MDGH GMTN (RSC) LTD

Board of Directors' Report and Financial Statements for the year ended 31 December 2023

MDGH GMTN (RSC) LTD

Financial statements
for the year ended 31 December 2023

Contents	*Pages*

MDGH GMTN (RSC) LTD

Board of Directors' Report
As at 31 December 2023

The Directors are pleased to present the audited financial statements for the year ended 31 December 2023, covering the overall performance of MDGH GMTN (RSC) LTD (the "Company").

Financial highlights

In 2023, the Company has issued four (4) new notes (2022: three (3)).

Further, the Company issued thirty-one (31) commercial papers in 2023 (2022: thirty (30)). The proceeds of these issuances have been lent onwards to Mubadala Treasury Holding Company ("Immediate Parent"). As at 31 December 2023, thirteen (13) commercial papers amounting to USD 1,300 million are outstanding (2022: five (5) amounting to USD 450 million).

For and on behalf of the Directors,

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Abdulla Mubarak Abdulla Mubarak	**Kofi Erskine Aduku**
Director	Director

Date: 3 May 2024

RAI AUDIT
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INDEPENDENT AUDITOR'S REPORT

To: The Shareholder of MDGH GMTN (RSC) LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MDGH GMTN (RSC) LTD (referred to as the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (referred to as the "ISA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements 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.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the applicable provisions of the Abu Dhabi Global Market Companies Regulations 2020, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISA 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 financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, 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 Company's 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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

Further, as required by the requirements of the Abu Dhabi Global Market Companies Regulations 2020, we report that:

- the financial statements in all material respects, have been properly prepared in accordance with the requirements of these regulations;

- the financial information included in the Board of Directors' report is consistent with the financial statements for the year ended 31 December 2023;

- adequate accounting records have been kept by the Company; and

- the Company's financial statements are in agreement with the accounting records and returns.

For RAI LLP,

Ashraf Eradhun
3 May 2024
Abu Dhabi,
United Arab Emirates

MDGH GMTN (RSC) LTD

Statement of comprehensive income
For the year ended 31 December 2023

	Notes	**2023 USD *(in thousands)***	2022 USD *(in thousands)*
Interest and similar income on loan receivables	4	**502,330**	337,097
Interest and similar expense on interest-bearing borrowings	5	**(502,330)**	(337,097)
General and administrative expenses	6	**(19)**	(26)
Loss for the year		**(19)**	(26)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(19)**	(26)

The attached notes 1 to 14 form an integral part of these financial statements.

MDGH GMTN (RSC) LTD

Statement of financial position
As at 31 December 2023

	Notes	**2023 USD *(in thousands)***	2022 USD *(in thousands)*
ASSETS			
Non-current asset			
Loans receivable	8	**18,287,633**	17,756,243
Current assets			
Loans receivable	8	**3,163,689**	1,874,341
Interest accrued on loans receivable	9	**152,641**	140,167
Cash and cash equivalents	7	**-**	2
Total current assets		**3,316,330**	2,014,510
TOTAL ASSETS		**21,603,963**	19,770,753
EQUITY AND LIABILITIES			
Equity/(Deficit)			
Share capital	12	**-**	-
Accumulated losses		**(46)**	(27)
Net deficit		**(46)**	(27)
Non-current liability			
Interest-bearing borrowings	10	**18,287,633**	17,756,243
Current liabilities			
Interest-bearing borrowings	10	**3,163,689**	1,874,341
Interest and other liabilities	11	**152,687**	140,196
Total current liabilities		**3,316,376**	2,014,537
Total liabilities		**21,604,009**	19,770,780
TOTAL EQUITY AND LIABILITIES		**21,603,963**	19,770,753

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Abdulla Mubarak Abdulla Mubarak
Director

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Kofi Erskine Aduku
Director

The attached notes 1 to 14 form an integral part of these financial statements.

