DIRECTORS' REPORT TO THE SHAREHOLDERS

For and on behalf of the Board of Directors

We are proud and excited to present the financial and operational results of RAKBANK (the "Bank") and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2025. Group Profit after tax for the year at AED 2,609.3 million is up 25.7% over the previous year. Total Assets stood at AED 105.0 billion, increasing by 18.9% over 2024. Gross Loans and Advances closed at AED 55.9 billion, up by 11.7% over the previous year. Deposits grew by 18.1% with current and savings deposit (CASA) growing by AED 8.5 billion and time deposits grew by AED 2.3 billion. The Return on Average Assets ratio for the year was 2.8% compared to 2.6% in the previous year and Return on Average Equity was 20.2%, compared to 18.4% in 2024.

Financial performance

The increase in Profit before tax by AED 587.0 million was mainly due to increase in Net interest income and net income from Islamic financing by AED 123.5 million, Non-interest income by AED 332.0 million, decrease in net impairment charge by AED 325.5 million partly offset by increase in operating expenses by AED 194.0 million.

Gross interest income and income from Islamic financing increased by AED 293.0 million which was offset by increase in Interest expense and distributions to depositors by AED 169.5 million that resulted in total increase in Net interest income and net income from Islamic financing of AED 123.5million.

Non-Interest Income increased by AED 332.0. million to AED 1,482.0 million. This was mainly due to an increase of AED 38.6 million in foreign exchange and derivative income due to increase in customer volumes and increase in investment income by AED 143.3 million.

Operating Expenses increased by AED 194.0 million compared to the previous year. Increase in expenses was mainly due to staff and technology costs as well as overall business expansion. The Group's Cost to income ratio increased to 35.8% compared to 35.2% for the previous year.

Operating Profit before net impairment charge and tax increased by AED 262.0 million from 2024. Net impairment charge for the year decreased by AED 325.0 million compared to the previous year. Decrease in net impairment charge is driven by a shift in the business mix towards secured low risk assets with better portfolio performance, coupled with benign credit environment.

The Stage 3 Loans and Advances to Gross Loans and Advances ratio improved to 1.9% from 2.2% in the previous year. Additionally, the net impairment charge to average loans and advances decreased to 0.9% in 2025 compared to 1.7% in 2024.

Total Assets increased by 18.9% to AED 105.0 billion compared to 2024. This was mainly due to an increase in Gross Loans and Advances by AED 5.8 billion, Investments by AED 2.9 billion, Cash and Balance with CBUAE by AED 2.9 billion. Wholesale Banking and Financial Institutions lending increased by AED 3.6 billion, Retail banking lending by AED 1.7 billion and Business Banking lending by AED 0.7 billion respectively compared to prior year.

Customer deposits grew by AED 10.8 billion to AED 70.5 billion compared to 2024. This growth came mainly from an increase of AED 8.5 billion in CASA accounts and AED 2.3 billion in Time Deposits.

After taking into consideration the profit after tax for 2025 and expected dividend, the Bank's Capital adequacy ratio as per Basel III remained stable at 18.1% as at 31 December 2025 compared to previous year. The regulatory Eligible Liquid Asset Ratio at the end of the year was 17.2%, compared to 16.4% for the previous year. The Lending to Stable Resources ratio stood at a comfortable 76.9% compared to 80.2% at the end of 2024.

DIRECTORS' REPORT TO THE SHAREHOLDERS (continued)

Ratings

The Bank is currently rated by the following agencies. The ratings are given below:

Rating Agency	Last update date	Deposits	Outlook
Moody's	March 2025	Baa1 / P-2	Positive
Fitch	March 2025	BBB+ / F2	Stable
Capital Intelligence	August 2025	A / A1	Stable

Regulatory disclosure

During the year, the Group has engaged its external auditor Deloitte & Touche (M.E.) for non-audit services. Total fee for non-audit services amounted to AED 1.4 million.

Key Achievements

Our strategic transformation continues as we work towards becoming a 'digital bank with a human touch.'

