INB
بنك الاستثمار



2025 Integrated Report

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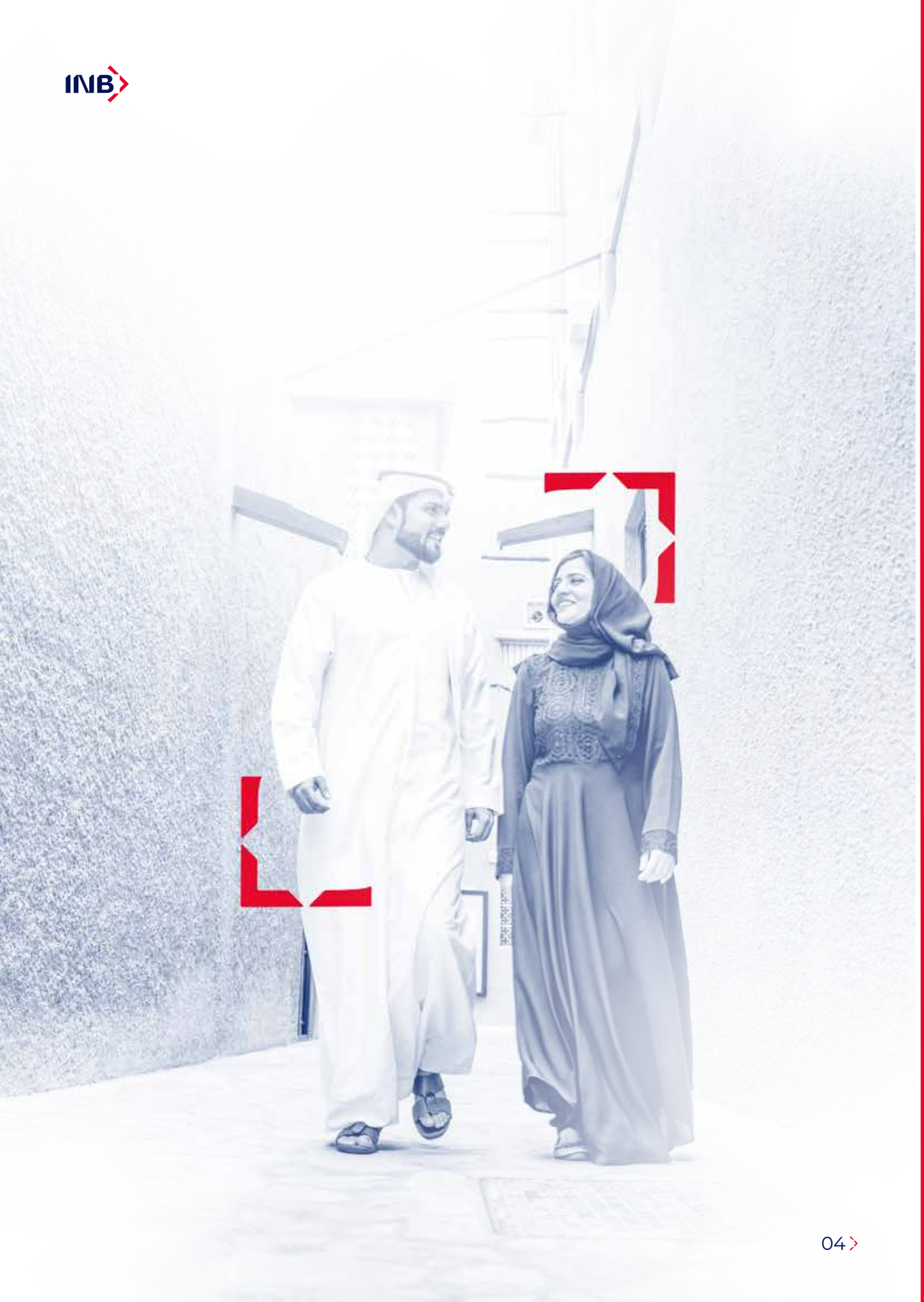


Strategic Report

Guided by the vision of its leadership, Invest Bank has a set of clear strategic objectives.

In **2025**, it made further progress in pursuing these, both financial and operational, including by strengthening its capital position and implementing numerous efficiency initiatives.

Chairman Message

Over the past year, the Bank has taken significant steps to strengthen its foundations and position the institution for its next phase of growth. Guided by a clear vision for the future, the Board and management worked closely together to advance the Bank's transformation and define the strategic direction that will guide Invest Bank in the years ahead.

A key outcome of this work was the development of the Bank's **three-year strategic plan for the period 2026–2028**. This strategy provides a clear roadmap for the Bank's future, focused on strengthening Invest Bank's position as a customer-centric commercial bank while enhancing operational resilience, governance and long-term value creation.

Throughout this period, the Board has remained fully engaged in supporting the Bank's transformation. Our role has been to provide strategic oversight, ensure strong governance and work alongside management to build the foundations required for sustainable growth.

The progress achieved during the year reflects the collective efforts of the Bank's leadership and employees, who have demonstrated strong commitment and professionalism throughout this transformation journey.

The Board has great confidence in the Bank's leadership team and in their ability to execute the strategy that has now been established. The strengthening of leadership, combined with the Bank's continued investment in its capabilities, provides a strong platform for the next chapter of Invest Bank's development.

Looking ahead, we remain focused on ensuring that the Bank continues to build a resilient institution that delivers value for its shareholders while supporting the economic development of the United Arab Emirates.

On behalf of the Board of Directors, I would like to express our sincere gratitude to **His Highness Sheikh Dr. Sultan bin Mohammed Al Qasimi**, Member of the Supreme Council and Ruler of Sharjah, for his continued guidance and support.

I would also like to thank our shareholders, customers, regulators and employees for their ongoing trust and commitment to Invest Bank.

As we move forward, the Board remains confident that the foundations established during the past year will enable Invest Bank to enter its next phase with clarity, discipline and renewed ambition.

The year 2025 represents an important milestone in the continued evolution of **Invest Bank**.



His Highness Sheikh Sultan bin Ahmed bin Sultan Al Qasimi
Chairman of
the Board of Directors

CEO Message

Our priority throughout the year was clear: to build a stronger, more resilient institution capable of delivering sustainable performance in an increasingly competitive banking environment. This required a comprehensive effort across the Bank, focused on leadership, governance, technology and operational excellence.

These efforts were undertaken alongside the development of the Bank's three-year strategic plan for 2026–2028, which establishes a clear roadmap for Invest Bank's next phase of growth. The strategy focuses on strengthening our commercial banking capabilities, enhancing customer experience and leveraging technology to build a more agile and competitive institution.

A key area of focus during the year was people and leadership. We strengthened the Bank's leadership team and worked to foster a culture centered on accountability, collaboration and customer focus. Building the right leadership structure and aligning the organization around a shared vision for the future has been fundamental to the Bank's transformation.

At the same time, significant work was undertaken to reinforce the core foundations of the Bank's operating model. This included strengthening governance frameworks, enhancing risk management practices and embedding compliance across the organization. These efforts are essential to ensuring that the Bank continues to operate with discipline, transparency and strong regulatory alignment.

Technology has also been a central pillar of our transformation. During the year, the Bank continued investing in its technology landscape, including the enhancement of core banking capabilities and broader investments in digital infrastructure. These initiatives are designed to improve operational efficiency, support innovation and enable the delivery of a more seamless customer experience.

In parallel, we initiated a process re-engineering program to review and streamline key customer journeys across the Bank. By simplifying processes and improving operational flows, we aim to enhance service delivery and strengthen our ability to respond to evolving customer expectations.

Together, these initiatives represent a coordinated effort to strengthen the Bank from within, ensuring that Invest Bank is equipped with the right leadership, systems and capabilities to support its long-term ambitions.

The work undertaken during 2025 has laid the foundations for the next chapter of Invest Bank. With a clear strategy, strengthened leadership and renewed organizational focus, the Bank is well positioned to move forward with confidence and ambition.

I would like to express my sincere appreciation to **His Highness Sheikh Sultan bin Ahmed Al Qasimi**, Chairman of Invest Bank and to the Board of Directors for their continued guidance and support.

I would also like to thank our employees for their dedication and commitment and our customers and partners for the trust they place in Invest Bank as we continue this journey together.

2025 was a year of purposeful transformation for **Invest Bank**, a year in which we focused on strengthening the Bank's foundations and preparing the organization for its next phase of growth.



Edris AlRafi
Chief Executive Officer

Introduction

Invest Bank P.S.C. was established on 13 February 1975 as a Public Stock Company in the Emirate of Sharjah subject to Emiri Decree No. 153/02/1975 issued by His Highness the Ruler of Sharjah. On 10 April, 2019, Government of Sharjah's (GOS) made a strategic decision to join Invest Bank P.S.C with an investment of Đ 1.115 Billion (net amount) in exchange for a majority stake of 50.07%. On 12 October 2023, GOS increased this further through right issue, taking its shareholding to 88.11% of the Bank's Capital. Its contribution was through a standby guarantee agreement against claims of losses for the Bank's Bad Loans. The investment was made on a commercial basis, with the objective of creating long-term value and an operationally-strong financial institution.
In a further strategic move to diversify ownership, on 30 December 2024, the GOS transferred 20.48% of its shares in the Bank to the Sharjah Social Security Fund (SSSF) . This brought net ownership to 70.06% for the GOS, 18.04% to the SSSF and 11.90% for the other owners.

The Bank is headquartered in Al Nad Area, Al-Qasimiya, Emirate of Sharjah and currently consists of four branches located in the United Arab Emirates, and one in Lebanon.

Our Network

Head Office Qasimiya Branch
Al Zahra'a Street No.105, King Abdul Aziz Road, Al-Qasimiya, P.O.Box: 1885, Sharjah, United Arab Emirates

City Centre Al Zahia Branch
Unit No. G029A, Ground Floor, City Centre Al Zahia, Sharjah, United Arab Emirates

Abu Dhabi Branch.
Al Istiqlal Street, P.O. Box: 2875, Abu Dhabi, United Arab Emirates

Sheikh Zayed Road Branch
Sheikh Zayed Road, P.O.Box: 27734, Dubai, United Arab Emirates

Invest Bank Beirut Branch
Ain El Mreisseh, P.O. Box: 11-5484, Beirut, Lebanon (*under closure)

Corporate Governance Framework

In Circular No. 83/2019 dated 18 July 2019, the Central Bank of the United Arab Emirates (CBUAE) defined Corporate Governance as follows:

“Corporate Governance is the set of relationships between the Bank’s Management, Board, Shareholders and other Stakeholders which provides the structure through which the objectives of the Bank are set, and the means of attaining those objectives and monitoring performance. It helps define the way authority and responsibility are allocated and how corporate decisions are made”.

Invest Bank realizes that Corporate Governance is critical to achieve its primary goal of creating a sound working environment, achieving better performance and long-term value for all stakeholders. Corporate Governance Framework describes the set of relationships between the Bank’s management, its Board, its shareholders and other stakeholders, that provides the structure through which the objectives are set, the means of attaining those objectives and monitoring the performance.

The Corporate Governance structure specifies the distribution of rights and responsibilities among different participants such as the Board, Bank’s Management, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. It influences how the objectives of the Bank are set and achieved, how risk is monitored and assessed, and how performance is optimized.

The adoption and implementation of Corporate Governance is direct responsibility of the Board of Directors in line with the regulatory and statutory requirements in the United Arab Emirates. Corporate Governance disclosures are made according to the requirements of regulatory authorities.

Purpose of Corporate Governance Framework

The purpose of the Corporate Governance Framework is to define the corporate governance structure for the Bank. The Corporate Governance Framework along with Board Charter, other Charters and Terms of Reference (TORs) of the Board Committees, Directors Remuneration Policy and such other independent policies related to Corporate Governance forms the Corporate Governance Policy Manual and its reference document for the Board and the Management of the Bank.

From time to time, individual policies / documents may change based on market and regulatory requirements and are suitably replaced / updated as needed. During the year 2025, all charters were reviewed and updated.



Corporate Governance Principle

The Corporate Governance Framework is aligned with principles prescribed by Basel Committee on Banking Supervision and fully complies with requirements of the Central Bank of UAE (CBUAE) Corporate Governance Regulations and Standards for Banks (Ref 83/2019) and abides by regulations and standards of Institutional Discipline and Governance of Public Shareholding Companies issued by the Securities and Commodities Authority (SCA) of UAE.

The Bank's Board is in ultimate control of the Bank and accordingly bears the ultimate responsibility for the Bank's Corporate Governance. The following are the key responsibilities of the Board of Directors under defined Corporate Governance principals:

- Members of the Board must act with integrity, exercising their Duty of Care, Duty of Confidentiality and Duty of Loyalty. They are responsible for ensuring effective control over the Bank's entire business.
- Members of the Board must ensure that Bank has robust corporate governance policies and processes commensurate with its risk profile and systemic importance.
- Members of the Board are responsible for approving and overseeing implementation of Bank's Risk Governance Framework and alignment of its strategic objectives with its Risk Appetite.
- Members of the Board are responsible for establishing and communicating corporate culture and values through measures including (but not limited to) a written code of conduct, a conflict of interest policy, a whistleblowing policy and mechanism, an insider trading policy and a strong internal control environment.
- Members of the Board are responsible for the organizational structure of the Bank, including execution of key responsibilities of the Board and specifying the key responsibilities and authorities of its committees and Senior Management of the Bank.
- Members of the Board are responsible for overseeing Senior Management, ensuring that the Bank's activities are carried out in a manner consistent with the business strategy, Risk Governance Framework, compensation and other policies approved by the Board.
- Members of the Board are responsible for establishing a Fit and Proper Process for the selection of Senior Management, including the heads of the risk management, compliance and internal audit functions, and the maintenance of succession plans for Senior Management.

The main guiding principles of corporate governance are:

1. **Board operations** – Board's ability to manage its own activities.

2. **Strategy** - Board's role in the strategy development process to ensure:
- Active Board participation in strategy development, including the review and challenge of the strategy.
- Creation of an adaptable organization that is able to respond quickly to changing market opportunities.
- Appropriate dissemination of the strategic plan of Bank.

3. **Corporate Culture** - Board's role in setting and communicating standards for organizational behavior as follows:
- Promote openness with Management on issues for which the Board will ultimately be accountable.
- Sponsor and actively promote adherence to the organization's defined code of conduct.
- Promote the use of incentive schemes that align the interests of the Board and Executive Management with those of the shareholders and other stakeholders.

4. **Monitoring and evaluation** - Board's role in monitoring Management and evaluating its performance against defined goals which requires to:
- Understand organizational risks and be informed routinely about how they are managed and be assured that Risk Management is effective.
- Ensure that organization complies with relevant laws and regulations as well as with accounting, human resource and other internal policies.
- Apply a rigorous process for evaluating and monitoring the performance of the Chief Executive Officer and Executive Management.

5. **Supervision** – the Board's responsibility towards stakeholders and accountability for their interests needs to:
- Uphold rigorous standards for individual member's preparedness, participation and conduct in the matters to the Board / Board Committees.
- Protect the organization and its stakeholders from potential damage due to conflicts of interest.
- Manage stakeholder expectations regarding the safeguarding of their interests, in part by ensuring that communication is thorough, timely and transparent.

6. **Risk Management** – The Board is responsible for ensuring that the Bank has a robust Risk Management Framework. Board has to ensure that the Bank has in place a comprehensive Risk Management Strategy, a strong Risk Appetite Framework and a detailed Policy Manual which are approved by the Board. These provide an environment of strong risk & credit governance and a robust credit management framework.

Corporate Governance Framework Principles

Accountability

Clarity of functions and implementation of accountability in the relationships between the Bank's Executive Management and the Board of Directors, and between the Board and shareholders and other stakeholders

Equality

Ensuring fair treatment of all stakeholders and respecting their rights in accordance with applicable laws and regulations.

Transparency

in Bank's information disclosure and decision making including material information on the bank's objectives, organizational and governance structures and policies, major share ownership and voting rights, related-party transactions, recruitment and compensation policies, and key information concerning its risk exposures and risk management.

Responsibility

Including the clear division and delegation of authority and compliance of Bank's management with laws and regulations

Board Structure

INB Board consists of Directors representing varied / appropriate mix of applicable skills and experience while meeting 'fit and proper' requirements of the CBUAE Regulations and Standards for Banks. The Board of Directors comprises of seven members, who have requisite experience. In addition, five (5) Board Committees assist the Board with its various responsibilities as at year end 2025. In supporting gender diversity and in line with regulatory requirement, one Board member is female

The Board of Directors of Invest Bank P.S.C

H.H. Sheikh Sultan Bin Ahmed Bin Sultan Al Qasimi
Chairman of the Board of Directors
(Non-Executive / Non-Independent)

Mr. Mohamed Obaid Rashid Alshamsi
Vice Chaiman
(Non-Executive / Non-Independent)

Mr. Ummer Said Mohamed Beeran Ummer
Board Member
(Non-Executive / Non-Independent)

Sheikh Mohammad Al Nuaimi
Board Member
(Non-Executive / Independent)

Mr. Abdalla Ibrahim Abdalla Deaifis Al Mheiri
Board Member
(Non-Executive / Independent)

Mr. Farooque Ahmed Tungekar
Board Member
(Non-Executive / Independent)

Ms. Halima Humaid Ali Al Owais
Board Member
(Non-Executive / Independent)

- The Board of Directors was elected during the Annual General Assembly Meeting held on April 30, 2025 upon completion of term of previous Board members. All previous BOD members were re-elected except Mr. Faris Hmaid Trais Saeed AlMazrouei was replaced by Sheikh Mohammad Al Nuaimi.
- The Board is comprised of seven Members.
- The Chairman of the Board was elected by the Members of the Board during the Board of Directors Meeting held on May 14, 2025 after no objection from CBUAE for re-appointment of members was received on same day.

The Board has formed the necessary Board and Management Committees to assist the Board in providing effective oversight over the Bank's operations. Board reviews the structure periodically and modifies it if deemed necessary. Additional committees are formed from time to time and / or the existing Committees are assigned with additional responsibilities.

The role of the Head Board Affairs (Board Secretary) is to assist the Board and its Committees in maintaining the working relation between Executive Management and the Board, between the Board and shareholders and vice versa. The financial control function is independent of the business lines. The Audit function is independent and reports to the Audit Committee of the Board. The Risk Management function is also independent and reports to the Risk Committee of the Board.

Ownership and transactions of board members, their spouses, and their children in Bank's securities during 2025 is according to the following table:

Name	H.H. Sheikh Sultan bin Ahmed Al Qasimi	Shaikha Bodour bint Sultan bin Muhammad Al Qasimi
Position / Relationship	BOD Member and Chairman (Self)	Wife of BOD Chairman
Shares owned as of 31/12/2025	3,781,164	4,232,356
Total Sale Transaction	Nil	Nil
Total Purchase Transaction	Nil	Nil

Board of Directors



H.H. Sheikh Sultan bin Ahmed Al Qasimi

Nationality: UAE

Deputy Ruler of Sharjah & Chairman of Invest Bank
(Non-Executive / Non-Independent)

Date of first Board election:
10 April 2019 - Re-elected to the Board of Directors on 30 April 2025

- His Highness Sheikh Sultan bin Ahmed Al Qasimi, the Deputy Ruler of the emirate of Sharjah, Deputy Chairman of the Sharjah Executive Council, chairman of Sharjah Media Council, serving under the supervision of this Council: Sharjah Broadcasting Authority, Sharjah Government Media Bureau, Sharjah Media City "SHAMS Free Zone Authority". H.H is also occupying the position of chairman for Sharjah Petroleum Council.
- His Highness Sheikh Sultan bin Ahmed Al Qasimi has chaired Basma Group since 2005, and chaired the Board of Directors of Sharjah National Oil Company since 2010, Tilal Properties LLC since 2014 and Arada Real Estate Development Company since 2017. His Highness also chaired the Board of Directors of Invest Bank since 2019.
- His Highness Sheikh Sultan bin Ahmed Al Qasimi has held many key leadership positions in sectors of economy, tourism and sports at the emirate of Sharjah, most prominent: Chairman of Board of Directors for Sharjah Pipeline Company "Anabeeb" (2003-2019), Vice Chairman of Board of Directors for Sharjah Liquefaction Gas Company (SHALCO) (2004-2011), Member of Board of Directors for Dana Gas (2005-2019), Vice Chairman of Board of Directors for Sharjah Equestrian and Racing Club (2002-2011), and Chairman of Sharjah Commerce & Tourism Development Authority (2006- 2012). His Highness has many contributions in the preservation of the environment, through his Chairmanship of the Board of Directors of "Green Planet" LLC since 2005, and Medical & Hazardous Waste "Weqaya" LLC since 2010.
- His Highness Sheikh Sultan bin Ahmed Al Qasimi received the Arab League's Media Personality award of the Year 2016 from League of Arab States. H.H has also been elected as the Humanitarian Envoy for The Big Heart Foundation since 2017.
- Under His Highness wise leadership, a lot has been achieved in two sectors Government Communication and Media, including the establishment of Sharjah Media Council, Sharjah Media City "Shams" Free Zone Authority, Sharjah Government Media Bureau "formerly Sharjah Media Center", and restructuring of Sharjah Broadcasting Authority, establishing several new television channels including "Al Sharqiya" channel from Kalba and "Al Wousta" channel from Al Dhaid, in addition to the establishment of new radios including "Sharjah Quran", "Plus 95" and "Watar" radio stations.
- Also, His Highness Sheikh Sultan bin Ahmed Al Qasimi has established the online news website "Sharjah 24" in 2015, and launched the first and largest digital media and communications platform "OMNES Media" in 2017.

- At the level of the region, His Highness pioneered and launched the first-of-its-kind initiatives, most prominent: International Government Communication Forum in 2011, Sharjah Government Communication Award in 2013, International Photography Festival in 2016, and the establishment of the International Government Communication Centre in 2017.

- His Highness Sheikh Sultan bin Ahmed Al Qasimi holds a Bachelor of Science degree in Business Administration from Arkansas State University of United States of America, and a Masters degree in Computer Information Systems from the University of Detroit Mercy, in Michigan, USA.



Mohammad Obaid Rashid Al Shamsi (Vice Chairman)

Nationality: UAE

Director: (Non-Executive / Non-Independent)

Date of first Board election:
6th February 2024 - Re-elected to the Board of Directors on 30 April 2025

Mr. Mohammad Al Shamsi is a seasoned professional with over two decades of experience in banking and governmental sectors. His career spans diverse roles in retail, investment and commercial banking at leading institutions such as Emirates NBD, SIB, FAB, and HSBC. Holder of a BBA from Institute Supérieur de Gestion (Paris), his academic background adds definite value to his multifaceted career.

A strategic leader with a proven track record, he excels in business development, performance management, growth strategies, compliance, governance, capital reputation enhancement, and client relations.

His expertise extends to operations, change management, and stakeholder engagement. Previously, he actively participated in public service as a Sharjah Consultative Council member. Currently, he serves as General Manager and Board Member of the Sharjah Social Security Fund, enhancing employee well-being and pension benefits. Additionally, he contributes to Al Qasimia University as a Board Member and Finance Committee Chair since 2019, fostering academic excellence and community service. His influence extends to the business sector as a Board Member of Sharjah Cement & Industrial Development since 2023. Recently, Mr. Al Shamsi was appointed as a member of the Board of Trustees of Sharjah Education Academy by HH Sheikh Sultan Bin Muhammad Al-Qasimi, the ruler of Sharjah and member of UAE Supreme Council - may God protect him.



Halima Humaid Ali Al Owais

Nationality: UAE

Director: (Non-Executive / Independent)

Date of first Board election:

19 May 2022- Re-elected to the Board of Directors on 30 April 2025

Ms. Halima Al Owais is the CEO of Sultan bin Ali Al Owais Real Estate, Halima manages family's long standing privately owned real estate portfolios as well as manages the construction company of Moderna Contracting and the family owned Maintenance Company (15% shareholding). Halima also is Vice Chairwoman of Sharjah Consultive Council as well as a member at Sharjah Chamber of Commerce.

She holds a Masters of Urban Planning degree from the American University of Sharjah. She is also a Board Member in the Sharjah Chamber of Commerce on the Investment Committee.



Sheikh Mohammad Abdullah Al Nuaimi

Nationality: UAE

Director: (Non-Executive / Independent)

Date of first Board election:
30 Apr 2025 *

Sheikh Mohammad Abdullah Al Nuaimi is a prominent Emirati banking leader with over two decades of executive experience in the UAE's financial sector. He has held senior positions at United Arab Bank, including Acting CEO and Deputy CEO, and has a strong track record in corporate governance, retail banking, and strategic transformation. Known for his expertise in regulatory compliance and institutional development, he has served on several executive and investment committees. Sheikh Mohammad holds an MBA and BBA from the American University in Dubai.

* (No Objection of appointment from CBUAE received on 22/May/2025)



Abdalla Ibrahim Abdalla Deaifis Almheiri

Nationality: UAE

Director: (Non-Executive / Independent)

Date of first Board election:

19 May 2022- Re-elected to the Board of Directors on 30 April 2025

Mr. Abdullah Ibrahim Deaifis Al Mheiri is the owner and founder of Al Alya Investment Group (100%) and its subsidiaries, Chairman of the Board of Directors of Ithmar Investment LLC (67%) and its subsidiaries as well as TURUQ Engineering LLC (49%). He is the owner and founder of the law firm "Deaifis Advocates and Legal Consultants." He is also a member of the Sharjah Chamber of Commerce and Industry's Board of Directors; and Chairman of the Executive Committee of the Sharjah Center for International Commercial Arbitration "Tahkem" and a former Sharjah Consultative Council member. Mr. Deaifis is also Chairman of the Advisory Board of the College of Law, University of Sharjah.

He received a certificate of appreciation by Sharjah Economic Excellence Award in 2009, and earned the Sheikh Mohammed bin Rashid Award for Youth Enterprise in 2010, in addition, he was honored as a strategic partner in 2014 by Sharjah Foundation to Help Young Small Business Owners, and also received the distinguished honor leader award of Sharjah Chamber of Commerce and Industry.

Mr. Deaifis graduated with honors from the Police College in Abu Dhabi, United Arab Emirates.



Ummer Said Mohamed Beeran Ummer

Nationality: Indian

Director: (Non-Executive / Non-Independent)

Date of first Board election:

10 April 2019 - Re-elected to the Board of Directors on 30 April 2025

Mr. Ummer Said Mohamed Beeran Ummer is a seasoned professional with diversified experience in Treasury, Banking, Public Sector Debt Management, Operational Excellence, Process Engineering, Organizational Effectiveness and Governance Framework. After years of progressive career with an international bank, Said Ummer joined Government of Sharjah (GOS) to lead a broad based banking relationship and to support various departments of Government for effective working capital management.