MDGH GMTN (RSC) LTD

Statement of changes in equity
For the year ended 31 December 2023

All amounts in USD thousands	**Share capital**	**Accumulated losses**	**Net deficit**
At 1 January 2022	-	(1)	(1)
Total comprehensive loss for the year	-	(26)	(26)
At 31 December 2022	-	(27)	(27)
At 1 January 2023	-	(27)	(27)
Total comprehensive loss for the year	-	(19)	(19)
At 31 December 2023	**-**	**(46)**	**(46)**

The attached notes 1 to 14 form an integral part of these financial statements.

MDGH GMTN (RSC) LTD

Statement of cash flows
For the year ended 31 December 2023

	Notes	**31 December 2023 USD *(in thousands)***	31 December 2022 USD *(in thousands)*
Cash flow from operating activities			
Loss for the year		**(19)**	(26)
Adjustments for:			
Interest and similar income on loan receivables	4	**(502,330)**	(337,097)
Interest and similar expense on interest-bearing borrowings	5	**502,330**	337,097
		(19)	(26)
Change in other payables and accruals		**27**	28
Net cash generated from operating activities		**8**	2
Cash flows from investing activities			
Loans provided to Immediate Parent	8	**(3,666,459)**	(2,472,390)
Loans repaid by the Immediate Parent		**737,281**	-
Interest received from Immediate parent		**338,441**	31,768
Net cash used in investing activities		**(2,590,737)**	(2,440,622)
Cash flows from financing activities			
Proceeds from issuance of interest-bearing borrowings	10	**3,666,449**	2,472,390
Repayment of interest-bearing borrowings		**(737,281)**	-
Interest paid		**(338,441)**	(31,768)
Net cash generated from financing activities		**2,590,727**	2,440,622
Net (decrease) / increase in cash and cash equivalents		**(2)**	2
Cash and cash equivalents at 1 January	7	**2**	-
Cash and cash equivalents at 31 December		**-**	2

Significant non-cash transactions during the year are disclosed in note 9 of the financial statements.

The attached notes 1 to 14 form an integral part of these financial statements.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

MDGH GMTN (RSC) LTD ("the Company") was incorporated on 6 March 2019 in the United Arab Emirates ("UAE"). The Company is considered as a restricted scope company in the Abu Dhabi Global Market ("ADGM") pursuant to ADGM Companies Regulations 2015. The Company was formerly registered in ADGM as MIC Capital Management 64 RSC Ltd until it changed its name on 19 May 2020. The Company's immediate parent is Mubadala Treasury Holding Company LLC (UAE) ("MTHC" or the "Immediate Parent") which is a fully owned subsidiary of Mamoura Diversified Global Holding PJSC ("MDGH"). The ultimate parent of the Company is Mubadala Investment Company PJSC ("MIC" or the "Ultimate Parent"), a sovereign wealth fund of the Government of the Emirate of Abu Dhabi.

The principal objective and activity of the Company is to provide Global Medium-Term Notes ("GMTN") and Euro Commercial Paper ("ECP") placement support services to MTHC.

The accounting records of the Company are maintained in Abu Dhabi. The registered office of the Company is 2462ResCowork01, 24th Floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

These financial statements were authorized for issue by the Board of Directors on 3 May 2024.

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards and the Companies Regulations 2020 of ADGM.

(b) Going concern

MDGH has provided guarantee to the noteholders and towards the Company with respect to the receivables that the Company owes from MTHC. Based upon this received guarantee and the financial situation of the Company, management has prepared the financial statements on the basis of a going concern assumption.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(d) Functional and presentation currency

The financial statements are presented in US Dollars, ("USD") which is the Company's functional and presentational currency. All financial information presented in USD has been rounded to the nearest thousands, unless otherwise stated.

2 BASIS OF PREPARATION *(continued)*

(e) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant estimates are limited to the determination of fair value of the Global Medium Term Note Programme and its mirrored loans receivable from MTHC. Assumptions are based upon the market prices as they are all primarily listed at the London Exchange as at 31 December 2023. See Note 13 for further information.

