553,149	2,987,103	6,356,422	21,677,551
Acceptances	2,636,157	462,929	347,636	48,462	-	3,495,184
Reinsurance contract assets	1,342,486	618,807	656,315	740,019	21,521	3,379,148
Investment in associate	-	-	-	-	296,878	296,878
Investment properties	-	-	-	-	151,620	151,620
Property and equipment	-	-	-	-	1,339,360	1,339,360
Intangible assets	-	-	-	-	374,333	374,333
Other assets	4,144,562	150,299	179,012	190,951	4,651	4,669,475
Total assets	131,568,056	28,257,280	22,005,399	40,141,984	45,480,439	267,453,158

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Maturity profile (continued)

	Within 3 months	Over 3 to 6 months	Over 6 to 12 months	Over 1 to 5 years	Over 5 years	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<i>Liabilities and equity</i>						
Deposits and balances due to banks	36,184,911	4,436,682	2,385,423	367,300	-	43,374,316
Repurchase agreements with banks	2,075,517	-	-	-	-	2,075,517
Customers' deposits	123,919,233	10,241,187	7,295,629	1,781,442	327,302	143,564,793
Islamic customers' deposits	13,650,602	1,318,026	1,459,959	946,314	-	17,374,901
Acceptances	2,636,157	462,929	347,636	48,462	-	3,495,184
Other liabilities	8,582,741	482,707	379,919	153,332	99,836	9,698,535
Borrowings	296,218	252,788	150,754	1,371,741	1,831,027	3,902,528
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 2025 (continued)

43. Risk management (continued)

Maturity profile (continued)

The following table summarises the maturity profile based on contractual undiscounted repayment obligations as at 31 December 2025:

	Within 3 months AED'000	Over 3 to 6 months AED'000	Over 6 to 12 months AED'000	Over 1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
<i>Liabilities</i>						
Deposits and balances due to banks	32,561,736	4,610,532	1,591,762	449,216	1,043,732	40,256,978
Repurchase agreements with banks	7,136,046	-	-	-	-	7,136,046
Customers' deposits	155,341,238	10,240,348	10,332,702	3,515,076	561,898	179,991,262
Islamic customers' deposits	17,201,602	2,076,070	3,604,531	3,862,176	-	26,744,379
Acceptances	7,337,675	963,201	2,055,169	9,188	6,875	10,372,108
Other liabilities	9,527,155	389,709	397,823	496,779	107,651	10,919,117
Borrowings	110,594	36,156	2,389,740	2,566,750	9,487,568	14,590,808
Sukuk issued	-	-	-	1,919,774	-	1,919,774
Insurance and investment contract liabilities	1,940,105	921,460	972,696	1,708,225	959,501	6,501,987
Total liabilities	231,156,151	19,237,476	21,344,423	14,527,184	12,167,225	298,432,459

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

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
<i>Liabilities</i>						
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
Borrowings	340,888	294,443	235,641	2,055,389	2,286,192	5,212,553
Insurance and investment contract liabilities	1,846,842	830,785	927,249	1,600,863	981,451	6,187,190
Total liabilities	189,565,982	18,393,859	13,388,795	7,418,428	3,741,497	232,508,561

Notes to the consolidated financial statements for the year ended 31 December 2025 (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

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Fair value measurements of financial instruments (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2024.

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

	Fair value as at		Fair value hierarchy
	2025	2024	
	AED'000	AED'000	
Financial assets measured at FVTPL			
Quoted debt investments	1,209,981	165,624	Level 1
Quoted equity investments	1,005	23,689	Level 1
Unquoted debt investments	1,441,198	730,092	Level 2
Funds	1,349,908	1,326,137	Level 2
Unquoted equity investments	1,101	1,032	Level 3
Unquoted debt investments	95	-	Level 3
	4,003,288	2,246,574	

	Fair value as at		Fair value hierarchy
	2025	2024	
	AED'000	AED'000	
Financial assets measured at FVTOCI			
Quoted equity investments	933,929	755,933	Level 1
Quoted debt investments	15,908,085	23,001,663	Level 1
Unquoted equity investments	87,544	79,946	Level 3
Funds	524,652	243,418	Level 2
	17,454,210	24,080,960	
	21,457,498	26,327,534	

There were no transfers between each of the levels during the year.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Fair value measurements of financial instruments (continued)