He assumed the role of Financial Advisor for GOS in early 2015 with key assignments, which have been accomplished smoothly. He maintains regular contact with the senior leadership of Sharjah and contributes to the preparation of fiscal policy and achieving a balanced budget for the emirate. He is a member of the board of Trustees, University Hospital Sharjah and Chairman of the Finance and Investment Committee, Jawaher Boston Medical District, Sharjah.



Farooque Ahmed Tungekar

Nationality: Indian

Director: (Non-Executive / Independent)

Date of first Board election:

9th August 2024 - Re-elected to the Board of Directors on 30 April 2025

Mr. Farooque has more than 43 years of banking experience in a multinational bank operating in the MENA Region (largely in the UAE). While handling multi-billion-dollar portfolios, he gained specialized knowledge and expertise in Corporate Banking, as well as in Credit and Risk Management in local and regional credit cultures with respect to Wholesale Banking and SMEs. Mr. Farooque is also seasoned in structured trade and in contract, project, and property finance. Hardworking, self-motivated, and practical, he has robust credit and risk analytical skills, good communication and interpersonal skills, and a great ability to adapt to multi-cultural working environments.



Board Affairs

Board Secretariat

Corporate Governance and Board Affairs Division acts as an interface between the Board and executive management. The Board Secretariat works closely with the Board and executive management to facilitate communication and transparency.

The Corporate Governance and Board Affairs division is covering the Corporate Governance Framework and governance-related regulatory compliance matters.



Farah Ibrahim

Nationality: UAE

Position: Head of Board affairs

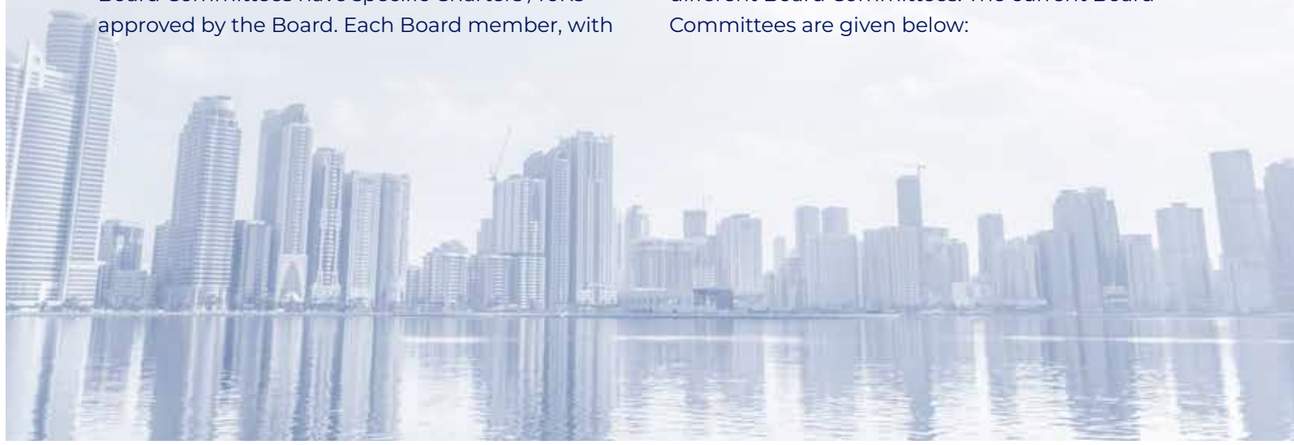
Appointment date: June 2025

Farah Ibrahim brings over 23 years of expertise across banking operations, executive coordination, and service excellence within top UAE and international institutions, including HSBC, Noor Bank, and Invest Bank. Her career spans centralized operations, account services, and branch transformation, with a focus on internal controls and strategic execution. Farah has also contributed to core banking implementations and regulatory projects, reflecting her depth of knowledge and experience in institutional structure and governance support.

Board Committees

As part of Invest Bank's corporate governance program, during 2025, the Board of Directors has designated four permanent and one special committee (BCSAC – appointed during 2024). Board Committees have specific Charters /ToRs approved by the Board. Each Board member, with the exception of H.H. the Chairman of the Board serves on at least one committee.

Board delegates some of its responsibilities to different Board Committees. The current Board Committees are given below:



Committee	Meetings in 2025	Responsibility of the Committee
Board Nominations & Compensation Committee (BNCC / HRC)	7	The Committee is mandated to enable the Board to fulfil its responsibilities in relation to oversight of: • Appropriate composition of the Board; • Nomination of appropriate directors to the Board and Committees; • Assessment of the performance of the Board and of individual directors and senior management; • Succession plans for Board Members and Senior Management; • Bank's public reporting on remuneration matters; and • Bank's HR strategy (including Emiratization). Ms. Halima, "The Chairperson of Board Nominations and Compensation Committee", acknowledges her responsibility for the committee system in the Bank, review of its work mechanism and ensuring its effectiveness"

Committee	Meetings in 2025	Responsibility of the Committee
Board Audit and Compliance Committee (BACC) / Board Audit Committee (BAC)	7	The Committee is mandated to enable the Board to fulfil its responsibilities in relation to oversight of: • Integrity of the Bank's financial statements; • Qualifications, independence and performance of the Bank's external auditors; • Qualifications, independence and performance of the Bank's internal audit department; • Bank's internal controls, including internal controls over financial reporting and disclosure. • Oversight on compliance department of the Bank. Statement from Chairman of the BAC As Chairman, Shaikh Mohammad Abdullah Al Nuaimi is pleased to provide the annual report on the activities of the BAC for the year 2025. Through 7 meetings, BAC effectively discharged its responsibilities in accordance with its Terms of Reference and regulatory obligations. As part of its primary obligations, the BAC reviewed the Group Financial Results along with the External Audit Reports during the year while discussing these with external audit team separately as well as with management. BACC ensured the independence of the External Auditor and the effectiveness of the audit process. The External Audit Fees were reviewed by the BAC, as per the annual process, and recommendations were submitted for Board approval. External Auditor annual evaluation was carried out through Finance Department in coordination with Chief Audit Officer in line with defined policy and regulatory requirements and were also submitted to the Board for its approval (these will be presented to the shareholders for approval at the upcoming AGM). The BAC continued to ensure the independence of the Internal Audit function. The Internal Audit Plan for the year 2025 was approved to ensure that Invest Bank's internal governance and controls remained robust. The implementation and progress of the audit plan and significant issues raised by Internal Audit were regularly monitored during the year by the BAC and were shared with the Board on regular intervals.

Committee	Meetings in 2025	Responsibility of the Committee
Board Audit and Compliance Committee (BACC) / Board Audit Committee (BAC) Contd..		Oversight responsibility over Compliance Department was shifted from BAC during the year to BCSAC. Till its transfer, BAC received regular updates from the acting Head of Compliance with respect to Compliance Issues that encompass regulatory changes, customer and payment screening, transaction monitoring, Russian payments and correspondence banking relationships, and enhanced customer due diligence reviews. The BAC ensured that a management representative was invited to attend a BAC meeting, if an item required the presence. In every meeting, BAC took updates through the Board Secretariate on the corrective actions taken by management with respect to resolution passed by the BAC during its meetings and enquired the reasons of delays (if any) in implementing corrective actions. Further, Internal Audit and Compliance functions also presented regularly, the updates on corrective action taken on issues raised by regulators / other assurance providers. The Chairman BAC submitted self-assessment report of BAC to the Board as part of the evaluation process along with regular updates on the activities of BAC presented to full Board in Board meetings at least on quarterly basis along with other Board Committees. Sheikh Mohammad Abdullah Al Nuaimi, "Chairman of Board Audit Committee", acknowledges his responsibility for Committee system in the Bank, review of its work mechanism and ensuring its effectiveness".
Board Risk Committee (BRC)	5	Committee is responsible for monitoring and managing all aspects of enterprise risk; implementing necessary control measures across the Bank, including the review of bank-wide policies, with an aim to mitigate all inherent risks while limiting the impact of residual risks across the Bank. The purpose is to enable the Board to fulfil its responsibilities in relation to the oversight of:

Committee	Meetings in 2025	Responsibility of the Committee
Board Risk Committee (BRC) Contd..		• Establishing Bank's risk appetite, risk strategy and risk policies, identification and management of risks in the Bank's asset and liability portfolios. • Identification/management of financial/non-financial risks including information / cyber security risks. • Compliance with applicable regulatory requirements relating to risk management. • Independence and effectiveness of risk management functions throughout the Bank. Mr. Farooque Ahmed Tungekar, "Chairman of Board Risk Committee", acknowledges his responsibility for committee system in Bank, review of its work mechanism and ensuring its effectiveness".
Board Credit Committee (BCC)	4	The Committee's mandate is to enable the Board to fulfil its responsibilities in relation to oversight of: • Reviewing/ approval of credit commitments, restructuring, debt settlement, write-offs within the limits set in the DOA and recommending credit commitments above its authority to the Board for approval; • Overseeing the credit risk and credit risk associated with lending portfolio, interbank placements and lending, markets and money market operations. Lending includes funded and non-funded facilities. • Setting the credit strategy, credit policy, monitoring asset quality and ensuring that approvals are in line with the Bank's appetite and in the industry / segment of interest. • Reviewing business opportunities that may be present in the market; • Reviewing the material non-performing debts/asset and ensuring that they are recognised and classified with appropriate provision held, in accordance with regulations in force.

Committee	Meetings in 2025	Responsibility of the Committee
Board Credit Committee (BCC) Contd..		In 2025, BCC reviewed /approved various proposals and other matters. Mr. Ummer Said Mohamed Beeran Ummer, "Chairman of Board Credit Committee", acknowledges his responsibility for the committee system in the Bank, review of its work mechanism and ensuring its effectiveness".
Board Compliance and Special Assets Committee (BCSAC)	4	The Committee has been established by the Board as a standing Board Committee with following mandate: • Periodically oversee and review the materially relevant accounts, within the Special Assets portfolio of the Bank and decide / approve recovery strategies in a manner to ensure timely and effective recovery from the Bank's Special Assets portfolio. • Oversight of Special Assets Department performance, strategies and plans for resolution of accounts and revising, where necessary, the proposed strategies and recovery action. • Reviewing and Approval of requests for write-off, acquisition of assets by the Bank, whether by way of acquisition, debt/asset swap, settlement of debt, through a Court Auction process, as per delegated authority. • Oversee and monitor the classification of delinquent accounts or accounts managed by SAM Department and relevant legal status of court proceedings. • Periodically providing inputs for revising the SAM policy recognizing the changes in the external environment and recovery experience and recommending the same to Board for approval. • Oversight on compliance department of the Bank (effective 01/Nov/2025). Mr. Mohammad Obaid Rashid Al Shamsi "Chairman of Board Special Asset Committee", acknowledges his responsibility for committee system in the Bank, review of its work mechanism and ensuring its effectiveness".

Board and Board Committee Meetings & Attendance During 2025

The members of the Board and Board Committees received detailed information on a regular basis regarding the activities of the Board, its Committees and Management as well as developments in the business. Members of the Senior Management were invited to Board Meetings as necessary to address specific matters, while remaining in compliance with regulatory requirements concerning restrictions of attendance by senior management at certain key meetings.
(✓ Attended | ✕ Apology | ✓* Represented by proxy).

	Meetings Dates and Attendance					
Board of Directors	(01-2025) 05/03/2025	(02-2025) 25/03/2025	(03-2025) 13/08/2025	(04-2025) 07/11/2025	(05-2025) 08/11/2025	(06-2025) 10/12/2025
H.H. Sheikh Sultan bin Ahmed Al Qasimi (Chairman)	✓*	✓*	✓	✓*	✓*	✓*
Mr. Mohamed Obaid Rashid AlShamsi (Member)	✓	✓	✓	✓	✓	✓
Mr. Ummer Said Mohamed Beeran Ummer (Member)	✓	✓	✓	✓	✓	✓
Mr. Farooque Ahmed Tungekar (Member)	✓	✓	✓	✓	✓	✓
Mr. Abdalla Ibrahim Abdalla Deaifis AlMheiri (Member)	✓	✓*	✓*	✓	✓	✓
Ms. Halima Humaid Ali AlOwais (Member)	✓	✓	✓	✓	✓	✓*
Mr. Faris Hmaid Trais Saeed Al Mazrouei (Member) **	✓*	✓	–	–	–	–
Shaikh Mohamed Bin Abdulla AlNuaimi (Member) **	–	–	✓	✓	✓	✓

In addition to above 6 meetings, Invest Bank Board has also held 2 ad-hoc meetings on 11/Feb/2025 and 14/May/2025 which were properly minuted.

** Mr. Faris completed his term with the Board and Shaikh Al Nuaimi was elected as his replacement.

Board Nomination and Compensation Committee (BNCC / HRC)	(01-2025) 11/02/2025	(02-2025) 19/03/2025	(03-2025) 22/04/2025	(04-2025) 17/06/2025	(05-2025) 27/08/2025	(06-2025) 07/10/2025	(07-2025) 30/10/2025
From January to April 2025							
Ms. Halima Humaid Ali AlOwais (Chairperson of HRC)	✓	✓	✓				
Mr. Mohamed Obaid Rashid AlShamsi (Member)	✓	✓	✓				
Mr. Abdalla Ibrahim Abdalla Deaifis Al Mheiri (Member)	✓	✓	✓				
From May 2025 to December 2025							
Ms. Halima Humaid Ali AlOwais (Chairperson of HRC)				✓	✓	✓	✓
Mr. Ummer Said Mohamed Beeran Ummer (Member)				✓	✓	✓	✓
Mr. Mohamed Obaid Rashid AlShamsi (Member)				✓	✓	✓	✓
Shaikh Mohamed Bin Abdulla AlNuaimi (Invitee)				✓			

Board Audit Committee (BAC) / Board Audit and Compliance Committee (BACC)	(01-2025) 15/01/2025	(02-2025) 21/04/2025	(03-2025) 08/05/2025	(04-2025) 03/07/2025	(05-2025) 23/07/2025	(06-2025) 11/08/2025	(07-2025) 30/10/2025
From January to April 2025							
Mr. Faris Hmaid Trais Saeed Al Mazrouei (Chairman of BACC)	✓	✓	✓				
Ms. Halima Humaid Ali AlOwais (Member)	✓	✓	✓				
Mr. Farooque Ahmed Tungekar (Member)	✓	✓	✓				
From May 2025 to December 2025							
Shaikh Mohamed Bin Abdulla Bin Rashed AlNuaimi (Chairman of BAC)				✓	✓	✓	✓
Ms. Halima Humaid Ali AlOwais (Member)				✓	✓	✓	✓

Board Audit Committee (BAC) / Board Audit and Compliance Committee (BACC)	(01-2025) 15/01/2025	(02-2025) 21/04/2025	(03-2025) 08/05/2025	(04-2025) 03/07/2025	(05-2025) 23/07/2025	(06-2025) 11/08/2025	(07-2025) 30/10/2025
Mr. Farooque Ahmed Tungekar (Member)				✓	✓	✓	✓
Mr. Abdalla Ibrahim Abdalla Deaifis Almheiri (Member)				✓	✓	✓*	✓
Mr. Mohamed Obaid Al Shamsi (Invitee)							✓
Mr. Ummer Said Mohamed Umar (Invitee)							✓

Board Risk Committee (BRC)	(01-2025) 20/02/2025	(02-2025) 15/04/2025	(03-2025) 25/06/2025	(04-2025) 25/09/2025)	(05-2025) 10/12/2025
From January to April 2025					
Mr. Farooque Ahmed Tungekar (Chairman of BRC)	✓	✓			
Mr. Ummer Said Mohamed Beeran Ummer (Member)	✓	✓			
Mr. Faris Hmaid Trais Saeed Al Mazrouei (Member)	✓*	✓			
Mr. Mohamed Obaid Rashid AlShamsi (Member)	✓*	✓			
From May 2025 to December 2025					
Mr. Farooque Ahmed Tungekar (Chairman of BRC)			✓	✓	✓
Mr. Mohamed Obaid Rashid AlShamsi (Member)			✓	✓	✓
Mr. Abdalla Ibrahim Abdalla Deaifis Almheiri (Member)			✓*	✓	✓
Mr. Ummer Said Mohamed Beeran Ummer (Invitee)			✓	✓	

Board Credit Committee (BCC)	(01-2025) 29/04/2025	(02-2025) 24/07/2025	(03-2025) 02/10/2025	(04-2025) 19/11/2025
From January to April 2025				
Mr. Ummer Said Mohamed Beeran Ummer (Chairman of BCC)	✓			
Mr. Farooque Ahmed Tungekar (Member)	✓			
Mr. Mohamed Obaid AlShamsi (Member)	✓			
From May 2025 to December 2025				
Mr. Ummer Said Mohamed Beeran Ummer (Chairman of BCC)		✓	✓	✓
Mr. Farooque Ahmed Tungekar (Member)		✓	✓	✓
Shaikh Mohamed Bin Abdulla Bin Rashed AlNuaimi (Member)		✓	✓	✓

Board Compliance and Special Assets Committee (BCSAC)	(01-2025) 05/02/2025	(02-2025) 17/06/2025	(03-2025) 21/08/2025	(04-2025) 04/11/2025
From January to April 2025				
Mr. Abdalla Ibrahim Abdalla Deaifis Al Mheiri (Chairman BCSAC)	✓			
Mr. Ummer Said Mohamed Beeran Ummer (Member)	✓			
Mr. Faris Hmaid Trais Saeed Al Mazrouei (Member)	✓			
Mr. Farooque Ahmed Tungekar (Member)	✓			
From May 2025 to December 2025				
Mr. Mohamed Obaid Rashid AlShamsi (Chairman of BCSAC)		✓	✓	✓
Mr. Ummer Said Mohamed Beeran Ummer (Member)		✓	✓	✓
Mr. Farooque Ahmed Tungekar (Member)		✓	✓	✓
Shaikh Mohamed Bin Abdulla AlNuaimi (Invitee)		✓		

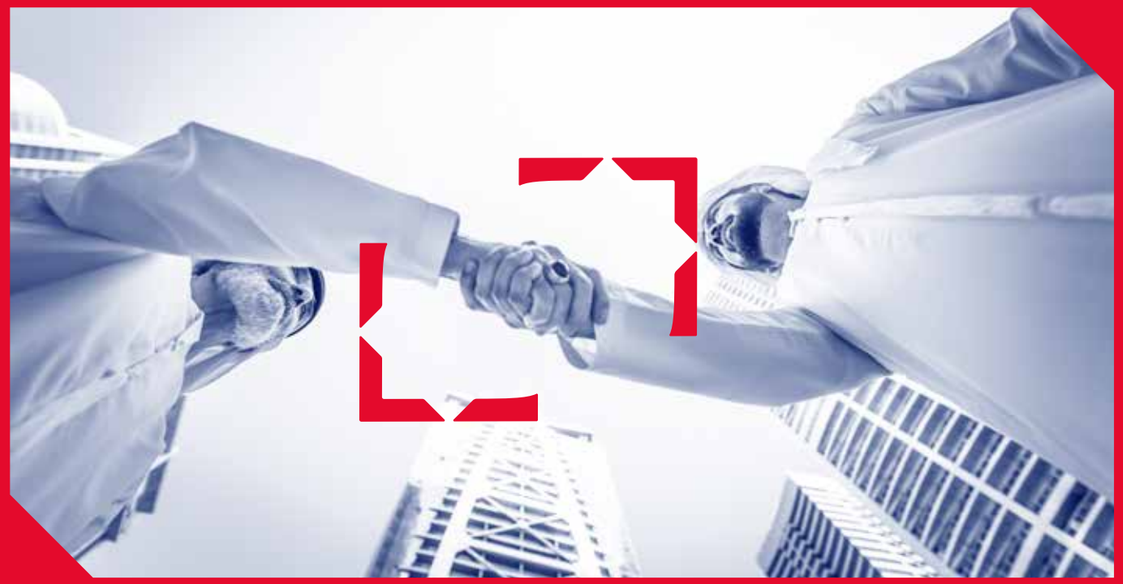
Board Resolutions

The total of Board resolutions issued during the year 2025 is 141 which were passed via circulation and were ratified during Board Meetings.

Board Evaluation

Internally, Invest Bank board continuously evaluates the activities and performance of the Board and its Committees. Chairmen of each Board committee is required to present to the whole Board during its meeting (at least quarterly), the activities and tasks performed by his / her respective committee since they presented to the Board last time, major decisions taken, challenges if any etc. In addition, committees also submit to the Board a self-assessment / performance report to the Board on an annual basis.

In order to meet the regulatory requirements, at the beginning of 2025, Invest Bank engaged an independent external consultant to conduct a detailed evaluation of the Board, its committees and individual Board Members. This review, is carried out in accordance with the CBUAE's and SCA's corporate governance regulations, assessed the Board's governance effectiveness and decision- making processes. Independent assessment report yielded positive results highlighting that meetings allocated adequate time to pertinent topics, there had been excellent collaboration and engagement between the Board and the Board Committees on the matters that required critical evaluation and decisions. The report was discussed by the Board and recommendations were considered and addressed to enhance the overall Governance across the Board.



Board Trainings

Invest Bank provides its Directors with access to training (particularly on induction) and professional advice on issues when required. The Central Bank of the UAE requires Licensed Financial Institutions (LFIs) to facilitate training to the Senior Management and Board of Directors, and meet the minimum CPD requirements as defined in newly implemented Fit & Proprietary Regulations and Standards to ensure awareness with the Regulations, Standards & Guidance of the Supervisory Authorities.

To ensure compliance with Central Bank of UAE Regulations, Board Members participated in training sessions for 2025 including the following topics:

Board Effectiveness
Delivered By: **GCC-BDI**
Training Date: **07/11/2025**

Cyber Security
Delivered By: **Sophos**
Training Date: **12/11/2025**

Credit Risk Management Standards - CRMS
Delivered By: **Deloitte**
Training Date: **25/11/2025**

Leadership and Strategy
Delivered By: **Dr. Jag Bhanver**
Training Date: **08/11/2025**

Compliance AML & FCC
Delivered By: **Ernst &Young**
Training Date: **19/11/2025**

Industry Insights and Global Perspectives
Delivered By: **Dr. Jag Bhanver**
Training Date: **08/11/2025**

Consumer Protection Regulation - CPR
Delivered By: **Grant Thornton**
Training Date: **25/11/2025**

Feedback from the members of the Board of Directors is taken into consideration to continue the enhancements of topics presented to the Board and to address regulatory matters.

Board and Board Committee Fee

The Directors are not eligible for any additional allowances, salaries, bonuses, long-term or other incentive schemes. The total remuneration / fees paid to the Board members in 2025 for the year ended 31 December 2024 was Đ 1,948,214 as Committee Fee and Đ 3,928,962 as Board Membership fee.

For the year 2025, Đ 8.86 million is provisioned on account of the Committee and the Board Membership fees subject to the AGM approval. The difference if any, to the approved remuneration, will be recorded in next year's financial statements and disclosed in the following integrated report.

Delegation of Authority

Board Committees, Management Committees and other Committees execute activities / transactions on behalf of the Bank in accordance with the authority limits set. As a principle, policies covering operational issues, internal control, risk management, human resources, IT, compliance and such other functions in the Bank are approved by the Board. The approval of related Procedure is delegated to the CEO

The procedures / processes relating to the functioning of the Board or Board Committees are made part of the Board Charter or approved either by the Board or by the appropriate Board Committee.

The application of authority limits to different functionaries is based on principles of delegation and forms part of the relevant Policy and Procedure. As per Invest Bank's Articles of Association (AoA), the Chairman serves as the legal representative of the company before the courts and in its dealings with third parties. To facilitate the effective management of the Bank, the Chairman has issued a duly notarized Power of Attorney (POA) to the CEO, delegating authority to oversee the Bank's day-to-day operations. The CEO, in turn, may sub-delegate specific powers to Executive Management or other officers within the Bank. Additional delegations may be granted to Bank's staff, external legal advisors, or other third parties as necessary to support the Bank's operational and business needs.

Importantly, the Board of Directors retains ultimate authority and does not delegate its powers in an absolute manner, ensuring robust oversight and accountability over all delegated authorities.

Principal	Name of Delegated Person	Delegation Validity	Purpose
H.H.the Chairman	Edris Mohd Rafi Mohd Saeed Alrafi	Valid or until he leaves the Bank	Authority as CEO
H.H.the Chairman	Mohammed Abdulrahman M Alelaiq	Valid or until he leaves the Bank	Authority as CEO
CEO	Mridul Ashok Baberwal Helmi Ibrahim Mohammad Abdullah Malik Mohammad Khaleel Al-Lozi Ahmad Saleh Yousif Hassan Alobeidli Afeef Neindran Veetil Yaser Salim Mohammad Abu Rub Zidoon Nofan Sema'An Al Makhamreh Hazem Ismail Al Amin Biju Thomas Dillimunige John Nilesh Yasanga Silva Asmahan Faisal Abdulkader Mahmoud Abdallah Mohamed Taha Halwesh Ahmed Ali El Tayeb Ahmed Osam Yahya Obaid	Valid or until he leaves the Bank	Executive Management for various specific matters

Conflict of Interest

Directors and employees have a duty to avoid to the extent possible any activity at Invest Bank or elsewhere which creates or appears to create a conflict between their own interests be those as an individual or through an entity they are associated with, and the interests of Invest Bank. Directors must avoid competing directly or indirectly with Invest Bank, including holding directorships in competing institutions. In addition to providing unjustified advantages to third parties at the expense of Bank and taking for themselves, their immediate family or a related party opportunities that are available through their position as a director, or their use of INB property or information; and taking advantage of the position as Director to gain directly or indirectly any personal advantage which might be to the detriment of Bank. A Director who becomes aware of an actual or potential conflict of interest must:

- Promptly disclose the matter to the Chairman of the Board and the Secretary to the Board of Directors; and
- Abstain from any and all involvement in that matter, including recusing himself from participating in the debate or voting on the matter or attending the relevant part of respective meetings.