Provision for taxation

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the “CIT” Law) to enact a federal corporate tax regime in the UAE, effective for accounting periods beginning on or after 1 June 2023. A tax rate of 9% will apply to taxable income exceeding AED 375,000. The Ministry of Finance continue to issue supplemental decisions of the Cabinet of Ministers of the UAE to further clarify certain aspects of the CIT Law. Such decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the CIT Law on the Company.

Since the ultimate parent company is a Government Controlled Entity (“GCE”) and is exempted from the Law, the Company, being a wholly-owned and controlled special purpose vehicle (“SPV”) we expect will also be exempted from the application of the Law.

(f) Application of new and revised International Financial Reporting Standards (IFRS)

(i) *New accounting standards and amendments for 2023 and forthcoming requirements*

The following amendments to existing standards and framework have been applied by the Company in preparation of these financial statements. There has been no material impact on the financial statements of the Company upon adoption of the below new and amended standards.

Description	**Effective from**
IFRS 17 Insurance Contracts	1 January 2023
Definition of Accounting Estimates - Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12	1 January 2023

2 BASIS OF PREPARATION *(continued)*

(f) Application of new and revised International Financial Reporting Standards (IFRS) *(continued)*

(ii) *Future changes in accounting policies – Standards issued but not yet effective as at 31 December 2023*

- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback (effective from 1 January 2024);
- Classification of Liabilities as Current or Non-current and Non-current liabilities with Covenants Amendments to IAS 1 (effective from 1 January 2024);
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements (effective from 1 January 2024);
- Amendments to IAS 21 - Lack of exchangeability (effective from 1 January 2025); and
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between and investor and its associate or joint venture (effective date is deferred by IASB)

The above new and amended standards are not expected to have a significant impact on the Company's financial statements.

In addition to the forthcoming amendments above, on April 2024 the IASB has issued IFRS 18. The new standard introduces new requirements to improve companies' reporting of financial performance.

While IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what the Company reports as its 'operating profit or loss'. The Company is currently analysing the impact on the presentation of the primary financial statements.

3 MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently by the Company for all periods presented in these financial statements.

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Foreign currency gains or losses on monetary items is the difference between the amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

3 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

i. Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company 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 or 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 or loss are recognised immediately in profit or loss.

ii. Classification and subsequent measurement

Financial assets

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Financial assets include 'Cash and cash equivalents', 'interest accrued on loans receivable' and 'loans receivable, which are measured at amortised cost.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Financial instruments *(continued)*

Financial assets *(continued)*

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. A financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECL") on loans receivable, interest accrued on loans receivable, cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company has recognised lifetime ECL for loans receivable and interest accrued on loans receivable. The expected credit losses for these are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Financial liabilities

Borrowings

Borrowings are recognised initially at fair value, net of directly attributable transaction costs. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the Effective Interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

ii. Classification and subsequent measurement

When a financial liability measured at amortised cost is modified without resulting in derecognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows, including only fees paid or received between the borrower and the lender, comprising also fees paid or received by either the borrower or lender on the other's behalf, discounted at the original EIR. This means that the difference cannot be spread over the remaining life of the instrument.

3 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Financial instruments *(continued)*

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

Fair value measurement

The determination of fair values of financial assets and liabilities is based on quoted market prices or dealer quotations for financial instruments traded in active markets. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. Quoted bid prices are used for financial assets and quoted ask prices are used for financial liabilities.

3 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Financial instruments *(continued)*

Fair value measurement *(continued)*

For financial instruments not traded on an active market, fair value is determined based on recent transactions, brokers' quotes or a widely recognised valuation technique. Valuation techniques include using recent arm's length transaction between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) Finance income and expenses

(i) Finance income from loans

Finance income from loans comprises interest income on loans given to a related party. Finance income from loans is recognised in profit or loss as they accrue using the effective interest rate method.

(ii) Finance expense

Finance expense comprises interest expenses on interest-bearing borrowings, bank charges, and foreign currency gains and losses. Interest expenses are recognised in profit or loss as they accrue using the effective interest method. Foreign currency gains and losses are reported on net basis in profit or loss depending on whether foreign currency movements are in a net gain or net loss position.