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

	2025 AED'000	2024 AED'000
At 1 January	1,032	1,132
Purchases	8,545	344
Transfer out	(8,450)	-
Change in fair value	68	(444)
At 31 December	1,195	1,032

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

	2025 AED'000	2024 AED'000
At 1 January	79,946	56,049
Purchases	5,510	38,371
Disposals/matured	(120)	(1,103)
Change in fair value	2,208	(13,371)
At 31 December	87,544	79,946

All gain and losses related to investment in unquoted equity instruments are included in consolidated statement of comprehensive and are reported as changes of investments revaluation reserve

Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values and carry market rates of interest.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Fair value measurements of financial instruments (continued)

	Gross carrying amount AED'000	Level 1 AED'000	Fair value		Total AED'000
			Level 2 AED'000	Level 3 AED'000	
31 December 2025					
<i>Financial assets:</i>					
Securities measured at amortised cost	28,924,027	27,281,111	1,069,478	704,312	29,054,901
31 December 2024					
<i>Financial assets:</i>					
Securities measured at amortised cost	9,827,791	7,761,200	1,108,476	668,717	9,538,393
	Gross carrying amount AED'000	Level 1 AED'000	Fair value		Total AED'000
			Level 2 AED'000	Level 3 AED'000	
31 December 2025					
<i>Financial liabilities</i>					
Medium-term notes	4,296,832	4,358,252	-	-	4,358,252
31 December 2024					
<i>Financial liabilities</i>					
Medium-term notes	2,071,501	1,970,316	-	116,950	2,087,266

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

43. Risk management (continued)

Fair value measurements of financial instruments (continued)

Fair value sensitivity analysis

The following table shows the sensitivity of fair values to 1% increase or decrease as at 31 December 2025 and 31 December 2024:

	Reflected in consolidated statement of profit or loss		Reflected in consolidated statement of comprehensive income	
	Favourable change AED'000	Unfavourable change AED'000	Favourable change AED'000	Unfavourable change AED'000
31 December 2025				
Financial assets measured at fair value	40,033	(40,033)	174,542	(174,542)
Derivatives	3,606	(3,606)	-	-
31 December 2024				
Financial assets measured at fair value	22,466	(22,466)	240,810	(240,810)
Derivatives	6,284	(6,284)	-	-

Majority of the derivative financial instruments are back-to-back; therefore, any change to the fair value of the derivatives resulting from price input changes will have insignificant impact on the consolidated statement of profit or loss or consolidated statement of comprehensive income.

44. Foreign restricted assets

Net assets equivalent to AED 604 million as at 31 December 2025 (31 December 2024: AED 586 million) maintained by certain branches of the Bank, operating outside the UAE, are subject to exchange control regulations of the countries in which these branches operate.

45. Taxation

On 9 December 2022, the United Arab Emirates ("UAE") Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact the Corporate Tax ("CT") regime which became effective for accounting periods beginning on or after 1 June 2023. The entities that are in scope for the UAECT purposes are subject to a 9% CT rate.

In order to align with OECD's Global Minimum Tax effort ("Pillar Two"), the UAE Ministry of Finance has issued Cabinet Decision No (142) of 2024 that implements a Domestic Minimum Top-up Tax ("DMTT") of 15% for Multinational Enterprises ("MNEs") that are within scope of Pillar Two based on OECD Model rules with effect from financial years starting on or after 1st January 2025. Mashreq is an MNE Group with consolidated revenue exceeding €750 million threshold, hence in scope of Pillar Two legislation as operating in certain jurisdictions that have enacted or substantively enacted Pillar Two legislation.

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

45. Taxation (continued)

The Group estimates the current tax expense of AED1,291Mio for the period ended 31 December 2025 (31 December 2024: AED 868 Mio). The Effective Tax Rate (ETR) for the period ending 31 December 2025 is 15.63% (31 December 2024: 8.79%). The rise in the ETR compared to last year is mainly due to the introduction of DMTT in the UAE. Pillar Two rules also impacted the tax expenses of the Mashreq entities in Bahrain, Kuwait and Qatar.

Furthermore, for the period ended 31 December 2025, the Group has applied the IASB amendment to IAS 12, Income Taxes, which provides a mandatory temporary exception from recognizing or disclosing deferred taxes related to Pillar Two. The Group will continuously monitor legislative developments and will account for any potential top-up tax in compliance with the IAS 12 Amendments going forward.