Board of Directors	Number of shares held by Individual or nominating entity	% ownership
HH Sheikh Sultan Bin Ahmed Al Qasimi	3,781,164	0.001

Related Party Transactions

In the normal course of business, the Bank enters into various transactions with related parties including Board of Directors, their related companies and key management personnel having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director, executive or otherwise (who are involved in the strategic planning and decision making), of the Bank. The related party transactions are executed at the terms agreed between the parties. No separate Board Committee is constituted and related party transactions are approved as per the Delegation of Authority of the Bank (including through Board / Board Committees as applicable). Volume of related party transactions, outstanding balances at the year end, and related income and expenses for the year are as follows:

Loans, Facilities and Deposits (Year 2025) (Đ 000)	Government of Sharjah	Government of Sharjah Related Entities	Board of Directors	Other Balances	Total
Loans and Advances with Customers	819,333	897,294	-	250,000	1,966,627
Investment in Sukuk	699,976	-	-	-	699,976
Reimbursement Asset	1,506,690	-	-	-	1,506,690
Deposits From Customers	70,960	1,127,543	14,589	62,256	1,275,348
Commitments and Contingent Liabilities	-	45,154	50,000	8,185	103,3393
Loan Accruals	9,408	1,264	-	7,486	18,157

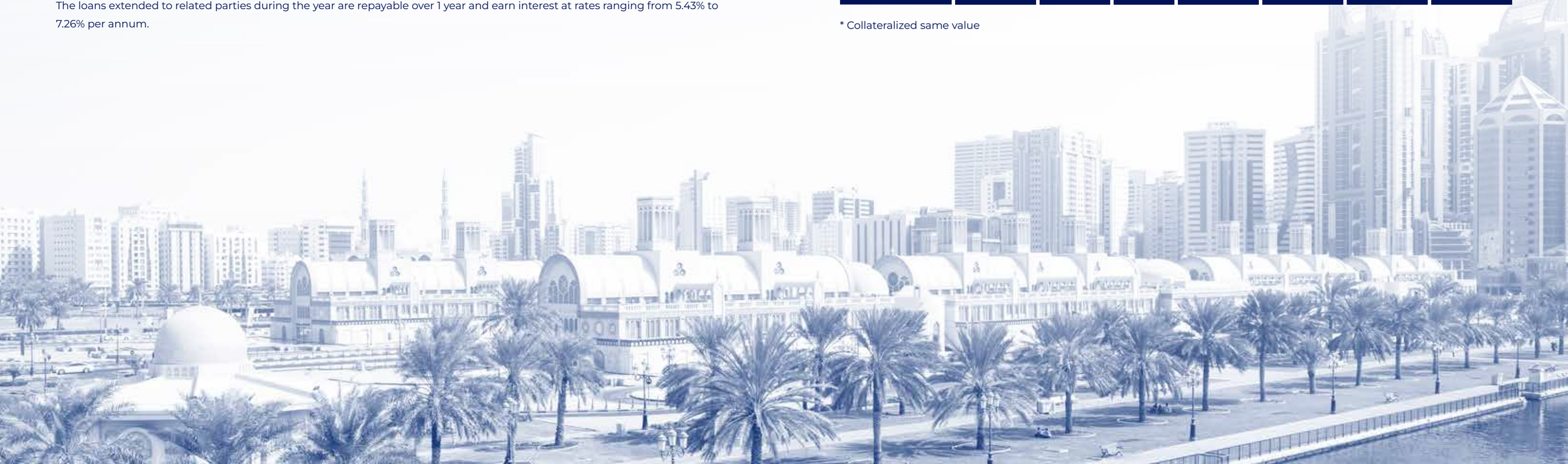
Income and Expenses (Year 2025) (Đ 000)	Government of Sharjah	Government of Sharjah Related Entities	Board of Directors	Other Balances Associated with BOD	Total (Đ 000)
Interest Income	91,282	53,005	-	20,625	164,912
Interest Expense	15,413	41,960	144	715	58,232

Note: None of the loans granted to related parties are classified as impaired as at 31 December 2025 (31 December 2024: Nil). The loans extended to related parties during the year are repayable over 1 year and earn interest at rates ranging from 5.43% to 7.26% per annum.

TRANSACTIONS WITH RELATED PARTIES EQUAL OR ABOVE 5% OF CAPITAL — Đ Millions

Related Parties Combined Exposure	Funded O/S (Excl. Debt Securities and Equities)	Debt Securities	Unfunded O/S	CCF (Credit Conversion Factor) equivalent of Unfunded O/S	CCF equivalent of committed unused funded and unfunded limits	Total Exposures (CCF Based)	%age of Tier 1 Capital
Government of Sharjah	829	557	0	0	0	1,385	85.17%
Sharjah Cooperative Society	63	0	0	0	125	188	11.55%
Shaikh Dr. Sultan AlQasimi	159	0	0	0	0	159	9.76%
Govt of Sharjah Sukuk	0	144	0	0	0	144	8.83%
Sharjah Electricity Water and Gas Authority	74	0	0	0	0	74	4.54%
TOTAL GOS / RELATED ENTITIES	**1,125**	**700**	**0**	**0**	**125**	**1,950**	**119.86**
Khalid Abdulla Omran Taryam (IPG Group)	21	0	0	0	0	21	1.26%
Dar Al Khaleej For Printing Pub And Adv LLC (IPG)	0	0	1*	1	0	0	0
GRAND TOTAL	**1,146**	**700**	**1***	**1**	**125**	**1,971**	**121.12%**

* Collateralized same value



Annual General Meeting

The Bank holds a Shareholders' Annual General Meeting (AGM) once a year. It is mandatory and primarily held to allow the Bank's interested shareholders with voting rights to vote on the Bank's high-level issues, to elect and re-elect the Bank's Board of Directors and so on. The AGM is convened under an invitation by the Board of Directors, within four months following the end of the fiscal year. Shareholders who do not attend the meeting in person may usually vote by proxy. The Meeting is also attended by a representative of the Bank's regulator, the Securities and Commodities Authority ("SCA")

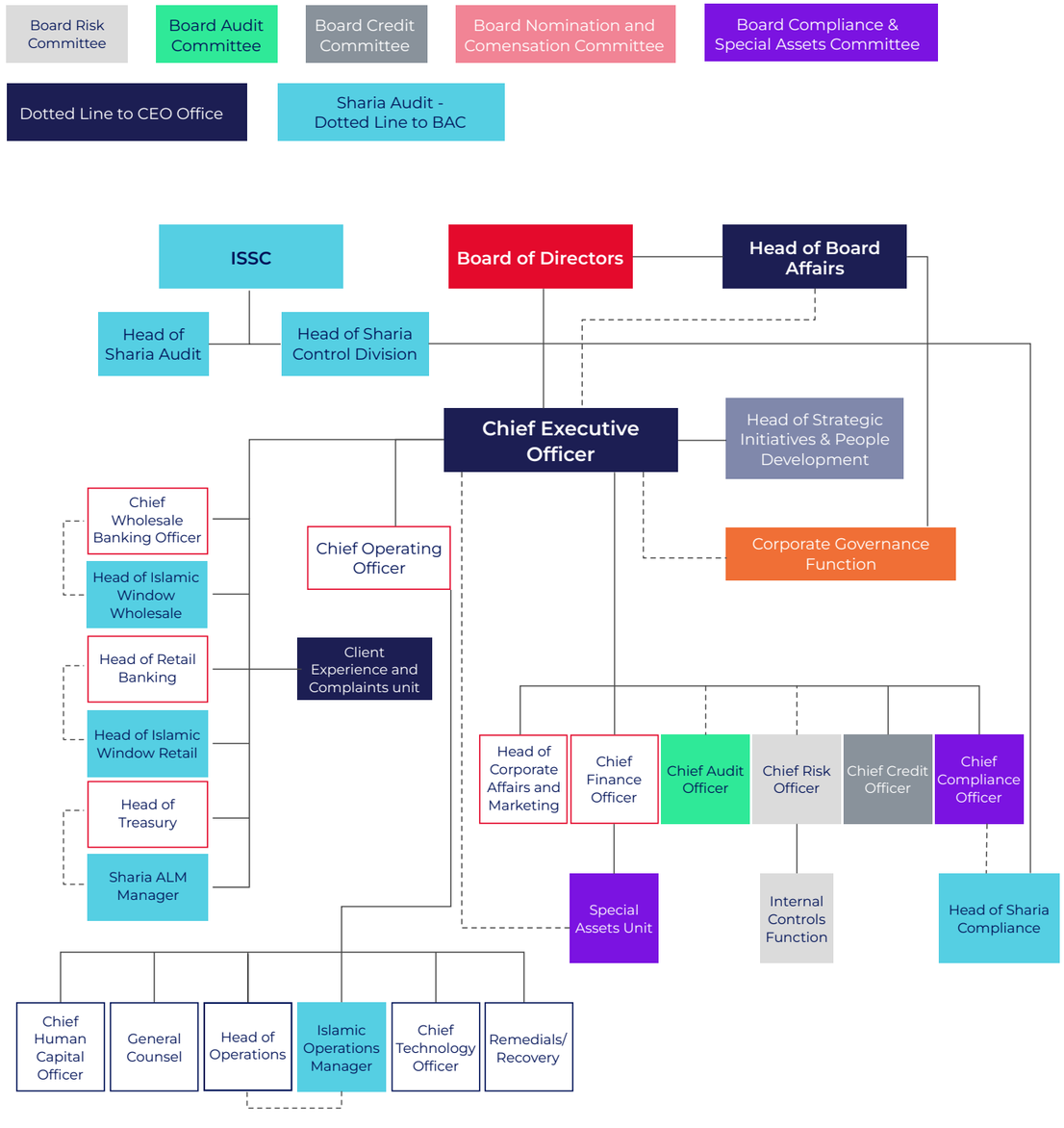
and the Bank's external auditors.

The Meeting resolutions are disclosed to the Abu Dhabi Stock Exchange (ADX) and the signed minutes of the Meeting are sent to Securities and Commodities Authority (SCA).

During the year 2025, Invest Bank P.S.C held General Assemble Meeting on Wednesday 30 April 2025. The invitation, Minutes, results and resolutions of meetings were published on Bank's website, Abu Dhabi Stock Exchange (ADX) and shared with SCA.

General Assembly Meeting	Annual General Assembly	Quorum of attendance (percentage of capital)	88.11%
Date	30 April 2025		
Special Resolution(S)	Special Resolution: Approve the bank's continuation in carrying out its activities despite its accumulated losses reaching more than the half of its issued capital in accordance to Article No. (309) of Federal Law No. (32) of 2021 concerning Commercial Companies. • Review and approve the Board of Directors' report concerning the activities of the Bank and its financial position as of 31/12/2024. • Review and approve the report of External Auditors on the Bank's Financial Statements for the fiscal year ended on 31/12/2024. • Discuss and approve the Bank's Balance Sheet and profits and losses account for the fiscal year ended on 31/12/2024. • Absolve the members of the Board of Directors of the Bank from liability for their work during the fiscal year ended 31/12/2024 or to dismiss them and pursue them, as the case may be. • Absolve the External Auditors of the Bank from any liability for the fiscal year ended 31/12/2024 or to dismiss them and pursue them, as the case may be. • Informing/updating the Shareholders that the required approvals by the official authorities relate to Bank's external auditors' reappointment for the year of 2025 have been completed and seeking ratification. • Approval of the fees of the members of the Board of Directors for the year 2024 as per approved Remuneration/Fees Policy of Board of Directors. • Approval of election of existing Board Members and Shaikh Mohamed Bin Abdulla Bin Rashed AlNuaimi (the election approval is subject to final approval / no objection of CBUAE). • Adopted/approved the appointment of Board Member, Mr. Farooque Ahmed Tungekar appointed by the Board of Directors to fill the vacancy in the Board during Year 2024 as the appointment was for the current Board term that ended by 10-05-2025.		

Invest Bank Organization Chart



Senior Management

Invest Bank's Senior Management comprises senior members heading different divisions and departments within Invest Bank. With the exception of the Chief Audit Officer (who reports to the Board Audit Committee), Chief Risk Officer (who reports to the Board Risk Committee) and the Head of Board Affairs (who reports to the Board), all Senior Management members reports to the Chief Executive Officer who in turn reports to the Board of Directors.



Edris Mohammad Rafi Mohammad Saeed AlRafi

Chief Executive Officer

Appointment date: **02 September 2024**

Edris Al Rafi is a highly accomplished financial leader with over 25 years of experience in investment, commercial banking, corporate finance, and asset management, driving growth strategies across global markets. As CEO of Invest Bank, he is leading the institution through a transformative era focused on enhancing capital efficiency, growing the loan bank, and bringing digital banking innovation.

Before joining Invest Bank, Edris was the Head of Middle East and Africa at Aberdeen Standard Investments. His other notable roles include the Head of Goldman Sachs UAE, Vice Chairman of Noor Bank and CEO of Dubai Holding. In these leadership positions, he has managed multi-billion-dollar balance sheets, driven regional and global growth and mobilized large, diverse execution teams. He brings deep knowledge of domestic and international capital markets with a strong understanding of risk and compliance standards. He has successfully implemented innovative business strategies for large institutions aimed at driving new organizational direction and change.

With a proven track record in financial and investment strategy, Edris has played a key role in advising and managing high-value investment portfolios, large-scale financial transactions, and institutional growth strategies. A firm believer in data-driven decision-making and sustainable investment practices, Edris champions long-term value creation, institutional growth, and financial resilience.

Edris has served on multiple boards and executive committees, advising financial institutions, investment firms, and multinational corporations on high-impact strategies.

Under his leadership, Invest Bank is reinforcing its position as a leading financial powerhouse in the region, focused on delivering exceptional value to stakeholders, investors, and the broader economy. Edris is a UAE national and holds a degree in Finance.



Ali Sajwani

Chief Human Capital Officer

Appointment date: **01 October 2025**

Ali Sajwani offers more than 25 years of leadership experience across leading banks in the UAE, such as Citibank and ADCB. He specializes in human capital strategy and future talent development, in addition to advancing national development initiatives and implementing high-performance cultures that enable people to thrive and deliver their best.



Nouwaf Alderei

Chief Compliance Officer

Appointment date: **22 September 2025**

Nouwaf Alderei is a financial crime compliance professional with over a decade of experience across sanctions and AML/CFT frameworks. He has worked closely with the Central Bank of the UAE and is recognized for leading strategic compliance initiatives that can build a strong risk-aware culture aligned with the business growth objectives.



Helmi Abdullah

Chief Wholesale Banking Officer

Appointment date: **08 June 2022**

Mr. Abdullah is a highly accomplished senior professional with 28 years of banking experience in the Corporate Banking field. Previously, he had held various management positions at Arab Bank P.L.C., International Bank of Qatar and United Arab Bank.

Mr. Abdullah holds a Bachelor of Accounting and Economics degree from University of Jordan and holds an MBA in Finance from University of Manchester. In addition, he earned professional qualifications in Corporate Banking.



Tony Crasta

Chief Credit Officer

Appointment date: **10 April 2023**

Mr. Tony Crasta is a highly accomplished senior professional with over 31 years of banking experience in the Credit Management field. Previously, he had held various management positions at Mashreq Bank and HSBC Middle East.

He holds a Bachelor of Physics degree from Bombay University and holds a Masters in Business Administration from Warwick University.



Mridul Baberwal

Chief Financial Officer

Appointment date: **24 March 2025**

Mridul Baberwal is a qualified Chartered Accountant and senior finance executive with over 22 years of experience in financial transformation, regulatory governance, and operational modernization. He has held key roles at RAKBANK, Standard Chartered, Barclays, and Deutsche Bank, where he led performance enhancement and compliance initiatives. Mr. Mridul brings deep expertise in financial governance, capital strategy, and institutional resilience.



Rajesh Verma

Chief Audit Officer

Appointment date: **28 Aug 2025**

Rajesh Verma is a banking professional with more than 30 years of experience across audit, compliance, risk management and corporate governance which he has gained from the region's most respected banks, internationally and locally. His focus is to strengthen the internal audit function that will ensure compliance to policies, procedures and regulations, thereby supporting the Bank's performance and long-term resilience.



Narinder Auluck

Chief Technology Officer (CTO)

Appointment date: **03 March 2025**

Narinder Auluck is a technology leader with 25 years of experience across top-tier financial institutions including UBS, HSBC, and Barclays. He brings deep expertise in digital transformation, cloud platforms, and fintech innovation. Prior to joining the bank, he served as CTO at Pepper Advantage, where he led the development of cloud-native credit systems. Mr. Narinder is recognized for his ability to drive enterprise innovation and lead large-scale technology modernization initiatives.



Venkatesh Srikantan

Head of Retail Banking

Appointment date: **20 January 2025**

Venkatesh is a veteran retail banking leader with over 30 years of experience across major global banks including Citigroup, HSBC, Barclays, and ADIB. He specializes in retail strategy, customer experience, and network expansion. Over the past decade, he has played a leading role in growing ADIB's retail presence across the UAE.



Humaida Al Khalsan

Head of Corporate Affairs and Marketing

Appointment date: **12 November 2024**

Humaida Al Khalsan is a distinguished corporate affairs and marketing leader with 20 years of experience across banking, telecommunications, and semi-government sectors in the UAE. She specializes in strategic communication, brand leadership, stakeholder engagement, and public-private partnerships.

Humaida holds an Executive MBA from Georgetown University and is recognized for her expertise in branding, culture transformation, and institutional influence.



Hammad Naqvi

Head Of Treasury

Appointment date: **27 February 2025**

Hammad Naqvi is a treasury and capital markets veteran with over 30 years of experience in liquidity management, Islamic finance innovation, and revenue optimization. He previously served as EVP and Group Head of Treasury at Mashreq Bank, and chaired the UAE Banks Federation's Financial Markets Committee. His leadership in strategic treasury operations and financial solutions has helped shape market-leading institutions.



Krishnakumar Venkatraman

Head of Operations

Appointment date: **03 January 2025**

Krishnakumar Venkatraman (KK) is a senior international banking professional with over 25 years of experience across operations, digital transformation, retail naming, transaction banking, and operational risk. Prior to joining Invest Bank, he held leadership roles at First Abu Dhabi Bank, UNB, HDFC Bank, and Kotak Bank.

KK holds certifications in Anti-Money Laundering (CAMS), Information Security (CISA), and Fraud Risk Management (CFE).





Rakan Shiyab

General Counsel

Appointment date: **03 November 2025**

Rakan Shiyab is a seasoned legal and banking professional with over 20 years of experience across different global and regional financial organizations. He held massive roles, most recently served as Head of Legal for Corporate & Institutional Clients in the MENAP region for the Standard Chartered Bank.

During his career, Mr. Rakan has covered wide range of legal matters including corporate finance, transaction banking, strategic partnerships, distressed assets and Islamic finances.



Prateek Khandelwal

Acting Chief Risk Officer

Appointment date: **1st February 2023 (exiting position since 4th October 2024)**

Prateek is an accomplished risk management professional with 15 years of experience in Enterprise Risk, Market Risk, ICAAP and Treasury. Prateek has held senior risk roles in regional Banks, contributing to regulatory compliance and sustainable growth.

Mr. Prateek holds a Masters of Business Administration (MBA) and is certified in CFA (all levels), CMT, CRISC, FRM, and Treasury & Forex Management.

Employee Remuneration and Reward Scheme

Invest Bank's remuneration policy is based on the principles of competitiveness, equitability, and pay for performance. It is designed to support our strategic business objectives by promoting effective risk management, enhancing employee motivation, and encouraging better performance. We follow a 'Pay for Performance' approach that is backed by our incentive-based performance management systems. We also review our compensation packages annually to ensure they are abreast with the current respective market pay practices. Our reward framework ensures that the interests of our customers, employees, and shareholders are aligned.

Total salaries and benefits for the Bank's Senior Management during 2025 was ৳ 20.553 million and a reward amount of ৳ 7.508 million.

External Auditor

PricewaterhouseCoopers (PwC)

Established in the region for 40 years, PwC has around 12,000 people in 12 countries across the region: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates.

Our regional team operates across the Middle East bringing international experience delivered within the context of the region and its culture. We can bring the collective knowledge and experience of more than 370,000 people across the entire global PwC network in advisory, assurance and tax to help you find the value you are looking for. (source:https://www.pwc.com/m1/en/about-us/office-locations-middle-east.html#/)

Bank's external audit services were performed by "PricewaterhouseCoopers Limited Partnership - SHJ. BR " . In 2025, the external auditor provided an unqualified opinion with an emphasis of matter paragraph without modifying opinion. Refer to the link of the published financial statements for further details.

Name of partner auditor	Jigesh Shah
Number of years he spent as the Bank's external auditor	8 Years
Number of years the partner auditor spent signing the Bank's accounts	2 Years
Total value of audit fees for 2025	Đ 2,286,000
Total value of other audit related services	Đ 50,000

Details and nature of other services provided by the company auditor (if any). In the event that there are no other services, this shall be stated explicitly.	1. AUP on regulatory reporting to CBUAE for the year ended 31 December 2025 2. AUP on XBRL filing to SCA for the quarters ended 31 March 2025, 30 June 2025, 30 September 2025 and the year ended 31 December 2025
The value of fees and costs for other special services other than auditing the financial statements for 2025, if any. In the event that there are no other fees, this shall be stated explicitly.	**Auditor name: PwC Middle East** TeamMate application upgrade Đ 45.9 thousand



Internal Control System

The Board of Directors of the Bank acknowledges its responsibility for establishing and maintaining a robust internal control system across the Bank. In line with regulatory guidelines, the Board with the support of Board Risk Committee and Board Audit Committee oversees the design, implementation and effectiveness of internal control procedures, taking corrective actions when necessary.

The Bank's internal control framework is integrated with its risk management processes and covers operational, reporting and compliance objectives including system of policies, procedures, reviews, segregation of duties and other activities that aim to:

- Reduce the risk of asset loss,
- Produce accurate financial statements, and
- Conduct operations efficiently and effectively.

Internal Control function is managed by Mrs. Bindu Vijayan since September 2025 who reports to Acting Chief Risk Officer. The Board Risk Committee and Board Audit Committee regularly reviews internal controls, risk policies and the Bank's risk appetite to ensure they remain effective and aligned with best practices.

For 2025, the Internal Control function identified no major issues. The Bank remains in compliance with the reporting standards set by the Central Bank of the UAE and SCA, and there are no significant violations to report in relation to major submissions to the CBUAE or SCA.

Corporate Social Responsibility (CSR)

Making a positive impact

We play an important role in ensuring that all of the Bank's corporate social responsibility (CSR) and sustainability activities are in line with the Bank's policy and strategy. The Bank strives to maintain a transparent monitoring mechanism that ensures effective implementation of the projects/programs/activities.

The ultimate purpose of Corporate Social Responsibility (CSR) is to demonstrate a commitment to ethical and responsible business practices that benefit society and the environment. This involves making a positive impact on customers, employees, communities, stakeholders and community members. Invest Bank is committed to CSR and demonstrates this by contributing to the economic and social development of its communities and the environment.

Giving Back to the Community

Invest Bank is committed to promoting and spreading a culture of volunteerism among our staff and implementing sustainability programs. As part of this, we announced a partnership with Sharjah Municipality to provide 18,000 meals for the workers fasting during the month of Ramadan. Through this initiative, we aim to promote the concept of charity and solidarity, broaden the spirit of charitable and voluntary work, and bring joy and a sense of support to the workers. Additionally, this initiative comes from the approach of goodness and giving that the UAE has promoted since its establishment.

Educational Volunteering Program

Invest Bank promoted its partnership with University of Sharjah, offering students a distinctive opportunity to integrate academic knowledge with practical workplace experience. Through hands-on engagement in real-work tasks, students will develop essential professional skills, equipping them for future career success

Ensuring Our Employees' Well-being

We prioritize and strengthen connections with our various stakeholders by investing in our employees and partnering with our clients and community. We are committed to engage with our employees to provide a challenging, dynamic, inclusive, and diverse work environment that supports their professional development, as well as promoting a positive work-life balance that prioritizes their overall health and wellness.

As part of our commitment to promoting a healthy lifestyle for employees and in support of worldwide drive on Breast Cancer, the Bank hosted a breast cancer awareness session for female staff in partnership with Aster Clinic. It focused on the importance of early detection of breast cancer and treatment, while emphasizing the benefits of healthy eating habits.

Flexible Working Hours: At Invest Bank, we have always maintained that productivity and work-life balance are synergistic and we have encouraged a work culture that allows our team members to flourish in the workplace and beyond. We also continuously strive to adapt best market practices as we endeavor to be an organization of choice for all our team members.

Happy Friday: We aim to create a productive workplace where employees are engaged and we are always searching for new ways to make our organization a better place to work in. As part of this, the Bank introduced "Happy Friday" for dress-down Friday, where employees can wear smart casual on Fridays.

Work From Home Initiative: In addition to Happy Friday, another initiative taken is to work from home to enhance the staff productivity and adopt the modern working environment and standards for the Bank with a positive impact on the staff as well as on the productivity results.

We organized a free Medical Health Checkup for all employees to promote health and well-being, which the Bank believes is an essential pillar for a sustainable and balanced work environment. The day focused on physical well-being. The activities ranged from free medical checkups in the Bank's offices to expert speaker sessions on topics such as lifestyle and productivity. Additionally Bank has run Blood Donations drives as well in coordination with Health Department.

Women Empowerment

Invest Bank's signed its partnership agreement with UN Women Global aiming to promote

gender equality and women's empowerment across the workplace, marketplace, and community. As part of this commitment, the Bank upholds the Women's Empowerment Principles (WEPs), - a framework that guides businesses in fostering an inclusive and equitable environment.

The Bank's Chief Human Resources Officer (Ex) participated as a speaker at the International Women's Day event, organized by the General Women's Union in collaboration with UN Women GCC held in Abu Dhabi. Engaging in insightful discussions with senior representatives from both the private sector and government, the CHRO shared her perspectives on innovation, technological advancements, and digital-age education as pivotal enablers of gender equality.

Human Capital

Invest Bank's Human Capital department is responsible for recruiting, hiring, deploying and managing organization's employees as well as creating, implementing and overseeing policies governing its people and the Bank's relationship with them. The department works with an emphasis on employees being as assets of the business. In this context, they are sometimes referred to as human capital. As with other business assets, the goal is to make effective use of employees, reducing risk and maximizing return on investment. The department's role is to manage employees so as to achieve the Bank's mission and reinforce its culture. When done effectively, human capital team can help recruit new professionals with the skills needed to further the Bank's goals as well as aid with the training and development of current employees to meet objectives.

Performance and reward

Invest Bank's Performance Management relies on the performance measures indicated in the approved work descriptions and dedicated KPIs provided to each employee at Invest Bank. The bank's goal is to:

- implement a market practice approach to reward outstanding achievements and results;
- improve employees' performance through a periodic evaluation reflecting the bank overall key objectives;
- encourage continuous learning and development.

Invest Bank's reward approach is performance-based, market-aware and aligned with the business strategy and stakeholder interests. It encourages a culture driven by merit and differentiates and rewards excellent performance, both in the short and long term. Invest Bank's principles are:

- pay for performance, based on balanced risk taking and good business conduct as measured on a performance appraisal rating process;
- attract, retain top performers, talent and business critical resources and motivate all employees to achieve results with integrity and fairness;
- monitor compensation trends and practices in the relevant markets;
- apply strong corporate governance and comply with regulatory requirements.

Pension Scheme

All UAE national employees (holding UAE Passport & Family Book) are automatically enrolled in the Statutory Pension Scheme. Its provisions meet the legal requirements for retirement pensions and of service benefits for UAE national employees. UAE national employees contribute 5% of their monthly gross salary and the Bank contributes a further 12.5%. Both contributions are paid to the Pension & Social Security Authority, with a further contribution of 2.5% made by the government.