Current versus non-current classification

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification. The Company classifies an asset as current when:

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
(b) it holds the asset primarily for the purpose of trading;
(c) it expects to realise the asset within twelve months after the reporting period; or
(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

MDGH GMTN (RSC) LTD

Notes to the financial statements *(continued)*
For the year ended 31 December 2023

4 INTEREST AND SIMILAR INCOME ON LOANS RECEIVABLE

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Interest income from immediate Parent	**578,187**	481,127
Foreign exchange loss	**(75,857)**	(144,030)
	502,330	337,097

5 INTEREST AND SIMILAR EXPENSE ON INTEREST-BEARING BORROWINGS

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Interest expenses (i)	**578,187**	481,127
Foreign exchange gain	**(75,857)**	(144,030)
	502,330	337,097

(i) Interest expense includes amortisation of bond premium of USD 122,723 thousands (2022: USD 133,055 thousands).

6 GENERAL AND ADMINISTRATIVE EXPENSES

In line with Abu Dhabi Accountability Authority's Chairman Resolution No. (27) of 2023 applicable to the Subject Entities, remuneration of auditors in 2023 and 2022 for the Company is as follows:

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Audit of financial statements	**8**	8
Non-assurance services as required by applicable law	-	-
	8	8

7 CASH AND CASH EQUIVALENTS

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Cash at bank	-	2

Cash at bank balances are placed with a UAE bank which is an associate of the Ultimate Parent on arm's length basis. The Company's exposure to credit and currency risks related to cash and cash equivalents is immaterial *(see Note 13).*

8 LOANS RECEIVABLE

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Loans receivable from Immediate Parent		
Loans receivable on Global Medium-Term Note ("GMTN")	**20,151,322**	19,180,584
Loans receivable on Euro Commercial Papers ("ECP")	**1,300,000**	450,000
	21,451,322	19,630,584
Current	**3,163,689**	1,874,341
Non-current	**18,287,633**	17,756,243
	21,451,322	19,630,584

8 (a) Loans receivable from Immediate Parent on GMTN

Summarised below are the key terms of the outstanding loans receivable from Immediate Parent on GMTN as at 31 December:

Particulars	*Currency*	*Interest rate*	*Year of maturity*	**31 December 2023 USD *(in thousands)***	31 December 2022 USD *(in thousands)*
Loans receivable	USD	Fixed	2024 to 2034	**17,700,968**	16,062,052
Loans receivable	EUR	Fixed	2031	**1,366,573**	2,245,353
Loans receivable	GBP	Fixed	2024-2051	**763,280**	750,996
Loans receivable	JPY	Fixed	2026	**116,791**	122,183
Loans receivable	AED	Fixed	2028	**203,710**	-
				20,151,322	19,180,584

MDGH GMTN (RSC) LTD

Notes to the financial statements *(continued)*
For the year ended 31 December 2023

8 LOANS RECEIVABLE *(continued)*

8 (a) Loans receivable from Immediate Parent on GMTN *(continued)*

Movement in loans receivable from Immediate Parent on GMTNs during the year is as follows:

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
At 1 January	**19,180,584**	19,030,543
Additions	**2,429,167**	2,472,390
Repayments	**(1,412,433)**	(1,877,917)
Foreign exchange fluctuations and other movements	**(45,996)**	(444,432)
At 31 December	**20,151,322**	19,180,584

8 (b) Loans receivable from Immediate Parent on ECP

Summarised below are the key terms of the outstanding loans receivable from Immediate Parent on ECPs as at 31 December:

	Currency	*Interest rate*	*Year of maturity*	**31 December 2023 USD *(in thousands)***	31 December 2022 USD *(in thousands)*
Loans receivable	USD	Fixed	2024	**1,300,000**	450,000

Movement in loans receivable from Immediate Parent on ECPs during the year is as follows:

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
At 1 January	**450,000**	-
Additions	**2,712,281**	2,750,000
Repayments	**(1,862,281)**	(2,300,000)
At 31 December	**1,300,000**	450,000

9 RELATED PARTIES

Related party transactions comprise of transactions with the Company's Immediate Parent and a banking subsidiary of the Ultimate Parent. The terms of transactions with the related parties are agreed and are approved by the Directors of the Company.