- a) Reconciliation of tax expense and the accounting profit multiplied by United Arab Emirates' domestic tax rate on 31 December 2025:

	2025 AED'000	2024 AED'000
Accounting profit before tax	8,260,984	9,885,904
At United Arab Emirates' statutory income tax rate of 9%	743,489	889,731
Tax effect of expenses that are not deductible in determining taxable profit	7,726	6,248
Tax effect of income not taxable in determining taxable profit	(12,931)	(151,733)
UAE pillar two taxes	342,476	-
Foreign pillar two taxes	52,803	-
Effect of different tax rates from operations in other jurisdictions	98,772	126,125
WHT in foreign jurisdictions	42,112	-
Return to Accrual Adjustment	13,219	-
Deferred tax charge / (credit) to profit and loss	3,184	-
Others	(59)	(1,844)
Income tax expense / (credit) reported in the consolidated income statement	1,290,791	868,527

Effective tax rate	15.63%	8.79%

b) OCI	2025 AED'000	2024 AED'000

The major components of income tax expense for the period ended 31 December 2025 are:

Current income tax charge/(credit) [Not to be reclassified to P&L A/c subsequently]:

- Related to changes in fair value of financial assets measured at fair value through other comprehensive income (equity instruments)	9,901	6,096
- Adjustment in respect of current income tax of previous year	9,901	6,096

Notes to the consolidated financial statements for the year ended 31 December 2025 (continued)

45. Taxation (continued)

Current Deferred tax [To be reclassified to P&L A/c subsequently]:

- Relating to changes in fair value of financial assets measured at fair value through other comprehensive income (debt instruments)	24,579	(27,736)
- Relating to changes in currency translation reserve	(9,713)	(23,893)
Income tax expense / (credit) reported in the OCI	14,866	(51,629)

46. Additional Tier 1 capital securities

In July 2022, the Bank issued 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.

48. Sukuk issued

In April 2025, the Bank issued a U.S. dollar denominated senior unsecured Sukuk, amounting to USD 500 million (AED 1,836.25 million) with 5-years maturity and an expected profit rate of 5.03 per cent. The Sukuk represents Mashreq's first Shariah compliant issuance in the international capital markets through a USD 2.5 billion Sukuk Programme.

49. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2025.

50. Approval of consolidated financial statements

The consolidated financial statements for the year ended 31 December 2025 were approved by the Board of Directors and authorised for issue on 02 February 2026 and signed on its behalf by the Chairman of the Board and the Group Chief Executive Officer.

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

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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

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
<i>Impairment of loans and advances at amortised cost</i>	
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
<i>Impairment of loans and advances at amortised cost</i>	
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.
<i>IT systems and controls over financial reporting</i>	
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.

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.

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.

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.

**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.

**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
<i>Other comprehensive income/(loss)</i>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in fair value of financial assets measured at fair value through other comprehensive income (equity instruments), net of tax	46,908	27,837	27,130	7,387
<i>Items that may be reclassified subsequently to profit or loss:</i>				
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
<u>Attributed to:</u>				
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
<i>Cash flows from operating activities</i>				
Profit before taxation for the year	9,885,904	2,691,507	8,830,006	2,404,032
<i>Adjustments for:</i>				
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)
<i>Changes in operating assets and liabilities</i>				
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
<i>Cash flows from investing activities</i>				
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.

**Consolidated statement of cash flows
for the year ended 31 December (continued)**

	2024 AED'000	2024 USD'000	2023 AED'000	2023 USD'000
<i>Cash flows from financing activities</i>				
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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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 arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control over the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group’s accounting policies. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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,

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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:

	<u>Years</u>
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:

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)

- 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

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)

3.13.1 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).

**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)

3.13.1 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.