UAE national employees not holding Family Book are paid end-of-service benefits similar to the Bank's expatriate employees.

All GCC national employees (holding GCC Passport) are automatically enrolled in the Statutory Pension Scheme. Its provisions meet the legal requirements for retirement pensions and of service benefits for GCC national employees. GCC national employees contribute a percentage of their monthly gross salary, and the bank contributes a further percentage based on their country pension schemes. Both contributions are paid to the Pension & Social Security Authority or transferred to the authority involved based on the regulation guideline in this regard.

Employees who are not UAE or GCC nationals are covered by a fully funded end-of-service benefits scheme that is accrued on the basis of 21 days' basic salary annually for the first five years of continuous service and 30 days' basic salary for each year of service thereafter.

Emiratization

Invest Bank has adopted an "Emiratization" strategy in the UAE which is intended to attract talented UAE national candidates at all professional levels. While the Bank provides equal employment opportunities to all nationalities, it is required to achieve certain UAE national recruitment targets set by the UAE Central Bank and these are incorporated into an annual strategic plan. Invest Bank is on target in terms of the UAE Central Bank's current Emiratization points system. The Bank's Human Capital department manages the Emiratization process and priorities the hiring of UAE nationals. The Emiratization plan is prepared in conjunction with the annual plan after the staffing requirements for all divisions have been determined.

- According to that, the Bank participated in 25th National Career Fair organized by Sharjah Chamber of Commerce and industry at the Expo Centre Sharjah.
- Invest Bank participated in the Career Fair organized by Higher College of Technology (HCT) Sharjah Chamber of Commerce and industry at the Expo Centre Sharjah. The bank is keen to participate annually in the National Career Fair, as part of our commitment to promoting and empowering young Emirati cadres to work in the banking and financial fields.
- In addition to hiring experienced UAE national staff for all positions, Invest Bank also a focuses on hiring graduate candidates for relevant positions. It has relationships with numerous universities and educational institutions in an ongoing effort to recruit local graduates

2022	2023	2024	2025
No. of UAE nationals: **68**	No. of UAE nationals: **72**	No. of UAE nationals: **77**	No. of UAE nationals: **81**
Total Headcount: **286**	Total Headcount: **312**	Total Headcount: **296**	Total Headcount: **439**
Emiratization %: **23.78%**	Emiratization %: **23.08%**	Emiratization %: **26.01%**	Emiratization %: **18.45%**

Share Price Information

During 2025, trading in the Bank's shares was placed on hold due to Bank's accumulated losses to capital ratio. The last trade of the Bank's share took place on 10/11/2020 with the following characteristics:

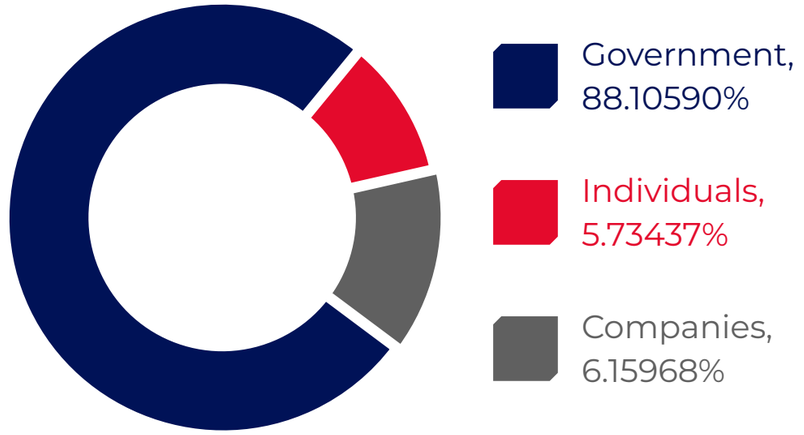
Trade price:	**0.45**	**52 Weeks High:**	**Nil**	**52 Weeks Low:**	**Nil**

Shareholder Structure as of 31/12/2025

Shareholder Structure as of 31/12/2025

Shareholders Classification	Individuals	Companies	Government	Total
Local	5.68700%	6.1595%	88.1059%	99.9524%
Gulf	0.000001%	0.000014%	-	0.000015%
Arab	0.03304%	0.000125%	-	0.033165%
Foreign	0.01433%	0.000036%	-	0.01437%
Total	5.73437%	6.15968%	88.1059%	100.00%

Shareholder Percentage by Legal Entity Type



As of 31/12/2025, three shareholders who owned more than 5% of the Bank's capital:

Government of Sharjah: 184,387,807,490 (70.06%)

Sharjah Social Security Fund: 47,490,248,165 (18.04%)

International Private Group LLC: 13,246,678,557 (5.03%)

Share Ownership	Number of Shareholders	Number of Owned Shares	Percentage of Owned Shares of the Capital
Less than 50,000	215	1,819,399	0.00069%
From 50,000 to 500,000	62	11,934,408	0.00453%
From 500,000 to 5,000,000	57	130,214,511	0.04948%
More than 5,000,000	54	263,037,013,825	99.9453%

Innovative Projects and Initiatives

As part of our ongoing digital transformation journey, 2025 has been a remarkable year for us. We have successfully delivered a Retail Mobile App with an innovative onboarding journey for new customers, and integrated digital wallet capabilities. From a wholesale banking perspective, we have launched our Escrow capability and introduced a corporate card capability as well as special rate FX capability. Additionally, we implemented our own AI Chatbot assistant for internal use.

On the digital origination front, we are on the verge of going live with Appro for Retail and Blue Ring for Corporate Banking Customers. Alongside, we have pipelined deployment of state-of-the-art risk tools and an enterprise workflow solution. For our support functions, we've implemented new compliance and HRMS systems, modernized our IVR system.

As we look ahead to 2026, we have embarked on several new initiatives. These include solutions for wholesale banking, like Cash Management, Trade, and CLM. We are also modernizing our ATM software, developing an SME banking platform, and completing the wallet integration on mobile devices. Additionally, we are launching an innovation platform, initiating open finance, and implementing a workflow management system. Other notable projects include delivery of roadmaps for both retail online banking platform and a new corporate website.

These initiatives underscore our commitment to continuing our digital transformation journey and maintaining our position as a challenger bank in financial landscape of the country. We believe these projects will significantly enhance our service offerings and operational efficiency.



Investor Relationships

For any inquiry please contact:

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Farah Ibrahim
Head of Board Affairs
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The investor relations' page on the Bank's website can be reached at https://www.inb.ae/About-Us/Investor-Relations

Signature of the Chairman of the Board of Directors

Date: / /2026

Signature of the Chairman of the Nominations and Compensation Committee

Date: / /2026

Signature of the Chairman of the Audit Committee

Date: / /2026

Signature of the Chief Compliance Officer

Date: 12/03 /2026

Company Seal:

INVEST BANK P.S.C. GENERAL MANAGEMENT SHARJAH

Sustainability

At Invest Bank, sustainability is embedded in the way we operate, serve our customers and contribute to the development of the communities around us. As the financial sector plays an increasingly important role in shaping sustainable economic growth, the Bank remains committed to responsible banking practices that create long-term value for stakeholders while supporting the national priorities of the United Arab Emirates.



Building Responsible Banking for the Future

During the year, Invest Bank continued to strengthen its sustainability approach by integrating environmental, social and governance (ESG) considerations into its operations, community initiatives and governance framework. While the Bank's sustainability journey continues to evolve, important steps have been taken to advance responsible business practices, strengthen transparency and contribute positively to society.

These efforts reflect Invest Bank's belief that sustainable banking goes beyond financial performance. It also requires responsible governance, investment in people, support for communities and the adoption of more efficient and environmentally responsible ways of operating.

Our Sustainability Pillars

Invest Bank's sustainability framework is built around three interconnected pillars that guide how the Bank creates long-term value for its stakeholders while supporting sustainable economic development. These pillars reflect the Bank's commitment to responsible banking practices and will continue to evolve as the Bank strengthens its ESG agenda in the coming years.

Environmental Responsibility

Supporting Sustainable Operations and Financing the Transition to a Low-Carbon Economy

Invest Bank recognises the importance of environmental stewardship and the role financial institutions play in supporting a more sustainable economy.

The Bank is committed to gradually reducing its environmental footprint through responsible operational practices, increased digitisation and more efficient use of resources. At the same time, the Bank aims to support businesses and projects that contribute to sustainable development, including sectors focused on renewable energy, energy efficiency and environmentally responsible innovation.

Over time, Invest Bank will continue to strengthen its environmental approach by enhancing sustainable finance capabilities, improving resource efficiency and embedding environmentally responsible practices across its operations.

Social Impact

Empowering People, Supporting Communities and Promoting Financial Inclusion

Invest Bank is committed to creating positive social impact through its employees, customers and community engagement initiatives.

The Bank seeks to foster a workplace culture that values diversity, inclusion and employee wellbeing while supporting professional development and national talent through Emiratisation initiatives.

Beyond the organisation, Invest Bank actively contributes to community development through educational initiatives, financial literacy programmes and partnerships that support long-term social progress.

By promoting financial awareness and supporting access to knowledge and opportunity, the Bank aims to contribute to stronger and more resilient communities.

Strong Governance

Ensuring Transparency, Accountability and Responsible Banking

Robust governance forms the foundation of Invest Bank's sustainability framework.

The Bank maintains a strong corporate governance structure designed to ensure transparency, accountability and effective oversight across its operations. This includes comprehensive risk management frameworks, strict regulatory compliance and a culture that prioritises ethical conduct and responsible decision-making.

Invest Bank continues to strengthen cyber resilience, internal control systems and governance policies to protect customer interests and ensure institutional stability.

Environmental Stewardship

Driving Digital Efficiency and Reducing Environmental Impact

Invest Bank continues to take steps to reduce its environmental footprint through increased digitalisation and operational efficiency.

During the year, the Bank expanded its digital banking capabilities, enabling customers to access services through the Bank's mobile banking platform. The introduction of digital customer onboarding and account opening allows customers to open accounts fully online without visiting branches, replacing traditional paper-based documentation with secure digital processes.

The Bank also expanded the number of services available through the mobile application, enabling customers to complete transactions remotely. These initiatives reduce reliance on paper forms and contribute to lower operational resource consumption.

Internally, Invest Bank introduced digital approval workflows and collaboration tools, enabling departments to process approvals electronically without printed documentation. The increased use of virtual meetings, digital collaboration platforms and online town halls has also contributed to reduced travel and more efficient resource utilisation.

In addition, the Bank continues to support businesses involved in environmentally responsible sectors, including companies working in renewable and sustainable energy.

People & Community Impact

Employee Engagement and Workplace Culture

Invest Bank continues to strengthen employee engagement and organisational culture through initiatives designed to promote collaboration, transparency and open communication.

During the year, the Bank introduced the "Breakfast with the CEO" programme, where the Chief Executive Officer met with teams across departments to discuss the Bank's transformation journey and exchange ideas directly with employees.

Employees were also actively involved in shaping the Bank's mission, vision and core values, reinforcing a culture of shared ownership and collaboration.

To support employee wellbeing, the Bank introduced flexible working arrangements, including remote work on Fridays.

Salary structures were also reviewed to ensure fair compensation practices, including adjustments aimed at improving pay alignment for Emirati employees.

Women continue to play an important role in leadership positions within the Bank, reflecting its commitment to diversity and inclusion.



Supporting Education

Invest Bank continues to support educational development and community learning initiatives.

During the year, the Bank sponsored diploma programmes for **over 187 teachers**, helping them obtain specialised qualifications in early childhood education.

The Bank also signed a **Memorandum of Understanding with the Sharjah Book Authority** to support the publication of a children's book focused on financial literacy, aimed at introducing financial awareness to younger generations.

Promoting Financial Literacy and Fraud Awareness

Invest Bank regularly conducts **financial awareness and fraud prevention initiatives** to educate customers and the wider community about responsible financial practices and digital banking safety.

Through digital platforms and customer communication channels, the Bank provides guidance on financial security, fraud prevention and responsible financial management, helping strengthen consumer protection and financial literacy across society.

Governance & Institutional Resilience

Strengthening Transparency and Institutional Resilience

Strong governance remains central to Invest Bank's sustainability framework.

During the year, the Bank conducted a comprehensive review of its **corporate governance policies, audit frameworks and internal control systems**, ensuring continued alignment with regulatory requirements and best practices.

Invest Bank remains fully compliant with the regulations of the **Central Bank of the UAE**, maintaining robust oversight across its operations.

The Bank's commitment to strong financial oversight was recognised when Invest Bank received the **Tamayuz Excellence Award in the Financial Control category.**

The Bank also demonstrated strong cyber resilience by achieving **second place in the UAE Banking Federation Cyber Wargaming Exercise**, organised under the supervision of the Central Bank of the UAE and the UAE Cyber Security Council.

Sustainability at a Glance

Key sustainability highlights during the year included:

- Introduction of **digital customer onboarding and account opening**, eliminating paper-based forms.
- Expansion of services through the **mobile banking application**, enabling remote banking services.
- Implementation of **digital internal approval workflows**, supporting paperless internal operations.
- Sponsorship of diploma programmes for **over 187 teachers** in early childhood education.
- Partnership with the **Sharjah Book Authority** to publish a children's financial literacy book.
- Delivery of **financial literacy and fraud awareness initiatives** across multiple platforms.
- Launch of employee engagement initiatives including **Breakfast with the CEO**.
- Participation in the **UAE Banking Federation Cyber Wargaming Exercise**, achieving **2nd place nationally**.
- Recognition through the **Tamayuz Excellence Award – Financial Control Category.**



Our Contribution to the UAE Vision

Invest Bank supports the national priorities of the United Arab Emirates through initiatives aligned with sustainable development, digital transformation and knowledge growth.

The Bank contributes to the UAE's **Net Zero 2050 ambitions** by promoting digital banking services and reducing reliance on paper-based processes.

Invest Bank also supports the UAE's **digital economy strategy** through continued investment in digital banking platforms and technology innovation.

The Bank's educational initiatives, including teacher development programmes and financial literacy partnerships, contribute to the UAE's vision of building a **knowledge-based economy**.

Invest Bank also supports the national **Emiratisation agenda**, creating opportunities for Emirati professionals and investing in talent development.

ESG Roadmap
(2026–2028)

As part of its transformation strategy, Invest Bank aims to further strengthen its sustainability framework over the coming years.

Future priorities include expanding digital banking services, enhancing operational efficiency, strengthening governance frameworks and increasing community engagement initiatives.

The Bank also intends to gradually align its sustainability reporting with international ESG frameworks such as the **Global Reporting Initiative (GRI)** and the **International Sustainability Standards Board (ISSB).**

Emerging ESG Priorities

As the Bank continues to strengthen its ESG framework, several priority areas are emerging as key considerations for the future:

- Responsible governance and regulatory compliance
- Cyber security and digital resilience
- Customer protection and financial awareness
- Digital innovation and operational efficiency
- Talent development and Emiratisation
- Community development and education

These priorities will guide the Bank as it continues to integrate sustainability principles into its long-term strategy.

Looking Ahead

As Invest Bank continues its transformation journey, sustainability will remain an integral element of the Bank's long-term development.

By embedding responsible banking practices across its operations, governance frameworks and community engagement initiatives, the Bank aims to contribute to sustainable economic growth while creating lasting value for its stakeholders.

Looking ahead, Invest Bank will continue to strengthen its ESG framework, expand digital innovation and support initiatives that contribute positively to the communities it serves.

Through these efforts, the Bank remains committed to supporting the UAE's vision of building a resilient, innovative and sustainable economy

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Board of Directors' report to the Shareholders

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Directors' Report and audited consolidated financial statements as at and for the year ended 31 December 2025 of the Invest Bank P.S.C. ("Invest Bank" or "the Bank"), encapsulating our financial performance, operational achievements and strategic initiatives for the fiscal year ended 31 December 2025.

After a period of persistent challenges, during which the Group experienced significant financial losses, we are proud to share that the Bank has achieved a meaningful turnaround and recorded a positive net profit of AED 161 million in 2025 after 8 years.

This transition reflects the effectiveness of our redefined strategic initiatives, operational improvements, and disciplined financial management, which collectively enhanced efficiency, strengthened revenue generation and costs optimization. The Board acknowledges the dedication and innovation of our management team and employees, whose commitment has been instrumental in this transformational journey.

The financial year under review not only marks the return to profitability but also sets a solid foundation for sustainable growth and value creation. This report outlines the Group's financial performance, key operational milestones, strategic initiatives undertaken, and risk mitigation measures implemented providing a comprehensive view of both our achievements and the forward-looking strategies designed to secure continued success.

The Group's operating income increased by 105.6% reaching AED 435 million compared to AED 211 million during year ended 2024, primarily due to higher net interest income, fee and commission income and gains on disposal of repossessed properties. Further, robust recovery strategies yielded positive results, and the Group recorded net recoveries of AED 91 million as compared to impairment charge of AED 120 million in 2024.

The Bank's total assets reached AED 14.2 billion, with net loans and advances of AED 7.2 billion (up by 51% vs. 2024) and deposits of AED 11.3 billion (up by 30% vs. 2024). Shareholders' equity was AED 1.6 billion as at the year ended 31 December 2025.

The Group continues to maintain strong liquidity as its ELAR stands at 20.7% well above the regulatory requirement of 10.0% and ASRR stands at 75.4%. This is a testament of the Group's ability to meet obligations without dampening its liquidity and hindering business. The Group's Capital Adequacy stands at a healthy 20.2% which translates into a solid base to build and grow further.

The Board acknowledges the contributions of our employees, whose dedication has been instrumental in achieving operational and strategic milestones. The Group continues to invest in talent through conducting various training programs both internally and externally, partnering with Emirates Institute of Finance for learning and development, further strengthened its diversity initiatives across departments, and recognized talent through performance-based rewards.

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The Group has embarked on a three-year strategic journey "MYDAF" establishing a clear roadmap for accelerated growth across our core businesses to create significant value for shareholders, while maintaining high-quality and sustainable earnings as well as driving improved efficiency through digitization. The Board remains confident in the Group's strategy and is committed to delivering sustainable growth and deliver long-term value for our shareholders.

This report not only reflects the Bank's financial performance and operational achievements but also emphasizes our strategic commitment to harnessing technology as a core driver of growth, innovation, and value creation. In a climate characterized by rapid digital transformation and evolving industry dynamics, the Group has prioritized the integration of advanced technologies across all levels of our operations. This approach enables us to enhance efficiency, strengthen cybersecurity, optimize data-driven decision-making, and innovate our products and services offering in ways that meaningfully impact our customers, employees, and stakeholders.

The Bank has invested prudently in digital transformation to propel customer growth and efficient service delivery, while enhancing its offering across all lines of business. During this year, the Bank has launched the mobile banking application (DigiBank App); enrolled Aani, UAE's instant payment platform launched and regulated by the Central Bank of the UAE.

In 2025, the Bank continued to drive positive change by supporting communities in need and fostering meaningful partnerships. The Bank conducted blood donation drive, participated in Sharjah International Book Fair and launched children's story book on financial literary to help shaping young minds and build better money habits for the future generation, sponsored Sharjah Investment Forum, conducted Ethraa Career Fair, etc. reflecting the Bank's commitment to supporting initiatives that promote economic growth and sustainability goals.

I would also like to take this opportunity to proudly announce that Invest Bank has received formal approval from the Central Bank of the UAE to launch its Islamic Banking Window, a defining milestone that positions us to serve customers through Sharia-compliant financial solutions.

Personally, and on behalf of the entire Board, I would like to express our sincere gratitude and appreciation to His Highness Sheikh Dr. Sultan bin Mohammed Al Qasimi, Member of the Supreme Council and Ruler of Sharjah for his continuous guidance and support to our bank during challenging phase and in this new era of growth and sustainability. I also extend our sincere appreciation to the Chairman of the UAE Central Bank for his steadfast guidance, regulatory oversight, and continued support.

We thank our management team and employees for their contributions and our shareholders for their continued trust and support. We live by our values, which is to serve with integrity, passion, innovation, simplicity and a strong spirit of teamwork.

Sheikh Sultan Bin Ahmed Bin Sultan Al Qasimi
Chairman

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Customer Complains and Feedback: Tel: (+971) 600544404. Whatsapp: (+971- 0) 569943777. Email: wecare@investbank.ae

Independent auditor's report

To the Shareholders of Invest bank P.S.C.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Invest bank P.S.C. (the "Bank") and its subsidiaries (together 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.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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Licence no. 515115, Auditors' Registry no. FC0006-03, a branch of a DIFC entity.

Independent auditor's report (continued)

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of consolidated financial statements of public interest entities and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphases of matter

We draw attention to the following matters:

1) Note 2 (a) to the consolidated financial statements which states that the Group has a reimbursement asset of AED 1.5 billion as at 31 December 2025. The realizability of this asset is dependent on the ability of the Group to satisfactorily comply with the eligibility criteria as set out in note 2 (a) to enable it to establish an unconditional contractual right to receive amounts due under the reimbursement asset from the Government of Sharjah ("GoS" or the "Guarantor") in accordance with the guarantee agreement entered into with the GoS.

Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

Emphases of matter (continued)

2) Note 2 (b) to the consolidated financial statements which states that the Group continues to focus on a number of initiatives to manage its liquidity and financing requirements in addition to the support provided by the Central Bank of the United Arab Emirates and the GoS.

Our opinion is not modified in respect of these matters.

Our audit approach

Overview

Key Audit Matters	Measurement of Expected Credit Losses on loans and advances to customers
	Management's assessment of the preparation of the consolidated financial statements on a going concern basis

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

Our audit approach (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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.

Key audit matter	How our audit addressed the key audit matter
Measurement of Expected Credit Losses ("ECL") on Loans and advances to customers	
The Group recognises a provision for ECL on all financial assets including loans and advances to customers. The ECL release for the year ended 31 December 2025 for loans and advances to customers amounted to AED 35.1 million (including recoveries) and the allowance for ECL as at that date amounted to AED 6.7 billion.	We performed the following audit procedures on computation and reasonableness of the ECL provision included in the Group's consolidated financial statements for the year ended 31 December 2025. We tested on a sample basis the completeness and accuracy of the data used in the calculation of ECL provision. For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria, including the basis for movement between the stages. Evaluation of the appropriateness of the accounting policies adopted by the Group based on the requirements of IFRS 9.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
The Group exercises significant judgements and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default, forward looking adjustments and staging criteria for both funded and unfunded exposures subject to ECL. For defaulted exposures, the Group exercises judgements to estimate the expected future cashflows related to individual exposures, including the value of collateral. The Group's impairment policy under IFRS 9 Financial Instruments is presented in note 5(a)(ii) to the consolidated financial statements. We considered the estimation of ECL as a key audit matter in view of its materiality as well as the exercise of significant judgments, estimates and assumptions used in the estimation of ECL, including use of forward-looking macroeconomic data and complex models.	We involved our internal expert for the testing of the ECL model and, in particular, in the assessment of the following areas: • Reasonableness and appropriateness of the methodology and assumptions used in the calculation of various components of ECL modelling including the computation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for the models selected for testing. • Reasonableness of the key assumptions made in the models including assessment of default, Significant Increase in Credit Risk (SICR) and staging criteria and estimating macroeconomic scenarios. • For a sample of customers, testing the mathematical accuracy and appropriateness of discounting used in the ECL calculation.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
	We performed an independent credit assessment for a sample of customers, by assessing the quantitative and qualitative factors including assessments of the financial performance of the customers, the source of repayments and its history, and other relevant risk factors. For a sample of Stage 3 non-retail customers, we assessed the appropriateness of staging and discounted cash flows (including the discount rates used) and reviewed the valuation and enforceability of collateral, including the underlying assumptions. We assessed, on a sample basis, that reported exceptions to policies and procedures, if any, as outlined in the Risk Appetite Statement were approved by the Board and the approval process was formally documented. For a sample of new/renewed corporate credit facilities, we checked that reported exceptions to limits, if any, as set out in the Board approved Risk Appetite Statement were approved by the Board or its approved delegate and the approval process was formally documented. We assessed the adequacy of the disclosures made in the Group's consolidated financial statements in respect of ECL provisions as required by IFRS Accounting Standards.

Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Management's assessment of the preparation of consolidated financial statements on a going concern basis	
Management and the Board of Directors have assessed the appropriateness of the going concern assumption as a basis for the preparation of the consolidated financial statements. In performing their assessment, management and the Board of Directors have considered the liquidity requirements of the Group, as well as the liquidity support available from the Central Bank of the UAE ('CBUAE'). As a result of their assessment, which requires making significant assumptions and judgements, management and the Board of Directors have determined that it is appropriate for the consolidated financial statements to be prepared on a going concern basis. The going concern basis for the preparation of the consolidated financial statements is considered a key audit matter in view of the significant judgements exercised by management and the assumptions made by it in performing its going concern assessment for the Group. Refer to note 2 of the consolidated financial Statements.	We performed the following procedures in respect of the judgements exercised by the Group in performing its going concern assessment: Confirmed with the CBUAE their ongoing commitment to provide liquidity support for the Group, as necessary. Assessed the Group's liquidity requirements, deposit concentration and projected deposit attrition. Reviewed the reasonableness of management's assumptions and estimates included in the financial projections. Assessed the adequacy of the Group's disclosures in note 2 on management's assessment of the going concern as a basis for the preparation of the consolidated financial statements.

Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

Other information

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report and the Management Discussion and Analysis 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 2025 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 2025 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 the Directors and those charged with governance for the consolidated financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended and the UAE Federal Decree-Law No. (6) of 2025 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

Responsibilities of the Directors and those charged with governance for the consolidated financial statements (continued)

In preparing the consolidated financial statements, the Directors are 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 the Directors either intend to liquidate the Group or to cease operations, or have 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 scepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' 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.
- 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 units within the Group as a basis for forming an opinion on the consolidated 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.

Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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, actions taken to eliminate threats or safeguards applied.

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 or regulation precludes 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

Further, as required by the UAE Federal Decree-Law No. (32) of 2021, as amended, we report that:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) 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;

(iii) as disclosed in note 8.1 to the consolidated financial statements, the Group has not purchased or invested in any shares during the year ended 31 December 2025;

Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

Report on other legal and regulatory requirements (continued)

(iv) the Group has maintained proper books of account;

(v) note 26 to the consolidated financial statements discloses material related party transactions, transactions with conflict of interest and the terms under which they were conducted;

(vi) the financial information included in the Board of Directors' Report and the Management Discussion and Analysis Report is consistent with the books of account of the Group;

(vii) 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 year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended, or in respect of the Group, its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2025; and

(viii) note 33 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2025.

Further, as required by the 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.