Balances with Immediate Parent at the end of the reporting year comprise:

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Loans receivable	**21,451,322**	19,630,584
Interest accrued on loans receivable	**152,641**	140,167

As at 31 December 2023, a banking subsidiary of the Ultimate Parent invested in the corporate bonds issued by the Company amounting to USD 1,809 million (31 December 2022: USD 1,531 million).

In addition, the below transactions were entered with the Immediate Parent.

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Loans provided to Immediate Parent (note 9)	**5,141,448**	5,222,390
Loans repaid by the Immediate Parent (note 9)	**3,274,714**	4,177,917
Interest income from Immediate Parent (note 4)	**578,187**	481,127

Guarantees from MDGH

The payments of all amounts due in respect of the interest-bearing borrowings is unconditionally and irrevocably guaranteed by MDGH.

Non-cash transactions

During the year, the Immediate Parent directly settled interest-bearing borrowings amounting to USD 1,476 million (2022: USD 4,177 million) and bond interest payment of USD 318 million (2022: USD 577 million) on behalf of the Company. These settlements were applied against the loans receivable from the Immediate Parent.

In addition, proceeds from interest-bearing borrowing amounting to USD 2,537 million (2021: USD 2,750 million) were directly received by the Immediate Parent on behalf of the Company.

10 INTEREST-BEARING BORROWINGS

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
GMTN	**20,151,322**	19,180,584
ECP	**1,300,000**	450,000
	21,451,322	19,630,584
Current	**3,163,689**	1,874,341
Non-current	**18,287,633**	17,756,243
	21,451,322	19,630,584

10 (a) GMTN

Summarised below are the key terms of the outstanding GMTNs as at 31 December:

Particulars	*Currency*	*Interest rate*	*Year of maturity*	**31 December 2023 USD *(in thousands)***	31 December 2022 USD *(in thousands)*
Unsecured corporate bonds	USD	Fixed	2024 to 2034	**17,700,968**	16,062,052
Unsecured corporate bonds	EUR	Fixed	2031	**1,366,573**	2,245,353
Unsecured corporate bonds	GBP	Fixed	2024-2051	**763,280**	750,996
Unsecured corporate bonds	JPY	Fixed	2026	**116,791**	122,183
Unsecured corporate bonds	AED	Fixed	2028	**203,710**	-
				20,151,322	19,180,584

In November 2023, the Company issued its inaugural Green Bond of USD 750 million with a tenor of 10.5 years and coupon of 5.9% and its inaugural AED Bond of AED 750 million with a tenor of 5 years and coupon of 5.7%.

10 INTEREST-BEARING BORROWINGS *(continued)*

10 (a) GMTN *(continued)*

Movement in GMTNs during the year is as follows:

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
At 1 January	**19,180,584**	19,030,543
Additions	**2,429,167**	2,472,390
Settlement against loan receivable	**(1,412,433)**	(1,877,917)
Foreign exchange fluctuations and other movements	**(45,996)**	(444,432)
At 31 December	**20,151,322**	19,180,584

10 (b) ECP

Summarised below are the key terms of the outstanding ECPs as at 31 December:

Currency	*Interest rate*	*Year of maturity*	**31 December 2023 USD *(in thousands)***	31 December 2022 USD *(in thousands)*
USD	Fixed	2024	**1,300,000**	450,000

Movement in ECPs during the year is as follows:

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
At 1 January	**450,000**	-
Additions	**2,712,281**	2,750,000
Repayments	**(1,862,281)**	(2,300,000)
At 31 December	**1,300,000**	450,000

10 INTEREST-BEARING BORROWINGS *(continued)*

10 (c) Fair value of borrowings

The estimated fair value of borrowings is as follows:

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Level 1	**17,701,838**	16,536,921
Level 2	**316,549**	311,007
Level 3	**1,258,479**	444,709
At 31 December	**19,276,866**	17,292,637

11 INTEREST AND OTHER LIABILITIES

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Accrued interest on GMTN	**152,641**	140,167
Other payables and accruals	**46**	29
	152,687	140,196

12 SHARE CAPITAL

As at 31 December 2023, the Company's authorized, issued, and fully paid-up share capital composed of 1 equity share with no par value (2022: 1 equity share with no par value).