**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)

3.13.1 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 forecast transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated statement of profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the consolidated statement of comprehensive income and accumulated under the heading of cumulative translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the cumulative translation reserve are reclassified to the consolidated statement of profit or loss on the disposal of the foreign operation.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

3.17 Insurance contracts

To allocate individual insurance contracts to groups of contracts, an entity first needs to define portfolios which include contracts with similar risks and that are managed together. These portfolios are to be subdivided into groups of contracts on the basis of profitability and annual cohorts. IFRS 17 consists of 3 measurement models:

- The general measurement model (GMM), also known as the building block approach, consists of the fulfilment cash flows and the contractual service margin (CSM).
- The variable fee approach (VFA) is a mandatory modification of the general measurement model regarding the treatment of the contractual service margin in order to accommodate insurance contracts with direct participating features.
- The premium allocation approach is an optional simplified approach for the measurement of the liability for remaining coverage. An entity may choose to use when the premium allocation approach provides a measurement which is not materially different from that under the general measurement model or if the coverage period of each contract in the group of insurance contracts is one year or less. Under the premium allocation approach, the liability for remaining coverage is measured as the amount of premiums received net of acquisition cash flows paid, less the net amount of premiums and acquisition cash flows that have been recognized in profit or loss over the expired portion of the coverage period based on the passage of time.

The measurement of the liability for incurred claims is identical under all three measurement models, apart from the determination of locked-in interest rates used for discounting. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates for the liability for incurred claims. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

The Group applies the premium allocation approach (PAA) to groups of insurance contracts that it issues and groups of reinsurance contracts that it holds where the coverage period is 12 months or less. The Group performed PAA eligibility assessment for the groups of contracts where the coverage period is more than 12 months. Based on the assessment performed, the Group expects all of its contracts to be eligible for PAA measurement model, except for long term individual life business which will be measured under the GMM. The Group plans to apply the GMM for long term individual life insurance policies and the (VFA) for unit linked insurance policies.

The Group does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred.

Insurance revenue and insurance service expenses are recognised in the statement of comprehensive income based on the concept of services provided during the period. The standard requires losses to be recognised immediately on contracts that are expected to be onerous. For insurance contracts measured under the PAA, it is assumed that contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The Group's focus is to grow a profitable and sustainable business and does not anticipate the recognition of onerous contracts except where the following have been identified:

- Relevant pricing decisions.
- Initial stages of a new business acquired where the underlying contracts are onerous.
- Any other strategic decisions the board considers appropriate.

Insurance acquisition cash flows

The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Group estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money

For all contracts measured under the PAA, there is no allowance as the premiums are expected to be received within one year of the coverage period.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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).

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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
<i>Balances with central banks:</i>		
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
	<u>40,592,508</u>	<u>41,760,286</u>

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
	<u>40,592,508</u>	<u>41,760,286</u>

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
	<u>52,389,941</u>	<u>39,266,431</u>
Less: Allowance for impairment	(118,337)	(139,399)
	<u>52,271,604</u>	<u>39,127,032</u>

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
	<u>52,389,941</u>	<u>39,266,431</u>
Less: Allowance for impairment	(118,337)	(139,399)
	<u>52,271,604</u>	<u>39,127,032</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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
<i>Equities</i>		
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
<i>Equities</i>		
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.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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).

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

11. Investment properties

	2024 AED'000	2023 AED'000
<i>At fair value</i>		
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

**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	<u>2,075,517</u>	<u>1,062,992</u>

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
	<u>143,564,793</u>	<u>132,609,671</u>

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
	<u>143,564,793</u>	<u>132,609,671</u>

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
	<u>17,374,901</u>	<u>13,622,484</u>

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
	<u>17,374,901</u>	<u>13,622,484</u>

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
	<u>9,698,535</u>	<u>8,171,009</u>

*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	<u>2,071,501</u>	<u>5,158,701</u>
The maturities of the medium-term notes (MTNs) issued under the programme are as follows:		
Year	2024 AED'000	2023 AED'000
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
	<u>2,071,501</u>	<u>5,158,701</u>

**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
	<u>2,071,501</u>	<u>5,158,701</u>

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		
<i>Liabilities for Incurred Claims (LIC) under Premium Allocation Approach (PAA)</i>		
Present value of their future cashflows	3,786,799	3,167,348
Risk adjustment for non-financial risk	263,538	234,587
	<u>4,050,337</u>	<u>3,401,935</u>
<i>Liabilities for Incurred Claims (LIC) not under Premium Allocation Approach (PAA)</i>		
	<u>4,782</u>	<u>2,673</u>
<i>Liabilities for Remaining Coverage (LRC)</i>		
Excluding loss component	1,122,024	816,881
Loss component	22,700	22,678
	<u>1,144,724</u>	<u>839,559</u>
Investment contract liabilities	<u>987,347</u>	<u>1,090,790</u>
	<u>6,187,190</u>	<u>5,334,957</u>
Reinsurance contract assets		
<i>Incurred claims for contracts under Premium Allocation Approach (PAA)</i>		
Present value of future cashflows	2,932,498	2,463,108
Risk adjustment for non-financial risk	208,584	187,756
	<u>3,141,082</u>	<u>2,650,864</u>
<i>Remaining coverage excluding loss-recovery component</i>	<u>229,028</u>	<u>101,908</u>
<i>Remaining coverage loss recovery component</i>	<u>5,365</u>	<u>2,226</u>
<i>Incurred claims for contracts not under PAA</i>	<u>3,673</u>	<u>1,865</u>
	<u>3,379,148</u>	<u>2,756,863</u>