PricewaterhouseCoopers Limited Partnership Sharjah Branch

23 February 2026

Jigesh Ashokkumar Shah
Registered Auditor Number 5621
Place: Sharjah, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2025

	Note	31 December 2025 AED'000	31 December 2024 AED'000 Restated*	1 January 2024 AED'000 Restated*
Assets				
Cash and balances with central banks	6	**2,092,121**	1,118,555	1,192,642
Due from banks	7	**838,822**	846,915	610,944
Investment securities	8	**1,468,471**	1,274,122	2,367,839
Loans and advances to customers	9	**7,194,902**	4,777,141	4,471,635
Reimbursement asset	2	**1,506,690**	2,068,501	2,600,000
Assets held for sale		**-**	-	78,352
Other assets	10	**1,068,268**	983,516	930,317
Total assets		**14,169,274**	11,068,750	12,251,729
Liabilities				
Due to banks	11	**214,735**	258	375,830
Deposits from customers	12	**11,332,763**	8,722,156	9,561,165
Liabilities held for sale		**-**	-	3,525
Other liabilities	13	**978,690**	867,618	641,633
Total liabilities		**12,526,188**	9,590,032	10,582,153
Share capital	14	**3,202,493**	3,202,493	3,202,493
Statutory reserve	15	**14,147**	-	-
Fair value reserve		**(39,930)**	(43,722)	(42,091)
Foreign currency translation reserve		**21,665**	21,665	21,665
Accumulated losses		**(1,555,383)**	(1,701,718)	(1,512,491)
Equity attributable to equity holder of the Bank		**1,642,992**	1,478,718	1,669,576
Non-controlling interest		**94**	-	-
Total equity		**1,643,086**	1,478,718	1,669,576
Total liabilities and equity		**14,169,274**	11,068,750	12,251,729

* Refer to Note 36 for details of restated comparative financial information.

The notes 1 to 36 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 23 February 2026 and signed on its behalf by:

Chief Executive Officer

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2025

	Note	2025 AED'000	2024 AED'000
Interest income	16	**558,510**	488,510
Interest expense	17	**(357,186)**	(348,113)
Net interest income		**201,324**	140,397
Fees and commission income	18	**88,857**	76,152
Fee and commission expenses	18	**(8,978)**	(2,437)
Net income from foreign currencies		**10,560**	7,709
Other income / (loss)	19	**142,889**	(10,436)
Total operating income		**434,652**	211,385
Operating expenses:			
Staff cost	20	**(207,401)**	(155,716)
Depreciation and amortization	10	**(10,485)**	(10,462)
Other general and administrative expenses	21	**(142,250)**	(114,315)
Total operating expenses		**(360,136)**	(280,493)
Operating income / (loss) before impairment charge and tax		**74,516**	(69,108)
Net impairment release / (charge)	22	**90,841**	(120,188)
Profit / (loss) before tax		**165,357**	(189,296)
Tax expense	23	**(3,890)**	-
Profit / (loss) for the year		**161,467**	(189,296)
Attributable to:			
Equity holders of the Bank		**161,493**	(189,296)
Non-controlling interest		**(26)**	-
Profit / (loss) for the year		**161,467**	(189,296)
Profit / (loss) per share (UAE Dirhams)	24	**0.0006**	(0.0007)

The notes 1 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2025

	Note	2025 AED'000	2024 AED'000
Profit / (loss) for the year		**161,467**	(189,296)
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Change in fair value of debt securities measured at fair value through other comprehensive income		**1,312**	(374)
Items that will not be reclassified to profit or loss:			
Net change in fair value of equity instruments measured at fair value through other comprehensive income		**2,480**	(1,188)
Actuarial loss on defined benefit obligation		**(1,011)**	-
Other comprehensive profit / (loss) for the year		**2,781**	(1,562)
Total comprehensive profit / (loss) for the year		**164,248**	(190,858)
Attributable to:			
Equity holders of the Bank		**164,274**	(190,858)
Non-controlling interest		**(26)**	-
Total comprehensive profit / (loss) for the year		**164,248**	(190,858)

The notes 1 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2025

	Share capital AED'000	Statutory reserve AED'000	Foreign currency translation reserve AED'000	Fair value reserve AED'000	Accumulated losses AED'000	Total AED'000	Non-controlling interest AED'000	Total AED'000
Balance at 1 January 2025	**3,202,493**	**-**	**21,665**	**(43,722)**	**(1,701,718)**	**1,478,718**	**-**	**1,478,718**
Share issued	-	-	-	-	-	-	**120**	**120**
Profit for the year	-	-	-	-	**161,493**	**161,493**	**(26)**	**161,467**
Other comprehensive income	-	-	-	**3,792**	**(1,011)**	**2,781**	-	**2,781**
Statutory reserve (Note 15)	-	**14,147**	-	-	**(14,147)**	-	-	-
Balance at 31 December 2025	**3,202,493**	**14,147**	**21,665**	**(39,930)**	**(1,555,383)**	**1,642,992**	**94**	**1,643,086**
Balance at 1 January 2024	3,202,493	-	21,665	(42,091)	(1,512,491)	1,669,576	-	1,669,576
Loss for the year	-	-	-	-	(189,296)	(189,296)	-	(189,296)
Other comprehensive income	-	-	-	(1,631)	69	(1,562)	-	(1,562)
Balance at 31 December 2024	3,202,493	-	21,665	(43,722)	(1,701,718)	1,478,718	-	1,478,718

The notes 1 to 36 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2025

	Note	2025 AED'000	2024 AED'000 Restated*
Cash flows from operating activities:			
Profit / (loss) for the year before tax		**165,357**	(189,296)
Adjustments:			
Depreciation		**10,485**	10,459
Net (gain) / loss on investment securities		**(530)**	6
(Gain) / loss on repossessed properties		**(96,462)**	34,075
Impairment loss on other assets		**-**	36,959
Net impairment (gain) / loss		**(87,585)**	85,920
Operating cash flows before changes in operating assets and liabilities		**(8,735)**	(21,877)
Changes in:			
Balances with central banks original maturity over three months		**104,069**	(104,736)
Due from banks with original maturity over three months		**50,071**	(400,382)
Loans and advances to customers		**(2,619,496)**	(390,266)
Other assets		**(18,841)**	(45,645)
Reimbursement asset		**561,811**	531,499
Due to banks with original maturity over three months		**48,742**	(572)
Deposits from customers		**2,610,607**	164,787
Other liabilities		**397,351**	187,053
Net cash generated from / (used in) operating activities		**1,125,579**	(80,139)
Cash flows from investing activities:			
Purchase of property and equipment		**(35,414)**	(7,455)
Purchase of investment securities		**(582,873)**	(1,001,915)
Proceeds from sale of investment securities[1]		**390,560**	1,091,757
Repossessed properties acquired		**-**	(512)
Proceeds from sale of repossessed properties		**55,481**	28,883
Dividend received		**530**	-
Net cash generated from investing activities		**(171,716)**	110,758
Cash flow from financing activities:			
Repo financing		**165,318**	-
Net repayments from repo financing		**-**	(375,000)
Shares issued to non-controlling shareholders		**120**	-
Net cash generated from / (used in) financing activities		**165,438**	(375,000)
Net change in cash and cash equivalents		**1,119,301**	(344,381)
Cash and cash equivalents at 1 January		**1,129,870**	1,474,251
Cash and cash equivalents at 31 December	25	**2,249,171**	1,129,870

* Refer to Note 36 for details of restated comparative financial information.

[1] Non-cash transactions

During the year ended 31 December 2024, there was a reduction in investment securities against customer deposits amounting to AED 1 billion upon the maturity of the Government of Sharjah Sukuks. This is considered as a non-cash transaction in the above consolidated statement of cashflows.

The notes 1 to 36 are an integral part of these consolidated financial statements.

1. Legal status and activities

Invest Bank P.S.C. ("Invest Bank" or "the Bank") is a public shareholding company with limited liability incorporated in 1975 in the Emirates of Sharjah, United Arab Emirates (UAE) by an Emiri Decree issued by His Highness Dr. Sheikh Sultan Bin Mohammed Al Qassimi, Ruler of Sharjah. The registered address of the Bank is at Al Zahra Street, P. O. Box 1885, Sharjah, United Arab Emirates ("UAE").

Invest Bank is licensed by the Central Bank of the UAE (the "CBUAE") to carry out banking activities and is principally engaged in the business of corporate and retail banking through its network of branches located in the Emirate of Sharjah, Dubai and Abu Dhabi.

The Bank also carries out banking activities through its branch ("the Branch") in Beirut, Lebanon licensed by the Central Bank of Lebanon (the "CB Lebanon"). As a result of the prevailing financial and economic crisis in Lebanon, management has assessed the situation and is proceeding with the liquidation of the branch after having received the CB Lebanon approval to liquidate the branch.

The Bank is listed on the Abu Dhabi Securities Exchange ("ADX"). At 31 December 2025, the Government of Sharjah (GoS) owns 70.06% (31 December 2024: 70.06%) of the issued and paid-up share capital of the Bank. The consolidated financial statements of the Group as at and for the year ended 31 December 2025 are available upon request from the Group's registered office or at website (http://www.investbank.ae).

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries (collectively referred to as "the Group") as follows:

Name of subsidiary	Ownership Interest	Incorporation Year	Country	Principal activities
Sharjah Expo Hotel LLC SP	100%	1984	UAE	Hotel Business
Gulf Real Estate Structured Equity I, Ltd	100%	2006	BVI	Special purpose vehicle
Ruba Real Estate LLC	60%	2025	UAE	Real Estate Consulting

The Bank's wholly owned subsidiary Ethraa Real Estate LLC was liquidated during 2025.

2. Recapitalization and liquidity

a. Guarantee agreement with GoS

On 10 May 2023 ("the effective date"), the Bank entered into a guarantee agreement ("the Guarantee Agreement") with the Government of Sharjah (the "Guarantor" or "GoS"), which is also the ultimate controlling shareholder of the Bank. Pursuant to the terms of the Guarantee Agreement, the GoS has undertaken to guarantee the Bank against losses of AED 3 billion in the net book value of specified financial and non-financial assets.

As a condition precedent to the Guarantee Agreement, once the general assembly approves the increase in share capital through a rights issue, the Guarantor shall subscribe to its pro-rata share or all shares offered if not subscribed by other shareholders. The conditions precedent were fulfilled in September 2023, the "effective date" and the Guarantee Agreement became effective on that date.

2. Recapitalization and liquidity *(continued)*

a. Guarantee agreement with GoS *(continued)*

The Government of Sharjah subscribed for 230 billion shares and an amount of AED 2.3 billion became payable to the Bank for GoS's participation in the rights issue. The rights issue increased the shareholding of the Government of Sharjah from 50.07% to 88.11%. The Guarantor executed the Guarantee Agreement as a private act and for commercial purposes at an agreed fee of AED 2.6 billion. The Bank settled the agreed fees payable of AED 2.6 billion by offsetting an amount of AED 2.3 billion against the receivable from the Guarantor arising from the issuance of shares and the remaining amount of AED 0.3 billion was settled through cash payment to Government of Sharjah. The fee payable of AED 2.6 billion in consideration for the Guarantee was accounted for as a reimbursement asset.

As per the agreement, the Government of Sharjah shall compensate the Bank for all Defaulted Amounts which are caused by a Credit Event under the guaranteed portfolio. The Credit event is defined as an event that occurs when, the guaranteed asset is written off in accordance with the Bank's policies or the Bank sells the guarantee obligation at a price below the initial net book value, or balances related to the Lebanon operations are realized at an amount below the initial net book value. Further, the Government shall compensate the Bank for all value losses arising from the non-financial assets when the non-financial asset is disposed or impaired.

The Guarantee Agreement is for a period of 5 years from the effective date. The maximum amount that could be claimed over the term of the guarantee is AED 3 billion with a maximum cap of AED 800 million per calendar year. However, in the final year, there is no cap on the maximum amount that can be claimed. If and to the extent the maximum compensation under the guarantee has not been exhausted at the end of the term of the guarantee, the Bank and the guarantor shall determine the final cash payment by the guarantor to the Bank. Subsequent to any payment notice under the agreement, the guarantor has the right of review to ensure payment notices are in line with the internal policies in all materials respects.

Below table shows the movement in reimbursement asset during the year:

	2025 AED'000	2024 AED'000
As at 1 January	**2,068,501**	2,600,000
Payment received during the year	**(561,811)**	(531,499)
As at 31 December	**1,506,690**	2,068,501

b. Capital and liquidity

The shareholders of the Bank in General Assembly Meeting held on 27 April 2023 approved the proposed Capital Restructuring Plan (the "Plan"). The relevant regulatory approvals for the Plan had already been obtained prior to the date of Board of Directors meeting held on 25 January 2023. Key features of the Plan are summarized in the following:

- A guarantee agreement was entered in to with Government of Sharjah "GoS" which is explained above.
- The Bank shall through the rights issue increase its paid-up share capital by AED 2.6 billion (the "Rights issue") which is to be applied to the settlement of the Guarantee fee.

2. Recapitalization and liquidity *(continued)*

b. Capital and liquidity *(continued)*

The Bank continues to focus on a number of initiatives to manage its liquidity and financing requirements in addition to the support, if required, from the CBUAE and GoS. The Board and management believe that the Bank will have the ability to meet its financial obligations as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

3. Basis of preparation

a. Statement of compliance

These financial statements are consolidated financial statements of the Bank and its subsidiaries which are required to be prepared in accordance with IFRS 10: Consolidated Financial Statements and applicable requirements of the UAE Federal Law No. 32 of 2021 on Commercial Companies.

These consolidated financial statements have been prepared on a going concern basis as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the requirements of applicable laws in the UAE. IFRS Accounting Standards comprise accounting standards issued by the IASB as well as Interpretations issued by the International Financial Reporting Standard Interpretations Committee ("IFRS IC").

b. Basis of measurement

These consolidated financial statements are prepared under the historical cost basis except for items, which are measured on the following basis:

Items	Measurement basis
Investments at fair value through profit or loss ("FVTPL")	Fair value
Derivative financial instruments	Fair value
Debt and equity instruments designated at fair value through other comprehensive income ("FVOCI")	Fair value
Non-financial assets acquired in settlement of loans and advances	Lower of cost or net realizable value (NRV), where NRV is the estimated selling price as at reporting date.

c. Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the function currency of the Bank and its subsidiaries operating in the UAE and also the Group's presentation currency. The presentation of the consolidated financial statements have been rounded to the nearest thousands, unless otherwise indicated. Items included in the consolidated financial statements of the Group's branch are measured using the currency of the primary economic environment in which the Branch operates.

3. Basis of preparation *(continued)*

d. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, 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 recognized in the period in which the estimate is revised and in any future period affected.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows:

(i) Classification of financial assets
In accordance with IFRS 9, the Group classifies its financial assets based on the assessments of the business models in which the assets are held at a portfolio level and whether cash flows generated by assets constitute solely payments of principal and interest ("SPPI"). This requires significant judgement in evaluating how the Group manages its business model and on whether or not a contractual clause in all debt instruments of a certain type breaches SPPI and results in a material portfolio being recorded at fair value through profit or loss ("FVTPL").

(ii) Measurement of the expected credit loss allowance
The measurement of the expected credit loss ("ECL") allowance for financial assets measured at amortized cost and fair value through other comprehensive income ("FVTOCI") is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

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 ("SICR");
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing Banks of similar financial assets for the purposes of measuring ECL.

(iii) Fair value of unquoted securities and derivatives
The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (such as models) are used to determine fair values, these are tested before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatility and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

3. Basis of preparation *(continued)*

(d) Use of estimates and judgements (continued)

(iv) Reimbursement asset

The Group's management has considered the following estimates and judgements while developing an appropriate policy for reimbursement asset:

- The Group has paid a fee of AED 2.6 billion and the maximum coverage under the guarantee is AED 3 billion.
- Majority of the loans covered by the guarantee are in stage 3 and the total expected payouts up to the date of signing of the guarantee is substantially equivalent to at least the fees paid for the guarantee.
- It is virtually certain that the guarantor will pay the Group on the occurrence of the credit event.

Management is confident that it will be able to meet the eligibility criteria of the guarantee agreement that will establish a contractual right to receive the amounts covered by the reimbursement asset and that it will be able to fully collect the receivables from the GoS in line with the agreement.

4. Changes in material accounting policies and disclosures

a. New and revised IFRSs applied on the consolidated financial statements

During the year, the Group has applied amendments to IAS 21 related to lack of exchangeability. The amendment contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The application of amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements. Other than the above, there are no other significant IFRS Accounting Standards, amendments or interpretations that were effective for the first time for the financial year beginning on or after 1 January 2025.

b. New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted

The Group is currently assessing the impact of the below new standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become mandatorily effective.

4 Changes in material accounting policies and disclosures *(continued)*

b. New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted *(continued)*

New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted by the Group	*Effective for annual periods beginning on or after*
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments specifies the matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments: (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).	1 January 2026
IFRS 18: Presentation and Disclosure in Financial Statements contains requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in financial statements This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: • the structure of the statement of profit or loss with defined subtotals; • requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss; • required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and • enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.	1 January 2027

4 Changes in material accounting policies and disclosures *(continued)*

b. New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted *(continued)*

New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted by the Group	*Effective for annual periods beginning on or after*
IFRS 19: Subsidiaries without Public Accountability: Disclosure specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability, and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.	1 January 2027
Annual improvements to IFRS Accounting Stand	2026

The Group has not early adopted any new and revised IFRS Accounting Standards that have been issued but are not yet effective. Management anticipates that these amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. The Group is currently assessing the impact of these new standards, interpretations and amendments on the future financial statements.

5. Material Accounting policies

a. Financial assets and liabilities

1. Measurement

1.1. Amortized cost and effective interest rate

The amortized 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 amortized cost before any impairment allowance or to the amortized 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 the original effective interest rate. Any changes are recognized in the statement of income.

1.2. Interest income

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, for which interest income is calculated by effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

1.3. Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transactions costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fee and commissions. Transactions costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss. Immediately after initial recognition, an ECL is recognized for financial assets measured at amortized cost and at FVTOCI, which results in accounting loss being recognized in the consolidated statement of profit or loss when an asset is newly originated.

5. Material Accounting policies *(continued)*

a. Financial assets and liabilities *(continued)*

1. Measurement *(continued)*

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- 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 recognized as a gain or loss.

- In all other cases, the difference is deferred, and the time of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

2. Financial assets

Debt instruments:

Debt instruments are the instruments that meet the definition of financial liability from the issuer's perspective, such as loans and advances and investments in debt securities.

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the assets; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- Amortized 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 FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- 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 fair value through other comprehensive income (FVTOCI).

  Movements in carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instruments' amortized cost which are recognized in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of income and recognized in 'Other income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

5. Material Accounting policies *(continued)*

a. Financial assets and liabilities*(continued)*

2. Financial assets *(continued)*

- Fair value through profit or loss: Assets that do not meet the criteria for amortized 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 income within 'Other income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

(i) Classification and subsequent measurement

- Business model: the business model reflects how the Group manages the assets in order to generate cash flow. 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 of 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 is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

5. Material Accounting policies *(continued)*

a. Financial assets and liabilities*(continued)*

(i) Classification and subsequent measurement *(continued)*

The Group reclassifies investment in debt instruments 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 none occurred during the period.

Equity instruments

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 the statement of income, including on disposal. 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 the consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash and balances with the central banks, due from banks and due to banks with original maturities of three months or less from the date of acquisition and that are held for the purpose of meeting short term cash commitments.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

Loans and advances to customers

Loans and advances are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and the Group does not intend to sell immediately in the near future.

Loans and advances are initially measured at fair value plus incremental direct transaction costs. Subsequent to the initial recognition, loans and advances are measured at amortized cost using the effective interest method, except when the Group recognizes the loans and advances at fair value through profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

5. Material Accounting policies *(continued)*

a. Financial assets and liabilities*(continued)*

(i) Classification and subsequent measurement *(continued)*

Investment securities

Investment securities are initially measured at fair value plus in case of investment securities not at fair value through profit or loss, incremental direct transaction cost. Subsequent to initial recognition investment securities are accounted for depending upon their classification as either amortized cost, fair value through profit or loss or fair value through other comprehensive income.

Investment securities are measured at amortized cost using the effective interest method, if:

- they are held within a business model with an objective to hold assets in order to collect contractual cash flow and the contractual terms of financial assets give rise, on specific dates, to cash flows that are solely payments of principal and interest; and

- they have not been designated previously as measured at fair value through profit or loss.

The Group elects to present changes in fair value of certain investments in equity and debt instruments held for strategic purpose in other comprehensive income. The election is irrevocable and is made on an instrument-by-instrument basis at initial recognition.

Gains and losses on such equity instruments are not reclassified to Consolidated profit or loss account and no impairment is recognized in the consolidated profit or loss account.

(ii) Impairment

The Group assesses on a forward-looking basis ECL associated with its debt instrument assets carried at amortized 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.

5. Material Accounting policies *(continued)*

a. Financial assets and liabilities*(continued)*

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different from 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 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 the statement of income 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 the statement of income.

The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

5. Material Accounting policies *(continued)*

a. Financial assets and liabilities*(continued)*

(iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownerships, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

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

3. Financial liabilities

(i) Classification and subsequent measurement

Financial liabilities are classified as subsequently measured at amortized cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading books) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVTPL presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market 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 the statement of income;

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition whereby financial liability is recognized for the consideration received for the transfer. In subsequent periods, the Group recognizes any expense incurred on the financial liability; and

- Financial guarantee contracts and loan commitments.

5. Material Accounting policies *(continued)*

a. Financial assets and liabilities*(continued)*

3. Financial liabilities *(continued)*

(ii) Derecognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, canceled or expires).

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in the covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

4. Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to Group's, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

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.

5. Material Accounting policies *(continued)*

a. Financial assets and liabilities*(continued)*

5. Loan commitments

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not made any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments, the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the underdrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

b. Principles of consolidation

i. **Investment in subsidiaries**

A subsidiary is an investee controlled by the Bank. The Bank controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

ii. Subsidiary held for sale

Subsidiary acquired exclusively with a view to resale has a choice of accounting at the acquisition date and at subsequent balance sheet dates. The Group can choose to perform a full consolidation of the individual assets and liabilities, or it can perform a short-cut method given in the IFRS 5 implementation guidance. The Bank has chosen to adopt the shortcut method under IFRS 5.

The short-cut method allows the subsidiary to effectively be treated as a single investment asset. The Bank recognizes and measures the subsidiary at fair value less costs to sell at each reporting date. Under the short-cut method, there is no requirement to fair value all of the entity's individual assets and liabilities acquired with a view to resale. The Bank's statement of financial position shall be presented with the entity's identifiable liabilities measured at fair value and adding it to the fair value (less costs to sell and impairment) to ascertain the value of the assets to be disclosed in the consolidated financial statements.

At each subsequent reporting date, the subsidiary is remeasured to the lower of the initial carrying amount and the fair value less costs to sell. The net change in the subsidiary's carrying value is the single figure result that is reported in discontinued operations. An increase in fair value less costs to sell cannot exceed the amount at which the subsidiary was originally stated, hence, it will be recognized only to the extent of reversal of a previous impairment recognized.

5. Material Accounting policies *(continued)*

c. Fees and commission income and expense

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fee incomes are earned from a diverse range of services provided by the Group to its customers and are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. These are generally recognized when the related service obligations are provided or based on the applicable service contracts, usually on a time proportionate basis. When a loan commitment is not expected to result in the draw-down of a loan, commitment fees are recognized on a straight-line basis over the commitment period. Other fees and commission expenses are expensed as the related services are received.

d. Dividend income

Dividend income is recognized in the Consolidated statement of profit or loss when the Group's right to receive such income is established. Usually this is the ex-dividend date for equity securities.

e. Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognized amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

f. Fair value measurement principles

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

5. Material Accounting policies *(continued)*

f. Fair value measurement principles *(continued)*

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in the consolidated statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change occurred.

g. Derivative financial instruments - Other non-trading derivatives

The Group enters into derivative financial instruments primarily to meet its customer requirements. Derivatives held for internal risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value through profit or loss in the consolidated statement of financial position.

5. Material Accounting policies *(continued)*

h. Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to UAE Dirhams at the foreign exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to UAE Dirhams at the spot foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in UAE Dirhams at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to UAE Dirhams at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising from translation are generally recognized in Consolidated statement of profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into UAE Dirhams at spot exchange rate on the reporting date. The income and expenses of foreign operations are translated to UAE Dirhams at spot exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the foreign currency translation reserve (translation reserve), except to the extent that the translation difference is allocated to non-controlling interest ("NCI").

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, then foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognized in OCI and accumulated in the translation reserve within equity.

5. Material Accounting policies *(continued)*

i. Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their useful lives and is generally recognized in Consolidated statement of profit or loss. Land is not depreciated.

The estimated useful lives of significant items of property and equipment are as follows:

	Years
Buildings	20 to 30
Office installations and improvements	10
Office furniture and equipment	2 to 5
Right of use assets	Up to 4

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted, if appropriate. No depreciation is charged on freehold land and capital-work-in-progress. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of profit or loss.

j. Repossessed properties

The Group acquires real estate and other collateral in settlement of certain loans and advances. Such real estate and other collateral acquired in settlement of debt are held as inventory and are stated at lower of cost or net realizable value at the date of acquisition. Subsequently, the assets are measured at lower of carrying amount or fair value, less impairment losses, if any. Gains or losses on disposal and unrealized losses on revaluation are recognized in the consolidated statement of profit or loss. Directly attributable costs incurred in the acquisition of such assets are included as part of cost of the inventory. Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date.

5. Material Accounting policies *(continued)*

k. Staff terminal benefits

The Group provides for staff terminal benefits based on an estimation of the amount of future benefit that employees have earned in return for their service until their retirement. This calculation is performed based on a projected unit credit method.

The Group contributes to the pension scheme for UAE nationals under the UAE pension and social security law. This is a defined contribution pension plan and the Group's contributions are charged to the Consolidated statement of profit or loss in the period to which they relate. In respect of this scheme, the Group has a legal and constructive obligation to pay the fixed contributions as they fall due and no obligation exists to pay the future benefits.

l. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows to reflect current market assessments of the time value of money and, where appropriate, the risks specific to liability.

m. Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortized over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

n. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

o. Dividend on ordinary shares

Dividends payable on ordinary shares are recognized as a liability in the period in which they are approved by the Bank's shareholders.

INVEST BANK P.S.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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5. Material Accounting policies *(continued)*

p. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

q. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of a non-financial asset is the greater of its value in use and its fair value less cost to sell. The reduction in value is recognized in the consolidated statement of profit or loss.

An impairment loss is reversed only to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

r. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the management of the Group to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available.

s. Reimbursement asset (Purchased Financial Guarantee premium)

Purchased financial guarantees are irrevocable contracts that require the issuer to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees which are purchased sometime later after the origination of the financial assets are not an integral part of the financial assets and are not considered when computing the expected credit loss of the guaranteed financial asset.