Some highlights include:

- We became the first conventional bank in the UAE to launch a GenAI-powered Digital Assistant on the RAKBANK Mobile App, enabling customers to access 150+ services through intuitive, conversational banking (CSAT 82%).
- We launched digital asset trading in-app, becoming the first conventional bank in the UAE to offer crypto brokerage via the mobile app, with AED-based transactions directly from customer accounts through Bitpanda.
- Skiply continued to scale as our Family App, expanding use cases (including international tuition payments via Flywire) and introducing Smart Plans to enable convenient monthly fee payments; the platform now has 210,000+ users, 350,000+ students, and 40%+ UAE school market share, with 42 awards to date.
- We scaled Protego, our digital insurance aggregator, more than doubling YoY activity and reaching 30k+ customers (with ~50% non-bank customers) and AED 50M+ premiums, alongside the launch of Health insurance with multiple insurer partners.
- We continued to advance our Social & Financial Inclusion agenda, including our Social Finance Bond supporting SMEs and healthcare, and the ongoing growth of our Microsegment offering (digital wage processing, remittances, microlending and microinsurance), serving 2M+ workers and enabling remittances to 170+ countries.
- In Wholesale Banking, we expanded capabilities and diversified fee income streams, including the launch of Debt Capital Markets (DCM) desk and an enhanced FX platform, alongside successful execution of syndicated loans and landmark structured financing deals.
- We strengthened 'Mission Zero' execution and productivity, cutting complaints by 30%+, re-engineering 22 customer journeys, extending branch operating hours, and improving fulfilment efficiency (processing 16% more volume with 6% less capacity, ~23% efficiency gain).
- We launched our most premium Credit Card – Elevate – that reimagines and re-defines rewards and benefits for our Elite Customers.
- To provide a 'human touch', we have launched our exclusive Elite centers in Dubai, Abu Dhabi and Ras Al Khaimah – for the convenience of our Elite customers.

DIRECTORS' REPORT TO THE SHAREHOLDERS (continued)

Recognition in 2025

RAKBANK has recorded its highest level of industry recognition to date, securing 51 industry awards across all divisions, reflecting strong performance across digital innovation, marketing excellence and customer impact. Recent highlights include:

- **Banking Company of the year** - Gulf Business Awards
- **The UAE's Best Bank for SMEs** - Euromoney - Awards for Excellence
- **Banking Executive of the Year** (GCEO) Finance ME
- **Best Digital Bank** - Global Business and Finance Magazine award
- **SME Souk Podcas**t - Qorus Banking Impact Award

Outlook for 2026

Our performance in 2025 set new records, reflecting a year of milestones and strong profitability. These results affirm the effectiveness of our strategy and reinforce our commitment to sustainable and scalable value creation through diversification and digitization.

The global outlook for 2026 continues to be shaped by heightened geopolitical uncertainty, evolving tariff dynamics, and a more cautious investment climate across major economies. At the same time, ongoing shifts in global supply chains are weighing on medium term prospects, as businesses reassess supply structures and adapt to a more fragmented trading environment. In this context, continued vigilance will be essential, as geopolitical tensions, changing trade policies, and disrupted supply flows create both challenges and opportunities for economies that remain agile, outward looking, and committed to reform. Against this backdrop, the UAE continues to distinguish itself as one of the region's strongest performers, supported by a vibrant non-oil sector, resilient external fundamentals, and steady progress in its diversification agenda.

As we enter 2026, RAKBANK will mark its 50th anniversary, a significant milestone in the Bank's history. This moment provides an opportunity to reflect on five decades of service, partnership and progress, while reaffirming our commitment to the principles that have guided the Bank since its founding and to the future we continue to build. As the UAE pursues its long-term national ambitions and Ras Al-Khaimah continue to grow, we remain focused on deepening customer relationships, empowering SMEs, and advancing financial inclusion across the country. Our vision of becoming a digital bank with a human touch continues to shape how we simplify processes, enhance service quality, and deliver exceptional digital experiences without losing empathy and trust our customers expect. With a prudent risk culture and a resilient, diversified business model, RAKBANK is well positioned to seize new opportunities while staying true to its mission of supporting people, businesses, and communities across the Emirates.



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Mohamed Omran Alshamsi
Chairman
27 January 2026