**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

**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	2023
	AED'000	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

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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
	<u>6,892,160</u>	<u>5,051,561</u>

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
<i>Fee and commission income</i>		
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	<u>4,560,133</u>	<u>4,239,746</u>
<i>Fee and commission expenses</i>		
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	<u>(3,095,628)</u>	<u>(2,807,197)</u>
Net fee and commission income	<u>1,464,505</u>	<u>1,432,549</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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
	<u>228,576</u>	<u>29,712</u>

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
	<u>3,334,511</u>	<u>1,631,156</u>

*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)
	<u>(166,065)</u>	<u>(1,368,794)</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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
	<u>3,695,864</u>	<u>3,341,855</u>

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
	<u>38,950,366</u>	<u>38,106,460</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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 (SMCPrivate) 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 AED'000	2023 AED'000 (Restated)
<i>Balances with major shareholders</i>		
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
<i>Balances with directors and key management personnel</i>		
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
<i>Balances with associates and joint venture</i>		
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 AED'000	2023 AED'000
<i>Transactions with major shareholders</i>		
Interest income	165,175	183,025
Interest expense	11,843	5,154
Other income	26,518	27,902
<i>Transactions with directors and key management personnel</i>		
Interest income	6,819	6,036
Interest expense	6,077	2,150
Other income	47	9
<i>Transactions with associates and joint venture</i>		
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
<i>a) Geographic regions</i>						
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
	<u>267,453,158</u>	<u>229,672,964</u>	<u>38,310,429</u>	<u>239,980,609</u>	<u>208,662,819</u>	<u>39,562,317</u>
<i>b) Industry sectors</i>						
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	<u>267,453,158</u>	<u>229,672,964</u>	<u>38,310,429</u>	<u>239,980,609</u>	<u>208,662,819</u>	<u>39,562,317</u>

**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
<i>Attributed to:</i>					
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
<i>Attributed to:</i>					
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	2023	2024	2023
	AED'000	AED'000	AED'000	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
<i>Financial assets:</i>				
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								
<i>Derivatives held for trading</i>								
Forward foreign exchange contract	508,388	671,981	132,677,376	121,894,686	5,556,914	4,955,310	270,466	-
Foreign exchange options (bought)	44,618	44,617	2,228,846	535,580	792,015	901,251	-	-
Foreign exchange options (sold)	-	-	1,612,346	344,841	540,006	727,499	-	-
Interest rate swaps	1,708,548	849,055	36,570,624	2,675,038	3,942,123	3,604,238	9,362,639	16,986,586
Credit default swaps	-	4,426	55,095	-	-	-	36,730	18,365
Currency swap	6,468	3,609	1,356,105	1,356,105	-	-	-	-
Futures contracts purchased (Customer)	8,528	8,251	731,388	726,424	4,964	-	-	-
Futures contracts sold (Customer)	32	3,356	158,113	158,113	-	-	-	-
Futures contracts purchased (Bank)	8,251	8,757	811,859	806,895	4,964	-	-	-
Futures contracts sold (Bank)	3,356	32	158,113	158,113	-	-	-	-
Total	2,288,189	1,594,084	176,359,865	128,655,795	10,840,986	10,188,298	9,669,835	17,004,951
<i>Held as fair value hedge</i>								
Interest rate swap	9,481	75,172	917,289	187,744	256,136	203,828	269,581	-
Total	2,297,670	1,669,256	177,277,154	128,843,539	11,097,122	10,392,126	9,939,416	17,004,951

**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
<i>31 December 2023</i>								
<i>Derivatives held for trading</i>								
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
<i>Held as fair value hedge</i>								
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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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	2023
	AED'000	AED'000
<i>Common equity Tier 1 capital</i>		
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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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 ("BRCEG") has overall responsibility for establishment and oversight of the Group's risk management framework. They are assisted by various Board level and Management level committees for fulfilling their responsibilities, e.g. the Executive Management Committee ("ExCo"), Group Risk Committee ("GRC"), Assets and Liabilities Committee ("ALCO"), Compliance Risk Management Committee ("CRMC") 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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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 BRCEGSC, Board Credit Committee (“BCC”) and Group Risk Committee (“GRC”).