The financial guarantee held by the holder is not an integral part of the financial asset and hence is outside the scope of IFRS 9- Financial Instruments, IFRS 17- Insurance contracts. Hence, in line with the requirements of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors, the Group has accounted for the financial guarantee under IAS 37. Having considered the above facts, the premium paid for the guarantee has been recognized as a reimbursement asset. Subsequently, the reimbursement asset will be measured with reference to the expected payouts and credit losses. In assessing the expected payouts and credit losses, the Group considers various scenarios of forecast recoveries and expected cash flows from claims under the guarantee, which are then discounted to arrive at the present value of these future cash flows in comparison to the reimbursement asset held at end of the period. When the Credit Event has occurred and the Group has a contractual right to receive compensation, the reimbursement right is derecognized and receivable from the Government is recognized at fair value.

6. Cash and balances with central banks

	2025 AED'000	2024 AED'000
Cash in hand	**57,734**	22,478
Balances with central banks [6.1]	**1,391,879**	892,087
Reserve requirements with the central banks [6.2]	**793,717**	355,199
	2,243,330	1,269,764
Less: expected credit loss [6.3]	**(151,209)**	(151,209)
	2,092,121	1,118,555

[6.1] Includes overnight deposit amounting to AED 1,355 million placed with CBUAE at 3.65% p.a. (December 31, 2024 – AED 596 million placed with CBUAE at 4.4% p.a.).

[6.2] Statutory reserve requirement with the central banks are required to be maintained as per regulations of the Central Bank of the UAE and the Central Bank of Lebanon. However, as per the CBUAE regulations, the Bank is allowed to draw their balances held in the UAE Central Bank reserve account, while ensuring that the Bank meet the reserve requirements over 14 days period. Therefore, the balances have been included in cash and cash equivalents (Note 25).

[6.3] A 5% change in the allowance rate would result in a AED 10.7 million change in ECL (2024: AED 7.6 million).

7. Due from banks

	2025 AED'000	2024 AED'000
Money market placements	**42,390**	39,667
Term loans	**658,864**	711,659
Nostro, margin and other balances	**138,820**	96,735
	840,074	848,061
Less: expected credit loss	**(1,252)**	(1,146)
	838,822	846,915
The geographical concentration is as follows:		
-Within the U.A.E.	**22,473**	68,952
-Outside the U.A.E.	**817,601**	779,109
	840,074	848,061
Less: expected credit loss	**(1,252)**	(1,146)
	838,822	846,915

8. Investment securities

	2025 AED'000	2024 AED'000 Restated
Financial assets measured at fair value through other comprehensive income (FVTOCI)		
Investments in quoted equity and other securities [8.1, 8.3]	**93,225**	118,193
Investments in debt securities	**51,173**	42,791
Financial assets at amortized cost:		
Investments in debt securities [8.2, 8.3]	**1,328,714**	1,116,023
	1,473,112	1,277,007
Less: allowance for impairment	**(4,641)**	(2,885)
	1,468,471	1,274,122

[8.1] The Group has not purchased or invested in any shares during the year ended 31 December 2025 (31 December 2024: Nil).

[8.2] As at 31 December 2025, investments in debt securities amounting to AED 192,990 thousands (31 December 2024: Nil) were pledged under repo agreements. Moreover, the Government of Sharjah sukuks of AED 2 billion matured on 22 March 2024 at which date, the Group invested AED 500 million in Government of Sharjah sukuks with a 2-year maturity.

[8.3] During the year, the Group restated investment in Tier 1 perpetual securities and shown under equity and other securities. Other securities purchased during the year amounts to AED 54.3 million (2024: AED 103.9 million). Refer to note 36 for details of restated comparative financial information.

9. Loans and advances to customers

	2025 AED'000	2024 AED'000 Restated
Overdrafts	**4,772,590**	5,275,178
Bills discounted	**648,654**	136,951
Trust receipts	**537,696**	558,771
Term loans	**7,928,933**	6,394,714
	13,887,873	12,365,614
Allowances for impairment:		
Interest in suspense	**(2,293,370)**	(2,458,571)
Expected credit loss	**(4,399,601)**	(5,129,902)
Net loans and advances to customers	**7,194,902**	4,777,141

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

The movement in the impairment provision is provided in the below table:

	Provision AED'000 Restated	Interest in suspense AED'000 Restated	Total AED'000 Restated
At 1 January 2025	**5,129,902**	**2,458,571**	**7,588,473**
Net impairment charge (Note 22)	**(31,801)**	**-**	**(31,801)**
Net movement in interest in suspense	**-**	**366,316**	**366,316**
Amounts written off	**(698,500)**	**(531,517)**	**(1,230,017)**
At 31 December 2025	**4,399,601**	**2,293,370**	**6,692,971**

	Provision AED'000 Restated	Interest in suspense AED'000 Restated	Total AED'000 Restated
At 1 January 2024	5,776,973	2,225,377	8,002,350
Less: Provision for contingent liabilities reclassified to other liabilities	(219,553)	-	(219,553)
Restated balances at 1 January 2024	5,557,420	2,225,377	7,782,797
Net impairment charge (Note 22)	18,637	-	18,637
Net movement in interest in suspense	-	454,427	454,427
Amounts written off	(488,085)	(240,990)	(729,075)
Effect of exchange difference	41,930	19,757	61,687
At 31 December 2024	5,129,902	2,458,571	7,588,473

10. Other assets

	2025 AED'000	2024 AED'000
Interest receivable	**24,286**	19,812
Advances, prepayments and other assets [10.1]	**501,115**	73,333
Repossessed properties [10.2]	**342,286**	661,305
Customer acceptances	**108,114**	161,529
Property and equipment [10.3]	**92,467**	67,537
	1,068,268	983,516

[10.1] During the year, the Group disposed a repossessed property for a consideration of AED 400 million plus applicable VAT and recognized a gain of AED 105 million, recorded under "other income" in the consolidated statement of profit or loss. AED 40 million was received during 2025 and the remaining balance is outstanding as at 31 December 2025.

[10.2] Below table shows the movement in repossessed properties:

	2025 AED'000	2024 AED'000
Balance as at 1 January	**661,305**	648,281
Write-down of repossessed properties	**(30,500)**	(34,075)
Acquired during the year	**-**	1,079
Transfer during the year	**-**	74,827
Disposal during the year	**(288,519)**	(28,807)
	342,286	661,305

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10. Other assets *(continued)*

10.3 Property and equipment

	Land AED'000	Building AED'000	Office improvements and furniture AED'000	Equipment and software AED'000	Motor vehicle AED'000	Capital work in progress AED'000	Right of use Assets AED'000	Total AED'000
Cost								
At 1 January	25,000	78,349	68,003	102,830	395	17	4,680	279,274
Additions / transfer during the year	-	-	1,153	18,009	-	16,954	-	36,116
Disposal / written off during the year	-	(45,338)	(59,746)	(91,771)	(395)	-	(3,388)	(200,638)
Total cost	**25,000**	**33,011**	**9,410**	**29,068**	**-**	**16,971**	**1,292**	**114,752**
Accumulated depreciation:								
At 1 January	-	52,831	60,271	97,228	373	-	1,034	211,737
Charge for the year	-	4,920	1,731	3,372	22	-	440	10,485
On disposal / write off	-	(45,338)	(59,691)	(93,039)	(395)	-	(1,474)	(199,937)
Total accumulated depreciation	**-**	**12,413**	**2,311**	**7,561**	**-**	**-**	**-**	**22,285**
Net book value:								
31 December 2025	**25,000**	**20,598**	**7,099**	**21,507**	**-**	**16,971**	**1,292**	**92,467**
31 December 2024	25,000	25,518	7,732	5,602	22	17	3,646	67,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2025

11. Due to banks

	2025 AED'000	2024 AED'000
Current and call accounts	**417**	258
Term deposits	**49,000**	-
Repo against fixed income securities (Note 8.2)	**165,318**	-
	214,735	258

12. Deposits from customers

	2025 AED'000	2024 AED'000
Time deposits	**7,959,307**	6,401,234
Savings accounts	**114,713**	96,947
Current and other accounts	**3,258,743**	2,223,975
	11,332,763	8,722,156

Customer deposits by geographical area are as follows:

Within the UAE	**10,944,399**	7,902,348
Others	**388,364**	819,808
	11,332,763	8,722,156

13. Other liabilities

	2025 AED'000	2024 AED'000 Restated
Interest payable	**162,537**	127,679
Provision for unfunded exposure	**233,536**	285,676
Customer acceptances	**108,114**	161,529
Accrued expenses	**221,388**	148,398
Manager's cheques	**35,915**	22,642
Unearned income	**35,596**	20,378
Staff benefits payable	**55,416**	16,521
Tax liabilities	**29,441**	8,758
Lease liabilities	**1,215**	3,646
Others	**95,532**	72,391
	978,690	867,618

The Group provides end-of-service benefits for its eligible employees in the UAE. An actuarial valuation has been carried out as at 31 December 2025 to ascertain present value of the defined benefit obligation. A registered actuary in the UAE was appointed to evaluate the same. The present value of the defined benefit obligation and related current and past service cost, were measured using the Projected Unit Credit Method.

Key assumptions used in the actuarial valuation are as follows:

	2025	2024
Discount rate	5.0% p.a.	5.5% p.a.
Salary increment rate	4.5% p.a.	4.5% p.a.

Demographic assumptions for mortality, resignation and retirement were used in valuing the liabilities and benefits under the plan.

A shift in the discount rate assumption by +/- 100 basis points would impact the liability by AED 1 million (31 December 2024: AED 1 million). Similarly, a shift in the salary increment rate assumption by +/- 100 basis points would impact the liability by AED 1 million (31 December 2024: AED 1 million).

14. Share capital

	2025	2024
Issued and paid-up capital		
Issued and paid-up share capital (AED'000)	**3,202,493**	3,202,493
Number of shares (thousands)	**263,180,982**	263,180,982
Face value of the share (AED)	**0.0122**	0.0122

15. Statutory reserve

In accordance with the Bank's Articles of Association and as required by Article 241 of UAE Federal Decree Law No. (32) of 2021 (as amended), 10 % of the annual net profit for the year is transferred to a statutory reserve. The Bank may resolve to discontinue such annual transfer when the reserve equals 50% of the paid-up share capital. The statutory reserve is not available for distribution to the shareholders. As at 31 December 2025, AED 14,147 thousand (31 December 2024: Nil) was transferred from profit for the year to statutory reserve.

16. Interest income

	2025 AED'000	2024 AED'000
Banks	**52,356**	50,929
Debt securities	**91,867**	87,719
Loans and advances to customers	**414,287**	349,862
	558,510	488,510

17. Interest expense

	2025 AED'000	2024 AED'000
Due to banks	**2,503**	1,935
Time deposits	**344,650**	341,138
Savings, call and other accounts	**10,033**	5,040
	357,186	348,113

18. Net fees and commission income

	2025 AED'000	2024 AED'000
Fees and commission income:		
Letters of credit fee	**18,940**	8,086
Letters of guarantee fee	**22,699**	33,464
Retail and corporate lending fees	**42,185**	29,051
Commission on transfers / services	**3,636**	4,846
Others	**1,397**	705
	88,857	76,152
Fees and commission expenses:		
Service charges and other expense	**(8,978)**	(2,437)
Net fee and commission income	**79,879**	73,715

19. Other income / (loss)

	2025 AED'000	2024 AED'000
Dividend on investment securities	**530**	227
Net rental income from properties	**25,237**	22,520
Net fair value loss on investments	**-**	(6)
Profit on sale of repossessed properties (Note 10)	**126,962**	-
Write-down of repossessed properties	**(30,500)**	(34,075)
Other operating income	**20,660**	898
	142,889	(10,436)

20. Staff cost

	2025 AED'000	2024 AED'000
Salary and allowances	**140,370**	111,427
Medical	**11,822**	9,788
End of service benefits	**4,688**	5,986
Contribution to social insurance	**3,405**	2,922
Other benefits	**47,116**	25,593
	207,401	155,716

21. General and administrative expenses

	2025 AED'000	2024 AED'000
Premises cost	**16,952**	10,475
Legal and professional fee	**24,289**	18,975
Publicity and advertisement	**7,998**	7,864
Information technology expenses	**61,098**	49,839
Communication expenses	**7,344**	4,754
Other general and administration expenses	**24,569**	22,408
	142,250	114,315

22. Net impairment (release) / charge

	2025 AED'000	2024 AED'000
Net impairment (release) / charge on:		
- loans and advances	**(31,801)**	18,637
- cash and balances with Central banks	**-**	(1,665)
- due from banks	**106**	518
- debt securities	**1,756**	2,307
- others	**(57,646)**	103,082
Recoveries from loans previously written off	**(3,256)**	(2,691)
	(90,841)	120,188

23. Taxation

On 9 December 2022, UAE Ministry of Finance (MoF) released Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (CT Law) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Bank's accounting year ends on 31 December, the first tax period was for the period from 1 January 2024 to 31 December 2024, with the respective tax return filed on 30 September 2025. Subsequent tax year starts from 1 January and ends on 31 December.

A summary of total income tax expense recognized in consolidated profit or loss account is provided below:

	2025 AED'000	2024 AED'000
Current tax expense		
Related to current year	**15,665**	-
Movement in unrecognized deferred tax	**(11,775)**	-
Total current tax expense	**3,890**	-
Deferred tax	-	-
Total deferred tax expense	-	-
Total income tax expense recognized in consolidated profit or loss account	**3,890**	-

The Group considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes, which should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. Further, in accordance with IAS 12 Income Taxes, deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilized.

Management assessed the position to reliably estimate recoverability of deferred tax assets. Based on which, no deferred tax assets in respect of tax losses and deductible temporary differences were recognized in the consolidated financial statements. The tax effect of such tax losses and deductible temporary difference is approximately AED 2.2 million (2024: AED 13.2 million).

23. Taxation *(continued)*

The tax rate applicable in the UAE is 9% (2024: 9%) for taxable profits exceeding AED 375,000. The overall effective tax rate for the Group is approximately 9% (2024: 9%). The difference between the applicable tax rate and the Group's effective tax rate arises due to various adjustments being made in accordance with the corporate tax law as shown below:

	2025 AED'000	2024 AED'000
Profit before taxation	**165,357**	(189,296)
Prima facie tax expense at 9%	**14,882**	(17,037)
Tax effect of difference:		
Non-deductible expenses	**783**	-
Movement in unrecognized deferred tax	**(11,775)**	-
Income tax expense / (benefit)	**3,890**	(17,037)

Applicability of Pillar Two
The Organization of Economic Cooperation and Development (OECD) has published Global Anti-Base Erosion ("GloBE") Model Rules, which include a minimum 15% tax rate by jurisdiction ("Pillar Two"). Various countries have enacted or intend to enact tax legislation to comply with Pillar Two rules.

The Group has conducted an assessment of the potential exposure to Pillar Two income taxes and concluded that the Group is not subject to the Pillar Two Model rules as per the OECD GloBE proposal as the Group's revenue is below the threshold revenue specified for the applicability of pillar two.

24. Earnings per share

Basic earnings per share is based on the profit / (loss) attributable to ordinary shareholders of the Bank and weighted average number of ordinary shares.

	31 December 2025	31 December 2024
Profit / (loss) attributable to ordinary shareholders (AED'000)	**161,493**	(189,296)
Weighted average number of shares outstanding at 31 December (thousands)	**263,180,982**	263,180,982
Profit / (loss) per share (UAE Dirhams)	**0.0006**	(0.0007)

At 31 December 2025 and 31 December 2024, the Bank does not have any instrument resulting in dilution of basic earnings per share.

25. Cash and cash equivalents

	2025 AED'000	2024 AED'000
Cash and deposits with central banks	**2,092,121**	1,118,555
Due from banks	**840,073**	848,061
Due to banks	**(214,735)**	(258)
	2,717,459	1,966,358
Less: Original maturity over three months		
Deposits with central banks	**-**	(104,069)
Due from banks	**(682,606)**	(732,677)
Due to banks	**49,000**	258
Repo financing	**165,318**	-
	2,249,171	1,129,870

26. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise major shareholders, Board of Directors and key management personnel of the Group. Key management personnel comprise those Management committee members ("MEMCO") of the Group who are involved in the strategic planning and decision making of the Group. The terms of these transactions are approved by the Group's management and are made on terms agreed by the Board of Directors or Management.

26 Related party transactions *(continued)*

Related party balances and transactions of the Group included in the consolidated statement of financial position and consolidated statement of profit or loss accounts are as follows:

	Government of Sharjah AED'000	Government of Sharjah related entities AED'000	Board of directors AED'000	Other balances AED'000	Total AED'000
Balances as at 31 December 2025					
Loans and advances to customers	**819,333**	**897,294**	**-**	**250,000**	**1,966,627**
Reimbursement asset	**1,506,690**	**-**	**-**	**-**	**1,506,690**
Investment in Sukuk	**699,976**	**-**	**-**	**-**	**699,976**
Deposits from customers	**70,960**	**1,127,543**	**14,589**	**62,256**	**1,275,348**
Commitments and contingent liabilities	**-**	**45,154**	**50,000**	**8,185**	**103,339**
Other assets	**9,408**	**1,264**		**7,486**	**18,158**
Transactions for the year ended 31 December 2025					
Interest income	**91,282**	**53,005**	**-**	**20,625**	**164,912**
Interest expense	**15,413**	**41,960**	**144**	**715**	**58,232**

	Government of Sharjah AED'000	Government of Sharjah related entities AED'000	Board of directors AED'000	Other balances AED'000	Total AED'000
Balances as at 31 December 2024					
Loans and advances to customers	459,110	743,515	-	50,122	1,252,747
Reimbursement asset	2,068,501	-	-	-	2,068,501
Investments in Sukuk	500,000	-	-	-	500,000
Deposits from customers	212,722	622,541	7,473	89,268	932,004
Commitments and contingent liabilities	-	46,351	12,000	33,622	91,973
Transactions for the year ended 31 December 2024					
Interest income	68,895	51,725	-	13,510	134,130
Interest expense	23,314	37,817	-	1,327	62,458

None of the loans granted to related parties are classified as impaired as at 31 December 2025 (31 December 2024: Nil).

26 Related party transactions *(continued)*

The loans extended to related parties during the year are repayable over 1 year and earn interest at rates ranging from 5.43% to 7.26% per annum (2024: 5.25% to 8.25% per annum). As at 31 December 2025, outstanding loans and advances to related parties are secured by deposits under lien amounting to AED 66.9 million (2024: AED 78.1 million).

Deposits from related parties bears interest at the rates ranging from 0% to 4.83% (2024: 0% to 5.35% per annum).

Key management personnel remuneration
Remuneration of key management personnel and Board of Directors fees and expenses during the year are as follows:

	2025 AED'000	2024 AED'000
Salaries and other short-term benefits	**28,062**	15,762
Termination benefits	**1,360**	2,118
Board of directors' fees and expenses	**8,860**	6,000
	38,282	23,880

27. Commitments and contingent liabilities

Commitments and contingent liabilities include commitments to extend credit, letters of credit and guarantees which are designed to meet the requirements of the Group's customers. Irrevocable commitments to extend credit represent contractual commitments to provide loans and advances and revolving credits. Revocable commitments to extend credit represent commitments to provide loan and advances and revolving credits which can be cancelled by the Group unconditionally without any contractual obligations. Letters of credit and letters of guarantees commit the Group to make payments on behalf of customers, contingent upon the failure of the customer to perform under the terms of the contract.

Commitments and contingent liabilities which have been entered into on behalf of customers and for which there are corresponding obligations from customers, are not included in assets and liabilities. Commitments and contingent liabilities generally have fixed expiry dates or other termination clauses and may require a payment of a fee. These commitments and contingent liabilities are subject to the Group's normal credit approval processes.

Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. Further, liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect third parties to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The Group's maximum exposure to credit loss, in the event of non-performance by the other party and where all counterclaims, collateral or security proves valueless, is represented by the contractual nominal amount of these instruments is provided in the table provided below.

27 Commitments and contingent liabilities *(continued)*

The contractual amounts of commitments and contingent liabilities are set out in the following table by category.

	2025 AED'000	2024 AED'000
Commitments:		
Irrevocable commitments to extend credit	**748,605**	230,320
Contingent liabilities:		
Letters of credit	**128,391**	202,103
Letters of guarantee	**3,277,784**	2,977,184
Others		
Capital commitments	**1,250**	-
	4,156,030	3,409,607

	Irrevocable commitments to extend credit		**Contingent liabilities**	
	2025 AED'000	2024 AED'000	**2025 AED'000**	2024 AED'000
Exposure by geography as on 31 December				
United Arab Emirates	**748,605**	230,320	**3,406,090**	3,154,079
Other Arab Countries	**-**	-	**85**	25,208
	748,605	230,320	**3,406,175**	3,179,287

	Irrevocable commitments to extend credit		**Contingent liabilities**	
	2025 AED'000	2024 AED'000	**2025 AED'000**	2024 AED'000
Exposure by maturity as on 31 December				
Less than 3 months	**555,950**	78,820	**167,863**	291,771
3 months to one year	**192,655**	151,500	**213,989**	365,605
Over one year	**-**	-	**3,024,323**	2,521,911
Total	**748,605**	230,320	**3,406,175**	3,179,287

	Irrevocable commitments to extend credit		**Contingent liabilities**	
	2025 AED'000	2024 AED'000	**2025 AED'000**	2024 AED'000
Exposure by currency as on 31 December				
AED	**748,605**	230,320	**3,138,405**	2,840,967
USD	**-**	-	**241,931**	308,694
Euro	**-**	-	**19,589**	22,853
Other foreign currency	**-**	-	**6,250**	6,773
Total	**748,605**	230,320	**3,406,175**	3,179,287

27 Commitments and contingent liabilities *(continued)*

	Irrevocable commitments to extend credit		**Contingent liabilities**	
	2025 AED'000	2024 AED'000	**2025 AED'000**	2024 AED'000
Exposure by industry segment as on 31 December				
Agriculture, and allied activities	**-**	-	**-**	140
Mining and quarrying	**-**	-	**4,887**	4,542
Manufacturing	**13,221**	-	**194,389**	186,741
Construction and real estate	**50,000**	-	**2,531,855**	2,418,136
Trade	**360,000**	73,820	**74,420**	164,763
Transport, storage and communication	**50,000**	50,000	**14,958**	24,353
Financial institutions	**156,272**	106,500	**364,924**	121,790
Other services	**95,533**	-	**145,139**	209,179
Individuals	**-**	-	**6,421**	247
High net worth individuals	**23,579**	-	**51,816**	13,816
Others	**-**	-	**17,366**	35,580
Total	**748,605**	230,320	**3,406,175**	3,179,287

28. Derivative financial instruments

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives enable the Group's users to increase, reduce or alter exposure to specific risks such as interest or credit.

Derivative financial instruments entered into by the Group include forwards and swaps. The Group primarily uses these derivative financial instruments for trading and risk management purposes.

Forwards
Currency forwards represent commitments to purchase foreign and/or domestic currencies, including non-deliverable spot transactions (i.e. the transaction is net settled). Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

Interest rate swaps
Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of cashflows arising out of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Group's credit risk represents the potential loss if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

28 Derivative financial instruments *(continued)*

Derivatives financial instruments are measured at fair value by reference to published price quotations in an active market. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models like counterparty prices or valuation techniques such as discounted cash flows, market prices, yield curves and other reference market data.

	Positive Fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Maturity Analysis: Upto 3 months AED'000	3 to 12 months AED'000	Over one year AED'000
As at 31 December 2025:						
Currency swaps	-	551	146,910	146,910	-	-
	-	551	146,910	146,910	-	-
As at 31 December 2024:						
Interest rate caps	2	2	36,825	-	-	36,825
Forward foreign exchange contract	3,163	-	59,517	-	59,517	-
Interest rate swaps	-	408	27,831	-	-	27,831
	3,165	410	124,173	-	59,517	64,656

The notional amount is the amount of a derivative's underlying, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk. The positive / negative fair value in respect of derivatives represents the gain/loss respectively, arising on fair valuation of the trading and hedging instruments and are not indicative of any current or future losses.

29. Segmental analysis

IFRS 8 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 segment and to assess its performance. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the type of business activities undertaken as a Group. For operating purposes, the Group is organized into two major business segments:

Commercial Banking, which principally provides loans and other credit facilities, deposits and current accounts for corporate, government, institutional and individual customers; and

Investment and treasury Banking, which involves the management of the Group's investment portfolio and interest rate, currency and derivative portfolio. Investment and treasury undertakes the Group's funding, investing and centralized financial risk management activities through borrowings and use of derivatives for risk management. It also undertakes trading and corporate finance activities and investing in liquid assets such as short-term placements, corporate and government debt securities.

Revenue reported under each of the segments represents revenue generated from external customers. There were no inter-segment revenue during the period. Transactions between segments, inter-segment cost of funds and allocation of expenses are not determined by management for the purpose of resource allocation. For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments except for reimbursement assets and certain amounts included in other assets are shown in Treasury and Investments; and
- All liabilities are allocated to reportable segments except for certain amounts included in other liabilities are shown in Treasury and Investments.

Geographic segments

The Group operates in two principal geographic areas i.e. domestic and international. The United Arab Emirates is designated as domestic area which represents the operations of the Group that originates from the UAE branches and subsidiaries. International area represents the operations of the Group that originates from its Branch outside UAE.

29 Segmental analysis *(continued)*

Below table presents information regarding the Group's operating segments and geographical location as follows:

	Year ended 31 December 2025					Year ended 31 December 2024				
	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Domestic AED'000	International AED'000	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Domestic AED'000	International AED'000
Net interest and other income	283,643	151,009	434,652	434,974	(322)	78,809	132,576	211,385	211,131	254
Net writeback / (impairment loss)	92,597	(1,756)	90,841	74,403	16,438	(117,881)	(2,307)	(120,188)	(121,168)	980
Depreciation	(10,346)	(139)	(10,485)	(10,485)	-	(10,335)	(127)	(10,462)	(10,461)	(1)
Net profit / (loss) for the year	17,879	143,588	161,467	145,664	15,803	(302,535)	113,239	(189,296)	(189,296)	-
Segment capital expenditure	36,116	-	36,116	36,116	-	7,455	-	7,455	7,455	-

	31 December 2025					31 December 2024				
	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Domestic AED'000	International AED'000	Commercial banking AED'000 Restated	Treasury & investments AED'000 Restated	Total AED'000 Restated	Domestic AED'000 Restated	International AED'000 Restated
Segment total assets	10,492,307	3,676,967	14,169,274	13,955,490	213,784	8,072,939	2,995,811	11,068,750	10,998,100	70,650
Segment total liabilities	12,360,538	165,650	12,526,188	12,479,287	46,901	9,588,532	1,500	9,590,032	9,519,382	70,650

30. Accounting classification of financial assets and financial liabilities

The table below shows the classification of the Group's financial assets and financial liabilities and their carrying amounts in accordance with categories of financial instruments specified in IFRS 9.