13 FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:
• credit risk
• liquidity risk
• market risk

13 FINANCIAL RISK MANAGEMENT *(continued)*

Overview *(continued)*

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Financial risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls in line with the Ultimate Parent's risk management policies, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Board of Directors oversees how the Company monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company and arises principally from the cash and cash equivalents, loan receivables and interest accrued on loans receivable. All loans and interest receivables from the Immediate Parent are classified as stage 1 and low credit risk has been applied as MDGH, the guarantor of the interest-bearing borrowings, has a stable credit rating with Moody's (Aa2), S&P (AA) and Fitch (AA). Balances with bank are assessed to have low credit risk of default since the balances are with a major bank operating in the United Arab Emirates and is highly regulated by the central bank. The credit risk is mainly concentrated to the loans receivable and interest accrued on loans receivables from Immediate Parent.

	31 December 2023 USD *(in thousands)*	31 December 2022 USD *(in thousands)*
Loan receivables	**21,451,322**	19,630,584
Interest accrued on loans receivable	**152,641**	140,167
	21,603,963	19,770,751

13 FINANCIAL RISK MANAGEMENT *(continued)*

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The liquidity risk is considered negligible since collection of loans provided to MTHC and repayment of notes issued are guaranteed by the MDGH. Payment and settlement of certain notes and loans is performed by the MTHC.

The following are the undiscounted contractual cash flows of financial liabilities, including estimated interest payments as at 31 December 2023 and 2022:

All amounts in USD thousands **2023**	**Carrying value**	**Cash flows**	**1 year or less**	**1 to 5 years**	**More than 5 years**
Interest-bearing borrowings	**21,451,322**	**(29,589,567)**	**(3,855,111)**	**(6,511,662)**	**(19,222,794)**
Other payables and accruals	**46**	**(46)**	**(46)**	**-**	**-**
	21,451,368	**(29,589,613)**	**(3,855,157)**	**(6,511,662)**	**(19,222,794)**

All amounts in USD thousands 2022	Carrying value	Cash flows	1 year or less	1 to 5 years	More than 5 years
Interest-bearing borrowings	19,630,584	(22,949,836)	(2,497,491)	(5,950,391)	(14,501,954)
Other payables and accruals	29	(29)	(29)	-	-
	19,630,613	(22,949,865)	(2,497,520)	(5,950,391)	(14,501,954)

The repayment terms of the issued notes are the same as the repayment terms of the granted loans. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Market risk

Market risk arises from fluctuations in currency rates and interest rates.

13 FINANCIAL RISK MANAGEMENT *(continued)*

(c) ***Market risk*** *(continued)*

Currency risk

Foreign currency risk

Currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's bank balance, loan receivables, accrued interest on loans receivable, and interest-bearing borrowings, and accrued interest on interest-bearing borrowings.

The Company manages its foreign currency risk by first taking advantage of natural offsets and then managing excess unwanted risks through use of foreign currency borrowings.

The Company's exposure to foreign currency risk was as follows based on notional amounts as at 31 December 2023 and 2022 (in USD):

All amounts in USD thousands	**EUR**	**GBP**	**JPY**
31 December 2023			
Loans receivable	**1,366,573**	**763,280**	**116,791**
GMTN	**(1,366,573)**	**(763,280)**	**(116,791)**
Accrued interest on loans receivable	**6,877**	**44,351**	**8,467**
Accrued interest on GMTN	**(6,877)**	**(44,351)**	**(8,467)**
	-	**-**	**-**