Specifically, BCC reviews and approves credit proposals that are beyond lending authorities delegated to management by the Board of Directors. In addition, BRCEGSC and BCC monitors key elements of the Bank’s credit risk profile relative to the Bank’s risk appetite. The Board Committees are supported by GRC through detailed review and monitoring of credit portfolio, including exposure concentrations.

An Early Alert Committee (“EAC”) is also in place to review and proactively identify potential problematic exposures within CIBG and IBG business groups and determine appropriate strategies. The EAC, along with the IFRS 9 Committee (a forum in place to oversee all aspects of Mashreq’s IFRS 9 framework), plays an important role in ensuring that credit fundamentals are linked to determination of Significant Increase in Credit Risk (SICR) and staging for IFRS 9 purposes.

Loans and advances (including loan commitments, LCs and LGs)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

Under IFRS 9, bank estimates expected credit loss (ECL) based on macro adjusted PD, LGD & EAD measures. Additionally, it also captures deterioration and lifetime likelihood of defaults. Over the course of 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

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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.).

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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:

Credit risk exposures relating to on balance sheet assets:	2024				2023			
	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
<i>Loans and advances to banks</i>								
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
<i>Islamic financing and investment products</i>				
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			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Loans and advances to customers				
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
<i>Islamic financing and investment products</i>				
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			Total AED'000
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	
<i>Securities measured at amortised cost</i>				
Investment - grade	7,116,912	-	-	7,116,912
BB+ & below	2,710,879	-	-	2,710,879
Unrated	-	-	-	-
	<u>9,827,791</u>	<u>-</u>	<u>-</u>	<u>9,827,791</u>
Loss allowance	<u>(30,674)</u>	<u>-</u>	<u>-</u>	<u>(30,674)</u>
Carrying amount	<u>9,797,117</u>	<u>-</u>	<u>-</u>	<u>9,797,117</u>
<i>Financial assets measured at FVTOCI (debt securities)</i>				
Investment - grade	22,284,497	-	-	22,284,497
BB+ & below	725,751	-	-	725,751
Unrated	2,192	-	-	2,192
	<u>23,012,440</u>	<u>-</u>	<u>-</u>	<u>23,012,440</u>
Loss allowance	<u>(10,777)</u>	<u>-</u>	<u>-</u>	<u>(10,777)</u>
Carrying amount	<u>23,001,663</u>	<u>-</u>	<u>-</u>	<u>23,001,663</u>

**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
<i>Securities measured at amortised cost</i>				
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
<i>Financial assets measured at FVTOCI (debt securities)</i>				
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
<i>Against individually impaired:</i>				
Properties	542,781	252,345	-	-
Cash	34,633	43,856	-	-
Others	54,612	76,813	-	-
	632,026	373,014	-	-
<i>Against not impaired:</i>				
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			Total AED'000
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
Loans and advances to banks:				
Loss allowance as at 1 January	66,007	63,655	9,737	139,399
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(35,073)	35,073	-	-
Transfer from Stage 2 to Stage 1	379	(379)	-	-
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			Total AED'000
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
Loans and advances to banks:				
Loss allowance as at 1 January	71,219	31,496	18,221	120,936
<i>Transfers</i>				
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