	FVTPL AED'000	FVTOCI AED'000	Amortized cost AED'000	carrying amount AED'000
At 31 December 2025				
Financial assets				
Cash and deposits with central banks	-	-	2,092,121	2,092,121
Due from banks	-	-	838,822	838,822
Investment securities	-	144,398	1,324,073	1,468,471
Loans and advances to customers	-	-	7,194,902	7,194,902
Customers' indebtedness for acceptances	-	-	108,114	108,114
Other financial assets	-	-	515,406	515,406
	-	144,398	12,073,438	12,217,836
Financial liabilities				
Due to banks	-	-	214,735	214,735
Deposits from customers	-	-	11,332,763	11,332,763
Liabilities under acceptances	-	-	108,114	108,114
Other financial liabilities	-	551	847,046	847,597
	-	551	12,502,658	12,503,209

	FVTPL AED'000	FVTOCI AED'000 Restated	Amortized cost AED'000 Restated	carrying amount AED'000 Restated
At 31 December 2024				
Financial assets				
Cash and deposits with central banks	-	-	1,118,555	1,118,555
Due from banks	-	-	846,915	846,915
Investment securities	-	160,984	1,113,138	1,274,122
Loans and advances to customers	-	-	4,777,141	4,777,141
Customers' indebtedness for acceptances	-	-	161,529	161,529
Other financial assets	3,165	-	77,300	80,465
	3,165	160,984	8,094,578	8,258,727
Financial liabilities				
Due to banks	-	-	258	258
Deposits from customers	-	-	8,722,156	8,722,156
Liabilities under acceptances	-	-	161,529	161,529
Other financial liabilities	410	-	705,679	706,089
	410	-	9,589,622	9,590,032

31. Fair value of assets and liabilities

(a) Fair value hierarchy of assets/liabilities measured at fair value

The fair values of assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other assets/liabilities, the Group determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation of investment securities

The Group constantly monitors the progress of its investments by conducting its own valuation assessment. Depending on the nature of the underlying asset, quantitative methods are used such as residual value, discounted cash flow ("DCF")/scenario analysis or comparable market valuation. The unobservable inputs are selected based on various industry and macroeconomic factors that management considers as reasonable. Qualitative methods which involve taking into consideration the market and economic outlook are also employed.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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

(a) Fair value hierarchy of assets/liabilities measured at fair value (continued)

The following table analyses assets at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statement of financial position.

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000	Carrying value AED'000
At 31 December 2025					
FVTOCI - equity and other securities	**93,225**	**-**	**-**	**93,225**	**93,225**
FVTOCI - Debt securities	**51,173**	**-**	**-**	**51,173**	**51,173**
Net fair value of derivatives	**-**	**(551)**	**-**	**(551)**	**(551)**
	144,398	**(551)**	**-**	**143,847**	**143,847**

	Level 1 AED'000 Restated	Level 2 AED'000	Level 3 AED'000	Total AED'000 Restated	Carrying value AED'000 Restated
At 31 December 2024					
FVTOCI - equity and other securities	118,193	-	-	118,193	118,193
FVTOCI - Debt securities	42,791	-	-	42,791	42,791
Net fair value of derivatives	-	2,755	-	2,755	2,755
	160,984	2,755	-	163,739	163,739

During the year ended 31 December 2025, there is no movement in financial instruments from level 1 to level 2 of vice versa (31 December 2024: Nil).

Although the Group believes that its estimates to fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

(b) Financial instruments not measured at fair value

The fair values of financial instruments not measured at fair value are not materially different from the respective carrying value and disclosed in the relevant, if applicable.

32. Risk management

a. Introduction and overview

The key objective of the Group is to manage risk and provide risk-adjusted returns to the shareholders in line with the accepted risk levels. Risk is inherent in the Group's activity and is managed through a process of ongoing risk identification, measurement, and monitoring by setting risk limits and controls. The Group has established comprehensive risk frameworks and governance structure for managing all material risks. The framework addresses the risk processes of all material risks across the Group. The Risk management direction is set right at the top from the Board of Directors ("BOD") and gets implemented through risk management governance structure and framework. Monitoring and controlling risk is primarily performed based on limits established by the Group through business and risk strategy as well as the level of risk that the Group is willing to accept.

To achieve this, the Group has adopted the Three Lines of Defense approach to manage its risk effectively. The First Line of Defense (FLOD) consists of revenue generating units, components, and their enabling functions, (Front Office and their Support functions). The FLOD teams are responsible for their risk factors and conductive control environment in their business unit and activities and implement policies and procedures in line with the Group's risk appetite. The Second Line of Defense (SLOD) is made up of risk management and compliance functions. The SLOD teams are responsible for risk management development, oversight monitoring process and the implementation of the Group's overall risk management. The Third Line of Defense (TLOD) is implemented by auditors (internal auditors and external auditor). TLOD is independent of both the FLOD and SLOD and are responsible for assessing the effectiveness of both the FLOD and SLOD in terms of adequacy of control within the Group. Auditors report their findings directly to the Board of Directors as an assurance function.

The Group has exposure to several risk categories, and it has frameworks to cover all material risks across the Group, in addition to the following primary risks:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The other distinct risks assessed by the Group are concentration, country, strategic, model, climate, compliance, reputation, technology, interest rate risk in banking book, collateral, foundation internal rating based (FIRB), investment risk and legal risks. Furthermore, information security risk is a critical risk in the current business environment, and the Group has put in place a robust infrastructure to manage the risk.

This note presents information about the Group's exposure to each of the above primary risks, the Group's objectives, risk management frameworks, policies and processes for measuring and managing risks, and the Group's capital management plan.

32 Risk management *(continued)*

a. Introduction and overview *(continued)*

Governance and Risk Management Framework (RMF)

The Board of Directors (the "Board" or "BOD") has the ultimate responsibility for the establishment and oversight of the Group's Risk Management Framework. For that purpose, the Board has formulated, in line with the best international practices, the following committees at Board level to help manage various risks the Group faces:

a. Board Audit Committee
b. Board Risk Committee
c. Board Credit Committee
d. Board Nomination and Compensation Committee
e. Board Special Assets Committee

The Board Risk Committee has been entrusted with the mandate of risk management and the Board Credit Committee has been entrusted with the approval of the credit and investment decisions as per delegation from the Board of Directors.

The Board Committees are assisted by the following Senior Management Committees:
a. Asset Liability Committee (ALCO)
b. Risk Committee (RC)
c. Management Credit Committee (MCC)
d. Provision Committee (PC)
e. Model Oversight Committee (MOC)
f. Data Governance Committee (DGC)
g. Early Alert Committee (EAC) and
h. Operational Risk and Information Security Risk Committee (ORISC).

The Group has implemented the Basel III Framework, IFRS 9 and has established other specific committees / working groups with assigned responsibilities to members of the senior management.

Regular audit of business units and credit processes are undertaken by Internal Audit. Furthermore, Control and Compliance functions have also been enhanced.

The Risk Management function is led by Chief Risk Officer (CRO), which comprises of Enterprise Risk, Credit Risk, Credit Administration, Operational Risk, Fraud Risk and investigations, Market and Liquidity risk management, and Information security and Risk Governance & Internal Control and Portfolio Management. Under the purview of the Risk Management Department, the Group's Risk Governance Framework enables the business and functional units to manage all risks in a proactive manner while integrating concepts of strategic planning, operational risk management, internal controls, and compliance. These include methods and processes, encompassing all risk dimensions to seize the opportunities related to the achievement of the Group's strategic objectives.

32 Risk management *(continued)*

a. Introduction and overview *(continued)*

The Risk framework consists of policy documents covering all material risks across the Group, which include Risk governance framework, Risk Appetite, Credit Policies, IFRS 9 Provision Policy, Market and Liquidity Risk related policies, Operational Risk Management Policy, Fraud Risk and Investigation Policy, Information Security risk related policies, BC Policy, Reputation Risk Policy, Country Risk Framework, Internal Capital Adequacy Assessment Process ("ICAAP") Policy, Stress Testing Policy, Pillar III Disclosure Policy, Investment Policy, outsourcing Policy etc.

Credit Department (CD) has formulated credit underwriting policies aligned with Group's strategies, goals vis-a-vis risk appetite, including collateral management policies, credit assessment, risk grading and reporting, risk rating in compliance with regulatory requirements.

The Group has a Board Approved Risk Appetite Statement (the "RAS") with threshold limits and benchmarks clearly defined and monitored with monthly update to Management and the Board. The RAS has been cascaded at Business Unit levels to ensure effective monitoring.

Review of risk management policies and systems is a continuous activity to reflect changes in market conditions, products and services offered by the Group in order to present a comprehensive view of risk from a strategic and operational perspective and have a process to address risk proactively. Group is currently undergoing strategic transformation which will prepare the Group for the next phase of growth. As a result, the Risk Governance Framework has been enhanced to adequately support the implementation of the strategy and mitigate the risks arising out of the same.

b. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers, contingent liabilities, balances due from banks, Deposits and reserve with the Central Bank excluding cash on hand, other assets and debt securities.

It is also the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to whom the Group is exposed to in the form of counterparty default risk, or (credit) spread risk, or market risk concentrations.

Management of credit risk

The Board of Directors has delegated the responsibilities of the management of credit risk to Board Credit Committee (BCC), Board Special Asset Committee (BSAC), and Management Credit Committee (MCC). Changes to discretionary limits are subject to the Board's approval. Similarly, facilities in excess of discretionary limits are approved by the BCC or / and the Board of Directors. In addition, the delegation of authority is aligned with Credit Risk Management Standards.

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32 Risk management *(continued)*

b. Credit risk *(continued)*

A centralized Credit Management Department ("CDT") is responsible for oversight of the Group's credit underwriting activities including credit assessment and evaluation. The Group has also established Credit Risk function within Risk Management Department (RMD), which is responsible for oversight and monitoring of Group's credit risk activities while ensuring that such risks are within the Board approved Risk Appetite Statement, Policies and Frameworks. In addition, the Group has established Credit Administration Division (CAD) as a control unit responsible for credit administration and documentation as well as a Credit and Loan Operations (CCO) unit to centralize credit operations encompassing, amongst others, activities like validation, settlement and utilization of limits.

The broad functions of CDT include:

- Formulating credit policies in consultation with business units, covering credit assessment, collateral requirements, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Reviewing and assessing credit risk in accordance with delegation of authority matrix, limits and discretionary powers prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same rigorous review process;
- Limiting concentrations of credit exposure to counterparties and industries in line with the RAS by establishing exposure caps and monitoring sectoral exposures. Preferred sectors are identified and reviewed regularly in line with market dynamics.
- Reviewing compliance on an ongoing basis with approved exposure limits relating to counterparties, group caps including Board exposure caps, industries and countries. Regular reports are provided to the management, MCC, BCC and the Board of Directors on the quality of portfolios, breaches, if any and appropriate corrective action is initiated when necessary; and
- Providing advice, guidance and specialized training to business units to promote best practices throughout the Group in the management of credit risk.

The broad functions of Credit Risk Management Function include:

- Responsible for maintaining and enhancing the credit risk management framework for the Group and ensuring that it is in line with regulatory requirements.
- The function is dedicated for identification, measurement, monitoring, and control of credit risks across the Group and its subsidiaries.
- Overseeing the development of the Credit Risk Framework, review Credit Risk Policies and procedures, and support the CRO in ensuring that the Group's Credit Risk is identified, measured, reported, and mitigated within the Group's risk appetite.
- Assisting the CRO in reviewing credit applications based on pre-determined materiality thresholds to ensure the Group is protected against acquiring risks that are not consistent with the risk appetite.
- As a member of senior management committees the function is responsible for appraising management on matters related to credit risk management; thus, facilitating sound decision making.

32 Risk management *(continued)*

b. Credit risk *(continued)*

For financial institutions, the Group uses external ratings issued by Standard and Poor's, Moody's, Fitch, Capital Intelligence or other recognized credit rating agencies in order to manage its credit risk exposure.

The Group has adopted the 'Standardized Approach' for computation of credit risk and market Risk while uses 'Basic Indicator Approach' for Operational Risk, in line with Central Bank regulations. Models for Internal Risk Rating, categorizing the exposures according to the degree of risk of default have been developed and are in use since 2012. The current risk grading framework consists of mainly eight grades reflecting varying degrees of risk of default and mitigation through collateral or other credit risk mitigants. In order to build a strong credit database, the Group introduced credit workflow system for processing of credit applications and rating of all counterparties.

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 and of the associated loss ratios for counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is the approach used for the purpose of measuring Expected Credit Loss (ECL) under IFRS 9.

Use of estimates and judgements

The Group exercises significant judgement in assessing and estimating areas such as Expected Credit Losses. Given the uncertainty and limited forward looking information, the Group has taken the approach of implementing a judgmental overlay to the ECL model by changing its macroeconomic weightages. The Group uses the weightings of (20: 60: 20) for Baseline: Downturn: Upside scenarios.

Governance around IFRS 9 ECL models and calculations

Given the significant impact that the macro-economic scenarios and weightages will have on the Group's Expected Credit Losses, the Group has further strengthened its processes, controls and governance frameworks around macro-economic forecasting and the computation of Expected Credit Losses. In line with Model Management Standards and Guidelines, Group has constituted Model Oversight committee which reviews the inputs and assumptions for IFRS 9 ECL in light of available information.

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32 Risk management *(continued)*

b. Credit risk *(continued)*

Credit risk grading

The Group uses internal credit risk grading's that reflects its assessment of the probability of default of individual counterparties. The rating models are tailored to various asset classes. 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) is fed into this rating model. This is supplemented with external data input into the model.

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 an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

The following are additional considerations for each type of portfolio held by the Group:

Retail:
After initial recognition of credit grade, for retail business, the repayment behavior of the borrower is monitored to establish the grade of the customer based on the stage of delinquency/account conduct.

Corporate:
For corporate business, the rating is determined at the borrower level. Relationship managers incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, relationship managers also update information about the creditworthiness of the borrower every year from sources such as financial statements. This determines the updated internal credit rating and PD. Duly authorized overrides are applied on the ratings when the actual performance of the borrower does not align with the model output.

Treasury:
For investments in debt instruments, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realized default rates over the prior 12 months, as published by the rating agency.

The Group follows a three-stage model for impairment based on the changes in credit quality of a financial instrument since initial recognition as specified in the IFRS 9 and summarized below:

- **Stage 1**: A financial instrument that is neither credit-impaired nor is there a significant increase in credit risk (SICR) since its initial recognition is identified and classified in Stage 1.

- **Stage 2**: If there is a SICR of a financial instrument since its initial recognition, the financial instrument is moved to Stage 2. However, it is not deemed to be credit impaired.

- **Stage 3:** If a financial instrument is credit-impaired or delinquent for more than 90 days, the financial instrument is then moved to Stage 3. This stage is further classified into three sub-stages viz. 3a, 3b and 3c.

32 Risk management *(continued)*

b. Credit risk *(continued)*

Significant increase in credit risk (SICR)

The Group considers a financial asset to have experienced a significant increase in credit risk when one or more of the quantitative, qualitative or backstop criteria have been met. The Group considers all factors including quantitative and qualitative factors in line with Credit Risk Management Standards requirement for SICR considerations.

Definition of default and credit-impaired assets

The Group has aligned the default definition in line with the credit risk management standards as issued by the Central Bank of the UAE.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a minimum consecutive period as specified in the credit risk management standards.

The default definition has been applied consistently to model the PD, EAD and LGD throughout the computation of expected credit loss calculations.

Measuring ECL - Inputs, assumptions and estimation techniques

ECL is measured either on a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or an asset is considered to be credit-impaired. The key inputs into the measurement of ECL are:

- **PD**: 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

- **LGD**: 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).

- **EAD**: EAD represents the expected exposure at the time of default based on the amounts the Group is expecting to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

ECL on financial instruments classified in Stage 1 is measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. However, ECL on financial instruments classified in Stages 2 or Stage 3 is measured based on expected credit losses from all possible default events over the lifetime of the financial instrument.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

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32 Risk management *(continued)*

b. Credit risk *(continued)*

Significant increase in credit risk (SICR)

The Group considers the financial asset to have experienced SICR when a significant change in probability of default occurs between the date of origination of a specific facility and the date when ECL computation is performed.

The Group considers a financial asset to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

i. **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 restructuring
- 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 and behaviour of borrower (collateral value, payment holiday, payment to income ratio etc.).

32 Risk management *(continued)*

b. Credit risk *(continued)*

ii. Qualitative criteria:

Corporate loans:
For corporate loans, the following are 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
- Financial covenants breach
- 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
- Distressed restructure
- Bad news in public domain
- Significant reputation damage

iii. Backstop:

A borrower that is more than 30 days past due to 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 subject to closer monitoring.

Definition of default and credit-impaired assets

The Group defined 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:

i. Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments.

32 Risk management *(continued)*

b. Credit risk *(continued)*

Definition of default and credit-impaired assets *(continued)*

ii. Qualitative criteria:

- The Group considers that the obligor is unlikely to pay its credit obligation to the Group in full without recourse by the Group to actions like realizing security (if held).
- The Group puts the credit obligation on a non-accrued status.
- The Group makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Group taking on the exposure.
- The Group sells the credit obligation at a material credit-related economic loss.
- The Group 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 Group has filed for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation to the Group.
- The obligor is past due more than 90 days on any material credit obligation to the Group.

The above criteria 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 Group 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.

32 Risk management *(continued)*

b. Credit risk *(continued)*

Measuring ECL – Explanation of inputs, assumptions, and estimation techniques *(continued)*

The ECL is determined by projecting the PD, LGD and EAD for each quarterly period 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 previous period). 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 original effective interest rate or an approximation thereof.

Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayments loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization, based on analysis of the Group's recent default data.

- For contingent products like LC and LG, the exposure at default is predicted using a Credit conversion factor in line with the Basel regulatory guidelines.

The LGDs are based on the average expectation of recovery adjusted for the availability of collateral. The Group is in the process of estimating LGD based on its own recovery experience, however, till such time will continue to apply LGD as per above approach.

Forward-looking economic information is also included in determining the 12M and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer below for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and collateral values change etc., are monitored and reviewed on a quarterly basis.

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32 Risk management *(continued)*

b. Credit risk *(continued)*

Measuring ECL - Inputs, assumptions and estimation techniques *(continued)*

Use of estimates and judgements

The Group exercises significant judgement in assessing and estimating areas such as ECL. Given the uncertainty and limited forward looking information, the Group has taken the approach of implementing a judgmental overlay to the ECL model by changing its macroeconomic weightages. The Group uses the weightings of (20: 60: 20) for Baseline: Downturn: Upside scenarios.

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.

Credit approval
Major credit exposures to individual counterparties, groups of connected counterparties and portfolios of retail exposures are reviewed and approved by the Bank's Management Credit Committee ("MCC") / Board Credit Committee ("BCC") within the authorities delegated by the Board of Directors.

Credit rating and measurement
The risk rating system is the basis for determining the credit risk of the Group's asset portfolio (except the retail portfolio) and thus asset pricing, portfolio management, determining finance loss provisions and reserves. A grading system is being used by the Group which is based on the Group's internal estimate of probability of default, with customers or portfolios assessed against a range of quantitative and qualitative factors, including taking into account the counterparty's financial position, past experience and other factors.

Credit monitoring
The Group regularly monitors credit exposures and external trends which may impact risk management outcomes. Internal risk management reports are presented to the Management, Board Risk Committee ("BRC") as well as to the Board of Directors (BoD), containing information on key variables including RAS; portfolio delinquency and financing impairment performance.

All corporate accounts are monitored carefully for performance and reviewed formally on an annual basis or earlier to assess any deterioration in account conduct. The Group has robust policies for client visits and monitoring of accounts to make sure that any concerns on the quality of the accounts are addressed well in time. An exposure is categorized as watch list or non-performing as per UAE Central Bank guidelines. An early warning process is in place for regular review of accounts.

32 Risk management *(continued)*

b. Credit risk *(continued)*

Measuring ECL - Inputs, assumptions and estimation techniques *(continued)*

Credit monitoring (continued)
Non-performing accounts are monitored closely by the Special Assets Management Unit (SAM). Such accounts are re-evaluated, and remedial actions are agreed and monitored on a periodic basis and discussed in the BSAC. Remedial actions include, but are not limited to, exposure reduction, security enhancement, asset search, employing litigation/recovery agencies, defining litigation strategy and exit of the account.

With respect to the Group's retail portfolio, asset quality is monitored closely with 30/60/90 days past due accounts and delinquency trends monitored continuously for each Retail Product of the Group. Accounts which are past due are subject to collection processes that are managed by SAM.

Credit mitigation
Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools. Additional support in the form of collateral and guarantee is obtained where required. The reliance that can be placed on these credit mitigation resources is carefully assessed in light of issues such as legal enforceability, market value and counterparty risk of the guarantor. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed and movable assets such as motor vehicles, plant and machinery; marketable securities and bank guarantee etc. Risk mitigation as detailed as part of Credit policies control the approval of collateral types.

Collateral is valued in accordance with the Group's risk mitigation Credit policy which aligns to CBUAE regulation. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure.

32 Risk management *(continued)*

b. Credit risk *(continued)*

Maximum exposure to credit risk

Below table shows the Group's maximum credit risk exposure per class of financial asset without taking into account effects of any collateral or other credit enhancements:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Cash and balances with central banks	**2,243,330**	-	-	**2,243,330**	1,269,764	-	-	1,269,764
Due from banks	**840,074**	-	-	**840,074**	848,061	-	-	848,061
Investment measured at FVOCI	**51,173**	-	-	**51,173**	42,791	-	-	42,791
Investments measured at amortized cost	**1,328,714**	-	-	**1,328,714**	1,116,023	-	-	1,116,023
Loans and advances to customers (net of IIS)	**6,458,544**	**746,023**	**4,389,936**	**11,594,503**	4,328,837	299,152	5,279,054	9,907,043
Other assets	**1,068,268**	-	-	**1,068,268**	983,516	-	-	983,516
Total funded exposure	**11,990,103**	**746,023**	**4,389,936**	**17,126,062**	8,588,992	299,152	5,279,054	14,167,198
Unfunded exposure	**3,846,117**	**188,423**	**228,355**	**4,262,895**	3,016,077	78,586	314,944	3,409,607
Total funded and unfunded exposure	**15,836,220**	**934,446**	**4,618,291**	**21,388,957**	11,605,069	377,738	5,593,998	17,576,805

32 Risk management *(continued)*

b. Credit risk *(continued)*

Below table shows the stage-wise expected credit loss against each of the asset category:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Cash and balances with central banks	**151,209**	-	-	**151,209**	151,209	-	-	151,209
Due from banks	**1,252**	-	-	**1,252**	1,146	-	-	1,146
Investment measured at FVOCI	-	-	-	-	-	-	-	-
Investments measured at amortized cost	**4,641**	-	-	**4,641**	2,885	-	-	2,885
Loans and advances to customers	**43,359**	**92,695**	**4,263,547**	**4,399,601**	42,417	85,230	5,002,255	5,129,902
Other assets	-	-	-	-	-	-	-	-
ECL on funded exposure	**200,461**	**92,695**	**4,263,547**	**4,556,703**	197,657	85,230	5,002,255	5,285,142
ECL on unfunded exposure	**21,495**	**6,928**	**205,113**	**233,536**	18,301	2,041	265,334	285,676
ECL on funded and unfunded exposure	**221,956**	**99,623**	**4,468,660**	**4,790,239**	215,958	87,271	5,267,589	5,570,818

32 Risk management *(continued)*

b. Credit risk *(continued)*

Credit risk exposure - Financial instrument subject to impairment
Below table shows an analysis of the credit risk exposure per class of exposure/asset, based on the internal rating, rating as specified by the Central Bank of the UAE and stage of financial assets which are subject to ECL:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**	Stage 1 AED'000 Restated	Stage 2 AED'000	Stage 3 AED'000	Total AED'000 Restated
Balances with central banks:								
Gross carrying amount	**2,243,330**	-	-	**2,243,330**	1,269,764	-	-	1,269,764
Expected credit loss allowance	**(151,209)**	-	-	**(151,209)**	(151,209)	-	-	(151,209)
Carrying amount	**2,092,121**	-	-	**2,092,121**	1,118,555	-	-	1,118,555
Due from banks:								
Gross carrying amount	**840,074**	-	-	**840,074**	848,061	-	-	848,061
Expected credit loss allowance	**(1,252)**	-	-	**(1,252)**	(1,146)	-	-	(1,146)
Carrying amount	**838,822**	-	-	**838,822**	846,915	-	-	846,915
Investments securities*:								
Gross carrying amount	**1,379,887**	-	-	**1,379,887**	1,158,814	-	-	1,158,814
Expected credit loss allowance	**(4,641)**	-	-	**(4,641)**	(2,885)	-	-	(2,885)
Carrying amount	**1,375,246**	-	-	1,375,246	1,155,929	-	-	1,155,929

* excluding equity and other securities

32 Risk management *(continued)*

b. Credit risk *(continued)*

Gross credit exposure by External credit risk ratings

The table below shows an analysis of the credit quality of gross carrying amount of due from banks and debt securities based on the rating by external rating agencies. The analysis is based on Standard & Poor's ratings. However, wherever S&P's ratings are not available, comparable Fitch or Moody's equivalent ratings scale is used. Debt issuer level ratings are used in case ratings are not available at issuance level.