All amounts in USD thousands	**EUR**	**GBP**	**JPY**
31 December 2022			
Loans receivable	2,245,353	750,996	122,183
GMTN	(2,245,353)	(750,996)	(122,183)
Accrued interest on loans receivable	20,956	37,341	3,348
Accrued interest on GMTN	(20,956)	(37,341)	(3,348)
	-	-	-

All loans granted are nominated in the same currency as the notes issued. Therefore, the Company is not exposed to significant foreign currency risk. Consequently, a change in currency rates would not have a significant impact on equity or the income statement. The Company does not have any significant exposure to currency risk as the loan receivables and interest-bearing borrowings denominated in UAE Dirhams AED or US Dollars, the latter being pegged to the UAE Dirham.

13 FINANCIAL RISK MANAGEMENT *(continued)*

(c) Market risk (continued)

***Currency risk** (continued)*

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or finance charges.

As at 31 December 2023 and 2022, the Company is not exposed to cash flow interest rate risk as the financial liabilities have fixed interest rates. The terms and conditions for interest-bearing borrowing and related loan receivable from a related party are the same and thus offset the impact of interest.

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows as at 31 December 2023 and 2022:

As at 31 December 2023					
All amounts in USD thousands	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets					
Loans receivable	**21,451,322**	**19,276,866**	**17,701,838**	**316,549**	**1,258,479**
Interest accrued on loans receivable	**152,641**	**152,641**	**-**	**-**	**152,641**
	21,603,963	**19,429,507**	**17,701,838**	**316,549**	**1,411,120**

As at 31 December 2022					
All amounts in USD thousands	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets					
Loans receivable	19,630,584	17,292,637	16,536,921	311,007	444,709
Interest accrued on loans receivable	140,167	140,167	-	-	140,167
	19,770,751	17,432,804	16,536,921	311,007	584,876

13 FINANCIAL RISK MANAGEMENT *(continued)*

Fair value of financial assets and liabilities *(continued)*

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows as at 31 December 2023 and 2022:

As at 31 December 2023 *All amounts in USD thousands*	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Liabilities					
Interest-bearing borrowings	**21,451,322**	**19,276,866**	**17,701,838**	**316,549**	**1,258,479**
Interest and other liabilities	**152,687**	**152,687**	**-**	**-**	**152,687**
	21,604,009	**19,429,553**	**17,701,838**	**316,549**	**1,411,166**

As at 31 December 2022 *All amounts in USD thousands*	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities					
Interest-bearing borrowings	19,630,584	17,292,637	16,536,921	311,007	444,709
Interest and other liabilities	140,196	140,196	-	-	140,196
	19,770,780	17,432,833	16,536,921	311,007	584,905

The fair value of the interest-bearing borrowings is based upon the market prices as they are all primarily listed at the London Exchange as at 31 December 2023 and 2022.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These inputs result in the following fair value hierarchy:

- Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.
- Level 2 financial instruments are those valued using techniques based primarily on observable market data, Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.
- Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data, instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data i.e. Euro Commercial Papers.

13 FINANCIAL RISK MANAGEMENT *(continued)*

Fair value of financial assets and liabilities *(continued)*

Valuation techniques

The valuation technique and key input used in measuring Level 1 interest-bearing borrowings was quoted bid prices in an active market.

The valuation technique and key input used in measuring Level 2 interest-bearing borrowings was quoted bid prices.

The valuation technique and key input used in measuring Level 3 interest-bearing borrowings:
- for ECP, the carrying amount of the ECP approximates their fair value due to the short term.

Loans receivable from Immediate Parent and interest accrued on loans receivable mirrors the valuation technique and key input used in measuring interest-bearing borrowings and accrued interest on GMTN.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and adjusts it, considering changes in business conditions. No changes were made to the objective, policies or procedures during the year.

14 MATERIAL SUBSEQUENT EVENTS

In April 2024, the Company has repaid its USD 850 million 7 year-bonds.

Further, as of date of approval of these financial statements, the Company has issued seven (7) commercial papers amounting to USD 700 million. The Company has also repaid seven (7) commercial papers amounting to USD 700 million.