**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			Total AED'000
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
Loans and advances to customers				
Loss allowance as at 1 January	553,661	459,159	1,611,867	2,624,687
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(146,296)	146,296	-	-
Transfer from Stage 1 to Stage 3	(109,451)	-	109,451	-
Transfer from Stage 2 to Stage 1	10,309	(10,309)	-	-
Transfer from Stage 2 to Stage 3	-	(107,011)	107,011	-
Transfer from Stage 3 to Stage 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			Total AED'000
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	
Loans and advances to customers				
Loss allowance as at 1 January	560,263	1,488,855	2,263,248	4,312,366
<i>Transfers</i>				
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			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Islamic financing and investment products				
Loss allowance as at 1 January	23,284	26,232	299,572	349,088
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(6,517)	6,517	-	-
Transfer from Stage 1 to Stage 3	(1,351)	-	1,351	-
Transfer from Stage 2 to Stage 1	100	(100)	-	-
Transfer from Stage 2 to Stage 3	-	(19,537)	19,537	-
Transfer from Stage 3 to Stage 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			
	Stage 1 12-month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Islamic financing and investment products				
Loss allowance as at 1 January	20,796	9,787	438,883	469,466
<i>Transfers</i>				
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
<i>Securities measured at amortised cost</i>				
Loss allowance as at 1 January	45,135	-	-	45,135
<i>Transfers</i>				
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
<i>Securities measured at amortised cost</i>				
Loss allowance as at 1 January	26,210	-	2,205	28,415
<i>Transfers</i>				
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

**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
<i>Loans and advances to banks</i>				
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
<i>Financial assets measured at FVTOCI (debt securities) and securities measured at amortised cost</i>				
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
<i>Financial assets measured at FVTOCI (debt securities) and securities measured at amortised cost</i>				
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
<i>Loans and advances to customers</i>				
Gross carrying amount as at January	89,554,282	5,034,065	1,639,577	96,227,924
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(4,057,851)	4,057,851	-	-
Transfer from Stage 1 to Stage 3	(200,765)	-	200,765	-
Transfer from Stage 2 to Stage 1	530,651	(530,651)	-	-
Transfer from Stage 2 to Stage 3	-	(433,672)	433,672	-
Transfer from Stage 3 to Stage 2	-	221,994	(221,994)	-
New financial assets, net of repayments and others	11,698,973	(2,254,089)	135,440	9,580,324
Write-offs	-	-	(226,750)	(226,750)
Gross carrying amount as at 31 December	97,525,290	6,095,498	1,960,710	105,581,498
	2023			
	Stage 1 12-month AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
<i>Loans and advances to customers</i>				
Gross carrying amount as at January	72,575,677	5,043,401	2,323,632	79,942,710
<i>Transfers</i>				
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

**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
<i>Transfers</i>				
Transfer from Stage 1 to Stage 2	(564,036)	564,036	-	-
Transfer from Stage 1 to Stage 3	(5,012)	-	5,012	-
Transfer from Stage 2 to Stage 1	17,074	(17,074)	-	-
Transfer from Stage 2 to Stage 3	-	(186,208)	186,208	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets, net of repayments and others	5,299,554	(369,499)	(278,636)	4,651,419
Gross carrying amount as at 31 December	20,638,638	883,572	230,539	21,752,749
	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
<i>Transfers</i>				
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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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.

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

Notes to the consolidated financial statements for the year ended 31 December 2024 (continued)

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

**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 (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							
<i>Liabilities and equity</i>							
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	-	-

**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
<i>31 December 2023</i>							
<i>Assets</i>							
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

**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 (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
<i>31 December 2023</i>							
<i>Liabilities and equity</i>							
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	-	-

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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.

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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
<i>Liabilities and equity</i>						
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	<u>189,192,221</u>	<u>18,025,104</u>	<u>12,946,569</u>	<u>6,269,454</u>	<u>41,019,810</u>	<u>267,453,158</u>
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	<u>16,183,284</u>	<u>4,155,765</u>	<u>4,960,274</u>	<u>5,560,909</u>	<u>7,450,197</u>	<u>38,310,429</u>

**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	<u>108,625,869</u>	<u>25,025,606</u>	<u>17,338,892</u>	<u>40,989,306</u>	<u>48,000,936</u>	<u>239,980,609</u>

**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
<i>Liabilities and equity</i>						
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	<u>165,580,468</u>	<u>15,976,959</u>	<u>12,143,781</u>	<u>4,922,183</u>	<u>41,357,218</u>	<u>239,980,609</u>
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	<u>15,823,380</u>	<u>5,930,208</u>	<u>4,984,045</u>	<u>3,731,426</u>	<u>9,093,258</u>	<u>39,562,317</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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
<i>Liabilities and equity</i>						
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

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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
<i>Liabilities and equity</i>						
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	<u>165,915,298</u>	<u>16,261,181</u>	<u>12,598,136</u>	<u>6,045,173</u>	<u>41,869,922</u>	<u>242,689,710</u>

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:

43. Risk management (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
	<u>2,246,574</u>	<u>2,835,285</u>	
	<u><u>2,246,574</u></u>	<u><u>2,835,285</u></u>	
	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
	<u>24,080,960</u>	<u>23,196,584</u>	
	<u><u>26,327,534</u></u>	<u><u>26,031,869</u></u>	

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

	2024 AED'000	2023 AED'000
At 1 January	1,132	707
Purchases	344	-
Change in fair value	(444)	425
At 31 December	1,032	1,132

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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	<u>79,946</u>	<u>56,049</u>

All gain and losses related to investment in unquoted equity instruments are included in consolidated statement of comprehensive and are reported as changes of investments revaluation reserve

Fair value of financial instruments measured at amortised cost

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values and carry market rates of interest.

	Gross carrying amount AED'000	Level 1 AED'000	Fair value Level 2 AED'000	Level 3 AED'000	Total AED'000
31 December 2024					
<i>Financial assets:</i>					
Securities measured at amortised cost	<u>9,827,791</u>	<u>7,761,200</u>	<u>1,108,476</u>	<u>668,717</u>	<u>9,538,393</u>
31 December 2023					
<i>Financial assets:</i>					
Securities measured at amortised cost	<u>9,996,660</u>	<u>7,415,365</u>	<u>1,534,497</u>	<u>773,394</u>	<u>9,723,256</u>
31 December 2024					
<i>Financial liabilities</i>					
Medium-term notes	<u>2,071,501</u>	<u>1,970,316</u>	<u>-</u>	<u>116,950</u>	<u>2,087,266</u>
31 December 2023					
<i>Financial liabilities</i>					
Medium-term notes	<u>5,158,701</u>	<u>4,199,191</u>	<u>-</u>	<u>955,019</u>	<u>5,154,210</u>

**Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)**

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.

HEAD OFFICE OF THE ISSUER

Mashreqbank psc
Mashreqbank Global Headquarters
Al Ummiyati Street
Burj Khalifa Community
P.O. Box 1250
Dubai
United Arab Emirates

BRANCHES OF THE ISSUER

Mashreqbank psc, Hong Kong Branch

Unit 05-09, 27/F
Prosperity Millennia Plaza
663 King's Road
North Point
Hong Kong

Mashreqbank psc, London Branch

3rd Floor
48-54 Moorgate
London EC2R 6EJ
United Kingdom

ISSUING AND PRINCIPAL PAYING AGENT AND CALCULATION AGENT

The Bank of New York Mellon, London Branch

160 Queen Victoria Street
London EC4V 4LA
United Kingdom

LISTING AGENT

Matheson LLP

70 Sir John Rogerson's Quay
Dublin 2
Ireland

LEGAL ADVISERS

To the Issuer as to English and Dubai law

Clifford Chance LLP

Level 32
ICD Brookfield Place
Dubai International Financial Centre
P.O. Box 9380
Dubai
United Arab Emirates

To the Dealers as to English law

Simmons & Simmons Middle East LLP

Level 17
ICD Brookfield Place
Dubai International Financial Centre
P.O. Box 506688
Dubai
United Arab Emirates

AUDITORS

Deloitte & Touche (M.E.)

Building 3, Level 6
Emaar Square, Downtown Dubai
P.O. Box 4254, Dubai
United Arab Emirates

ARRANGER

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

DEALERS

**Australia and New Zealand
Banking Group Limited**
10 Collyer Quay
#21-00 Ocean Financial Centre
Singapore
049315

Commerzbank Aktiengesellschaft
Kaiserstraße 16 (Kaiserplatz)
60311 Frankfurt am Main
Federal Republic of Germany

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Nomura International plc
1 Angel Lane
London EC4R 3AB
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Deutsche Bank AG, London Branch
21 Moorfields
London EC2Y 9DB
United Kingdom

Mashreqbank psc
Mashreqbank Global Headquarters
Al Ummiyati Street
Burj Khalifa Community
P.O. Box 1250
Dubai
United Arab Emirates

Mizuho International plc
30 Old Bailey
London EC4M 7AU
United Kingdom

Société Générale
29, boulevard Haussmann
75009 Paris
France

UBS AG London Branch
5 Broadgate
London EC2M 2QS
United Kingdom