	31 December 2025				31 December 2024			
	Due from banks AED'000	**Debt securities at FVOCI AED'000**	**Debt securities at amortized Cost AED'000**	**Total AED'000**	Due from banks AED'000	Debt securities at FVOCI AED'000	Debt securities at amortized Cost AED'000	Total AED'000
Ratings								
AAA to AA-	**2,512**	-	-	**2,512**	1,372	-	30,162	31,534
A+ to A-	**251,818**	**9,749**	**155,409**	**416,976**	322,191	12,136	131,171	465,498
BBB+ to BBB-	**116,830**	**-**	**177,236**	**294,066**	195,848	30,655	155,233	381,736
BB+ to B-	**468,914**	**41,424**	**996,069**	**1,506,407**	328,650	-	799,457	1,128,107
	840,074	**51,173**	**1,328,714**	**2,219,961**	848,061	42,791	1,116,023	2,006,875

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32 Risk management *(continued)*

b. Credit risk *(continued)*

Below table shows an analysis of the credit quality of gross amount of loans and advances based on the grading in line with the CB-UAE guidelines, stage of loans and advances and the expected credit loss allowance:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Performing:								
Stage 1	**6,459,415**	**-**	**-**	**6,459,415**	4,329,140	-	-	4,329,140
Stage 2	**-**	**749,156**	**-**	**749,156**	-	302,332	-	302,332
Non-performing:								
Stage 3a	**-**	**-**	**13,045**	**13,045**	-	-	459,023	459,023
Stage 3b	**-**	**-**	**23,925**	**23,925**	-	-	72,295	72,295
Stage 3c	**-**	**-**	**6,642,332**	**6,642,332**	-	-	7,202,824	7,202,824
	6,459,415	**749,156**	**6,679,302**	**13,887,873**	4,329,140	302,332	7,734,142	12,365,614
Interest in suspense	**(871)**	**(3,133)**	**(2,289,366)**	**(2,293,370)**	(303)	(3,180)	(2,455,088)	(2,458,571)
Expected credit loss allowance	**(43,359)**	**(92,695)**	**(4,263,547)**	**(4,399,601)**	(42,417)	(85,230)	(5,002,255)	(5,129,902)
Carrying amount	**6,415,185**	**653,328**	**126,389**	**7,194,902**	4,286,420	213,922	276,799	4,777,141

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32 Risk management *(continued)*

b. Credit risk *(continued)*

Staging movement: Below table shows the movement in the gross exposure between the beginning and the end of year:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Due from banks								
As at 1 January	**848,061**	-	-	**848,061**	611,572	-	-	611,572
Net movement in EADs	**(7,987)**	-	-	**(7,987)**	236,489	-	-	236,489
As at 31 December	**840,074**	-	-	**840,074**	848,061	-	-	848,061
Investment securities*								
As at 1 January	**1,158,814**	**-**	**-**	**1,158,814**	2,334,887	-	-	2,334,887
Net movement in EADs	**221,073**	-	-	**221,073**	(1,199,213)	-	-	(1,199,213)
As at 31 December	**1,379,887**	-	-	**1,379,887**	1,158,814	-	-	1,158,814
Loans and advances								
As at 1 January	**4,329,140**	**302,332**	**7,734,142**	**12,365,614**	3,810,007	314,523	8,129,902	12,254,432
Transfer from Stage 1 to Stage 2	**(351,712)**	**351,712**	**-**	**-**	(56,252)	56,252	-	-
Transfer from Stage 1 to Stage 3	**(909)**	**-**	**909**	**-**	(3,638)	-	3,638	-
Transfer from Stage 2 to Stage 1	**23,115**	**(23,115)**	**-**	**-**	46,990	(46,990)	-	-
Transfer from Stage 2 to Stage 3	**-**	**(7,277)**	**7,277**	**-**	-	(6,621)	6,621	-
Transfer from Stage 3 to Stage 1	**115**	**-**	**(115)**	**-**	-	-	-	-
Transfer from Stage 3 to Stage 2	**-**	**112**	**(112)**	**-**	-	36,961	(36,961)	-
Other movement in EADs	**2,459,666**	**125,392**	**(1,062,799)**	**1,522,259**	532,033	(51,793)	(369,058)	111,182
As at 31 December	**6,459,415**	**749,156**	**6,679,302**	**13,887,873**	4,329,140	302,332	7,734,142	12,365,614

* excluding equity instruments

32 Risk management *(continued)*

b. Credit risk *(continued)*

Staging movement: Below table shows the changes in the expected credit loss between the beginning and the end of year:

	31 December 2025				31 December 2024			
	12 month ECL Stage 1 AED'000	**Lifetime ECL Stage 2 AED'000**	**Lifetime ECL Stage 3 AED'000**	**Total AED'000**	12 month ECL Stage 1 AED'000 Restated	Lifetime ECL Stage 2 AED'000 Restated	Lifetime ECL Stage 3 AED'000 Restated	Total AED'000 Restated
Due from banks								
As at 1 January	**1,146**	-	-	**1,146**	628	-	-	628
Net movement in ECL	**106**	-	-	**106**	518	-	-	518
As at 31 December	**1,252**	-	-	**1,252**	1,146	-	-	1,146
Investment securities*								
As at 1 January	**2,885**	-	-	**2,885**	578	-	-	578
Net movement in ECL	**1,756**	-	-	**1,756**	2,307	-	-	2,307
As at 31 December	**4,641**	-	-	**4,641**	2,885	-	-	2,885
Loans and advances								
As at 1 January	**42,417**	**85,230**	**5,002,255**	**5,129,902**	39,130	31,317	5,706,526	5,776,973
Net ECL movement during the year:								
Transfer from Stage 1 to Stage 2	**(2,803)**	**2,803**	-	-	(709)	709	-	-
Transfer from Stage 1 to Stage 3	**(94)**	-	**94**	-	(258)	-	258	-
Transfer from Stage 2 to Stage 1	**1,665**	**(1,665)**	-	-	457	(457)	-	-
Transfer from Stage 2 to Stage 3	-	**(576)**	**576**	-	-	(32)	32	-
Transfer from Stage 3 to Stage 1	**38**	-	**(38)**	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	**53**	**(53)**	-	-	13,857	(13,857)	-
Other movement in ECL	**2,136**	**6,850**	**(739,287)**	**(730,301)**	3,797	39,836	(690,704)	(647,071)
As at 31 December	**43,359**	**92,695**	**4,263,547**	**4,399,601**	42,417	85,230	5,002,255	5,129,902

* excluding equity instruments

32 Risk management *(continued)*

b. Credit risk *(continued)*

Concentration of credit risk - industry segment *(continued)*

Below table provides gross credit exposure by industry segment:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Manufacturing	**219,484**	**6**	**2,232,550**	**2,452,040**	154,631	17,832	2,325,016	2,497,479
Construction	**399,615**	**67,805**	**3,002,858**	**3,470,278**	453,189	13,185	3,365,156	3,831,530
Real estate	**1,350,031**	**56,141**	**373,881**	**1,780,053**	256,346	180,910	525,337	962,593
Trade	**297,849**	**13,556**	**800,001**	**1,111,406**	556,362	35,484	905,961	1,497,807
Transport, storage and communication	**57,596**	**1,392**	**47,955**	**106,943**	88,352	2,214	54,783	145,349
Financial institutions	**1,064,403**	**595,323**	**57**	**1,659,783**	1,078,282	30,353	80,846	1,189,481
Other services	**481,388**	**13,245**	**73,367**	**568,000**	382,188	4	256,182	638,374
Government	**1,112,827**	-	-	**1,112,827**	731,681	-	-	731,681
Individuals	**264,846**	**1,673**	**6,608**	**273,127**	193,096	4,740	22,980	220,816
High net worth individuals	**1,179,877**	-	**114,451**	**1,294,328**	421,421	17,610	171,346	610,377
All others	**31,499**	**15**	**27,574**	**59,088**	13,592	-	26,535	40,127
Gross loans and advances	**6,459,415**	**749,156**	**6,679,302**	**13,887,873**	4,329,140	302,332	7,734,142	12,365,614

32 Risk management *(continued)*

b. Credit risk *(continued)*

Concentration of credit risk - industry segment *(continued)*

Below table provides expected credit loss by industry segment:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	**Stage 2 AED'000**	**Stage 3 AED'000**	**Total AED'000**	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Manufacturing	**1,881**	-	**1,496,432**	**1,498,313**	578	2,356	1,582,541	1,585,475
Construction	**1,695**	**24,910**	**1,941,130**	**1,967,735**	2,229	18,756	2,220,517	2,241,502
Real Estate	**8,731**	**23,876**	**159,715**	**192,322**	392	50,723	201,059	252,174
Trade	**2,229**	**5,667**	**545,771**	**553,667**	2,057	3,620	645,731	651,408
Transport, storage and communication	**673**	**548**	**29,055**	**30,276**	1,850	858	33,427	36,135
Financial institutions	**3,834**	**17,371**	**4**	**21,209**	2,362	2,862	70,806	76,030
Other services	**7,380**	**13,199**	**40,467**	**61,046**	5,299	2,990	149,450	157,739
Government	**3,601**	-	-	**3,601**	3,352	-	-	3,352
Individuals	**3,422**	**260**	**5,400**	**9,082**	18,783	591	14,487	33,861
High net worth individuals	**9,913**	**6,541**	**39,848**	**56,302**	5,489	2,331	78,677	86,497
All others	-	**323**	**5,725**	**6,048**	26	143	5,560	5,729
Expected credit loss	**43,359**	**92,695**	**4,263,547**	**4,399,601**	42,417	85,230	5,002,255	5,129,902

32 Risk management *(continued)*

b. Credit risk *(continued)*

Concentration of credit risk - Geographical concentration

Concentration of credit risk arises when a number of counterparties or exposures have comparable economic characteristics or such counterparties are engaged in similar activities or operate in the same geographical areas or economic sectors that would impact their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The analysis of credit risk concentrations presented below are based on the location of the counterparty or customer or country of risk in which they are engaged.

	31 December 2025					31 December 2024				
	UAE AED'000	**Other GCC countries AED'000**	**Other Arab countries AED'000**	**Western Europe and other AED'000**	**Total AED'000**	UAE AED'000 Restated	Other GCC Countries AED'000 Restated	Other Arab Countries AED'000 Restated	Western Europe and other AED'000 Restated	Total AED'000 Restated
Balances with central banks	**2,029,633**	-	**62,488**	-	**2,092,121**	1,056,067	-	62,488	-	1,118,555
Due from banks	**22,471**	**166,646**	**350,093**	**299,612**	**838,822**	67,806	307,241	37,028	434,840	846,915
Investments securities	**1,068,991**	**208,327**	**185,918**	**5,235**	**1,468,471**	1,055,732	216,561	-	1,829	1,274,122
Loans and advances to customers	**6,532,094**	**135,728**	**52,364**	**474,716**	**7,194,902**	4,694,803	54,714	27,624	-	4,777,141
Reimbursement asset	**1,506,690**	-	-	-	**1,506,690**	2,068,501	-	-	-	2,068,501
Other assets	**1,055,940**	**3,432**	**6,968**	**1,928**	**1,068,268**	983,516	-	-	-	983,516
	12,215,819	**514,133**	**657,831**	**781,491**	**14,169,274**	9,926,425	578,516	127,140	436,669	11,068,750
Contingent liabilities	**3,406,090**	-	**85**	-	**3,406,175**	3,154,079	-	25,208	-	3,179,287
Total exposure	**15,621,909**	**514,133**	**657,916**	**781,491**	**17,575,449**	13,080,504	578,516	152,348	436,669	14,248,037

32 Risk management *(continued)*

b. Credit risk *(continued)*

Impaired loans and advances

Impaired loans and advances are financial assets for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s). These loans are classified as Stage 3a, Stage 3b and stage 3c, as appropriate, in line with the CBUAE guidelines.

Past due but not impaired loans

These are loans and advances where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of a repayment source such as assigned receivables, the level of security/collateral available and/or the possible scope of collection of amounts owed to the Group. It also includes contracts where the reschedule/restructure discussions are ongoing /or has been approved but awaiting perfection of documents viz. Mortgage deed, Facility Agreement Letter (FAL) and so on by the customer.

Allowances for impairment

The Group establishes allowance for impairment losses that represents its estimate for losses in its loan portfolio. The main components of this allowance are specific losses that relates to individually significant exposures and a collective impairment established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are considered individually insignificant as well as individually significant that were subject to individual assessment for impairment but not found to be individually impaired. Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

Write-off

The Group writes off loans/securities (and any related allowances for impairment losses) when it determines that there is no scope of recovery, and the loans are uncollectible. The decision is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure and there is no scope to pursue any other avenues, by writing down the debt to a nominal value.

Collateral and other credit enhancements

The Group holds collateral against funded and unfunded financing facilities in the form of cash margins, pledges/liens over deposits, mortgage interests over property, other registered securities over assets and guarantees. The Group accepts guarantees mainly from well-reputed local or international banks/financial institutions, well-established local or multinational organizations, large corporates and high net worth individuals. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, which are generally updated during annual reviews or earlier as the Group deems it prudent given the circumstances and market trend / conditions. Collateral is generally not held over loans and advances to other banks or financial institutions, except when securities are held as a part of reverse repurchase and securities borrowing activity.

32 Risk management *(continued)*

b. Credit risk *(continued)*

Collateral and other credit enhancements *(continued)*

It is the Group's policy to ensure that loans are extended to customers within their capability to service interest and repay principal instead of relying excessively on securities/collaterals. Accordingly, depending on customers' credit worthiness and the type of product, facilities may be unsecured. Nevertheless, collateral is and can be an important credit risk mitigant.

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below. Collateral values reflect the exposure or the value of the collateral whichever is lower.

	31 December 2025				31 December 2024			
	Neither past due nor impaired AED'000	**Past due but not impaired AED'000**	**Impaired AED'000**	**Total AED'000**	Neither past due nor impaired AED'000	Past due but not impaired AED'000	Impaired AED'000	Total AED'000
Cash	**2,356,877**	**-**	**33,179**	**2,390,056**	1,873,215	2,811	43,571	1,919,597
Commercial and industrial property	**1,693,218**	**-**	**95,560**	**1,788,778**	545,990	4,729	232,856	783,575
Equities	**312,877**	**-**	**-**	**312,877**	253,207	-	8,144	261,351
Others	**59,529**	**-**	**-**	**59,529**	143,824	852	8,382	153,058
Total	**4,422,501**	**-**	**128,739**	**4,551,240**	2,816,236	8,392	292,953	3,117,581

32 Risk management *(continued)*

b. Credit risk *(continued)*

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made material concessions that it would not otherwise consider. Once a loan is restructured, it remains in this category for a minimum period of twelve months, in order to establish satisfactory track record of performance under the restructuring agreement. The Group determines the twelve-month period to commence from the date of signing of the agreement for restructuring. The impact of modification loss on the Group's consolidated financial statements is not material.

Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of counterparty to honor its obligations to deliver cash, securities or other assets as contractually agreed. Any delay in settlement is rare and monitored.

Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive market value of instruments that are favorable to the Group. The positive market value is also referred to as the "replacement cost" since it is an estimate of what it will cost to replace transactions at prevailing

32 Risk management *(continued)*

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with it's financial liabilities as they become due and at a reasonable cost. Liquidity risk can be segregated into three categories:

(i) Mismatch or structural liquidity risk: the risk in the Group's current consolidated statement of financial position structure due to maturity transformation in the cash flows of individual positions;
(ii) Contingency liquidity risk: the risk that future events may require a significantly larger amount of cash than what the Group's projections allow. This can arise due to unusual deviations of timing of cash flows (term liquidity risk), e.g., non-contractual prolongation of loans, or unexpected draw downs on committed loan facilities (call/ withdrawal liquidity risk); and
(iii) Market liquidity risk: the risk that the Group cannot easily offset or eliminate a position at the market price because of market disruption or inadequate market depth.

Management of liquidity risk

Liquidity risk management has remained at the helm of risk management and receives close attention of the Board of Directors. The Group's approach to managing liquidity is to ensure, 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 Group's reputation. All liquidity policies and procedures are subject to review and approval by ALCO, BRC and the Board. The Group has adequate Liquidity and Market Risk framework including regular monitoring of Liquidity Risk Appetite, liquidity at risk positions, forecasted liquidity positions and country limit and market monitoring. The key elements of the Group's liquidity strategy are as follows:

i. Maintaining a diversified funding base consisting of customer deposits (both retail and corporate), wholesale market deposits, maintaining contingency facilities, annual budgeting and planning exercise forms the basis for developing the Group's funding strategy.
ii. Carrying a portfolio of high-quality liquid assets, diversified by counterparty and maturity.
iii. Monitoring liquidity ratios (ELAR, ASRR, LTD), maturity mismatches, behavioral characteristics of the Group's financial assets and liabilities, and the extent to which the Group's assets are encumbered and hence not available as potential collateral for obtaining funding.
iv. Carrying out stress testing of the Group's liquidity position.
v. Maintaining adequate liquidity buffers.
vi. Active communication with the CBUAE regarding liquidity requirements and requesting liquidity support with respect to those requirements.

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the Eligible Liquid Asset Ratio (ELAR), ratio of net liquid assets (i.e. total assets by maturity against total liabilities by maturity) and its loans to deposit ratio. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

32 Risk management *(continued)*

c. Liquidity risk *(continued)*

Residual contractual undiscounted repayment obligations of financial liabilities

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations The Group's expected cash flow on these instruments may vary significantly from this analysis, for example demand deposits from customers are expected to maintain a stable or increasing balance and unrecognized loan commitments are not expected to be drawn down immediately.

	31 December 2025					31 December 2024				
	Upto 3 months AED'000	**3 months to 1 year AED'000**	**1 to 5 years AED'000**	**Undis-counted cash flow AED'000**	**Carrying amount AED'000**	Upto 3 months AED'000 Restated	3 months to 1 year AED'000 Restated	1 to 5 years AED'000 Restated	Undis-counted cash flow AED'000 Restated	Carrying amount AED'000 Restated
Due to banks	**215,578**	**-**	**-**	**215,578**	**214,735**	258	-	-	258	258
Deposits from customers	**6,424,686**	**3,466,244**	**1,785,792**	**11,676,722**	**11,332,763**	5,314,390	3,055,160	769,999	9,139,549	8,722,156
Liabilities for acceptances	**72,957**	**35,158**	**-**	**108,115**	**108,114**	18,173	99,443	43,913	161,529	161,529
Other liabilities	**407,583**	**130,584**	**85,762**	**623,929**	**870,576**	532,314	133,372	40,403	706,089	706,089
Total liabilities	**7,120,804**	**3,631,986**	**1,871,554**	**12,624,344**	**12,526,188**	5,865,135	3,287,975	854,315	10,007,425	9,590,032
Undrawn commitments to extend credit	**322,300**	**426,305**	**-**	**748,605**	**748,605**	81,000	149,320	-	230,320	230,320
	7,443,104	**4,058,291**	**1,871,554**	**13,372,949**	**13,274,793**	5,946,135	3,437,295	854,315	10,237,745	9,820,352

32 Risk management *(continued)*

c. Liquidity risk *(continued)*

Below table shows the residual maturity profile of the assets and liabilities:

	31 December 2025				31 December 2024			
	Upto 3 months AED'000	**3 months to 1 year AED'000**	**Over 1 year AED'000**	**Total AED'000**	Upto 3 months AED'000 Restated	3 months to 1 year AED'000 Restated	Over 1 year AED'000 Restated	Total AED'000 Restated
Cash and deposits with central banks	**2,092,121**	**-**		**2,092,121**	763,510	355,045	-	1,118,555
Due from banks	**181,210**	**420,145**	**237,467**	**838,822**	136,400	345,661	364,854	846,915
Investment securities	**537,678**	**125,612**	**805,181**	**1,468,471**	14,673	96,038	1,163,411	1,274,122
Loans and advance to customers	**2,226,551**	**1,229,627**	**3,738,724**	**7,194,902**	744,864	1,362,341	2,669,936	4,777,141
Reimbursement asset	**-**	**-**	**1,506,690**	**1,506,690**	-	-	2,068,501	2,068,501
Other assets	**140,531**	**4,533**	**923,204**	**1,068,268**	46,854	238,803	697,859	983,516
Total assets	**5,178,091**	**1,779,917**	**7,211,266**	**14,169,274**	1,706,301	2,397,888	6,964,561	11,068,750
Liabilities and equity								
Due to banks	**214,735**	**-**	**-**	**214,735**	258	-	-	258
Deposits from customers	**6,080,727**	**3,466,244**	**1,785,792**	**11,332,763**	4,893,395	3,117,234	711,527	8,722,156
Other liabilities	**725,164**	**165,741**	**87,785**	**978,690**	260,313	231,815	375,490	867,618
Total liabilities	**7,020,626**	**3,631,985**	**1,873,577**	**12,526,188**	5,153,966	3,349,049	1,087,017	9,590,032
Net liquidity positions	**(1,842,535)**	**(1,852,068)**	**5,337,689**	**1,643,086**	(3,447,665)	(951,161)	5,877,544	1,478,718

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32 Risk management *(continued)*

d. Market Risk

Market Risk is the risk that changes or movement in market prices - such as equity prices, foreign exchange rates and interest rates,, that will affect the Bank's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimizing the return on risk adjusted capital.

Management of market risk
The Group separates its exposure to market risks between trading and non-trading portfolios. Trading portfolios mainly include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

The Group has a very limited trading portfolio; hence it is not exposed to any significant market risk in respect of its trading portfolio.

i. Interest rate risk

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and the related income. The Group manages interest rate risk principally through monitoring interest rate gaps and by matching the re-pricing profile of assets and liabilities.

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32 Risk management *(continued)*

d. Market Risk *(continued)*

i. Interest rate risk *(continued)*

Below table shows the maturity profile of the assets and liabilities based on residual maturity or interest re-pricing periods whichever is earlier at the reporting date:

	31 December 2025					31 December 2024				
	Upto 3 months AED'000	3 months to 1 year AED'000	Over 1 year AED'000	non-interest-sensitive AED'000	Total AED'000	Upto 3 months AED'000 Restated	3 months to 1 year AED'000 Restated	Over 1 year AED'000 Restated	non-interest-sensitive AED'000 Restated	Total AED'000 Restated
Assets										
Cash and balances with central banks	**1,355,000**	-	-	**737,121**	**2,092,121**	707,124	-	-	411,431	1,118,555
Due from banks	**42,391**	**420,145**	**237,467**	**138,819**	**838,822**	39,667	345,107	365,411	96,730	846,915
Investment securities	**530,129**	**128,704**	**798,422**	**11,216**	**1,468,471**	14,667	77,740	1,172,979	8,736	1,274,122
Loans and advances to customers	**5,487,856**	**832,309**	**779,820**	**94,917**	**7,194,902**	3,373,773	433,667	812,740	156,961	4,777,141
Reimbursement asset	-	-	-	**1,506,690**	**1,506,690**	-	-	-	2,068,501	2,068,501
Other assets	-	-	-	**1,068,268**	**1,068,268**	-	-	-	983,516	983,516
Total assets	**7,415,376**	**1,381,158**	**1,815,709**	**3,557,031**	**14,169,274**	4,135,231	856,514	2,351,130	3,725,875	11,068,750
Liabilities and equity										
Due to banks	**214,318**	-	-	**417**	**214,735**	-	-	-	258	258
Deposits from customers	**3,445,266**	**3,348,488**	**1,671,978**	**2,867,031**	**11,332,763**	3,176,171	3,117,234	711,527	1,717,224	8,722,156
Other liabilities	-	-	-	**978,690**	**978,690**	-	-	-	867,618	867,618
Total liabilities	**3,659,584**	**3,348,488**	**1,671,978**	**3,846,138**	**12,526,188**	3,176,171	3,117,234	711,527	2,585,100	9,590,032
On balance-sheet gap	**3,755,792**	**(1,967,330)**	**143,731**	**(289,107)**	**1,643,086**	959,060	(2,260,720)	1,639,603	1,140,775	1,478,718
Off balance-sheet gap	-	-	-	-	-	27,831	-	(27,831)	-	-
Total gap	**3,755,792**	**(1,967,330)**	**143,731**	**(289,107)**	**1,643,086**	986,891	(2,260,720)	1,611,772	1,140,775	1,478,718
Cumulative gap	**3,755,792**	**1,788,462**	**1,932,193**	**1,643,086**	-	986,891	(1,273,829)	337,943	1,478,718	-

32 Risk management *(continued)*

d. Market Risk *(continued)*

i. Interest rate risk (continued)

The assets and liabilities re-pricing profile as shown in the above table have been determined on the basis of residual maturity period or interest re-pricing periods at the reporting date, whichever is earlier. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank. It is unusual for banks to be completely matched, as transacted business is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Interest rate risk is also assessed by measuring the impact of reasonable possible change in interest rate movements. The Group assumes a fluctuation in interest rates of 50 basis points (31 December 2024: 50 basis points) and uses its internal models / management view to estimates the following impact on the net profit for the year and equity at that date:

	Net profit for the year		Equity	
	2025	2024	**2025**	2024
	AED'000	AED'000	**AED'000**	AED'000
50 bps up move	**19,002**	1,724	**19,002**	1,724
50 bps down move	**(19,002)**	(1,724)	**(19,002)**	(1,724)

As on 31 December 2025, interest bearing assets amount to AED 10,612 million (31 December 2024: AED 7,342 million) and interest bearing liabilities amount to AED 8,680 million (31 December 2024: AED 7,005 million). Interest bearing assets/liabilities re pricing less than one year, are used for assessing the impact on net profit. The impact on equity as given in the table above is based on the sensitivity of interest bearing assets and liabilities for the banking book. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

Sensitivity analysis - Interest rate risk

Interest rate risk is the sensitivity of asset and liability values to changes in the term structure of interest rates or interest rate volatility. Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and related income. The Group manages the risk principally through monitoring interest rate gaps and matching the re-pricing profile of assets and liabilities. The Group also assesses the impact of defined movement in interest yield curves on its net interest income. The following is the impact of interest rate movement on net interest income and regulatory capital.

	2025	2024
	AED'000	AED'000
Shift in yield curve		
+200 bps.	**76,010**	(6,623)

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. The sensitivity does not incorporate actions that could be taken by the management to mitigate the effect of interest rate movements. Group hedges interest rate risk through interest rate swaps as appropriate to ensure interest rate sensitivities are within risk appetite limits set forth by BOD.

32 Risk management *(continued)*

d. Market Risk *(continued)*

ii. Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The Group is exposed to equity price risk on equity investments, either through holding of equities of another entity or through equity derivatives such as forward contracts, options or swaps. The fair value of these instruments will fluctuate due to changes in the market price of the underlying equity instruments.

The primary goal of the Group's investment strategy is to maximize return on investments. The Group has very limited investments in equities and as such not exposed to equity price risk.

iii. Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group's functional currency is the UAE Dirham. The Board of Directors has set limits on positions by currency. Positions are closely monitored, and hedging strategies are used to ensure positions are maintained within established limits.

The Group engages in limited trading in foreign exchange on its own account. Its treasury activities are mainly directed to assisting its customers in managing their foreign exchange exposures. A system of exposure limits is in place to control price risk on foreign exchange exposures, and a system of individual credit limits are in place to control counter-party risk.

At the reporting date, the Group has the following net open currency exposures:

	Assets	**liabilities**	**Net spot (short)/ Long**	**Forward position (short)/ Long**	**Total**
	AED'000	**AED'000**	**AED'000**	**AED'000**	**AED'000**
31 December 2025					
USD	**2,173,806**	**1,012,173**	**1,161,633**	**146,904**	**1,308,537**
Euro	**72,605**	**72,169**	**436**	**-**	**436**
GBP	**9,517**	**9,430**	**87**	**-**	**87**
Other foreign currencies	**14,012**	**3,871**	**10,141**	**-**	**10,141**
	2,269,940	**1,097,643**	**1,172,297**	**146,904**	**1,319,201**
31 December 2024					
USD	2,201,364	1,096,554	1,104,810	-	1,104,810
Euro	85	25,113	(25,028)	-	(25,028)
GBP	-	7,129	(7,129)	-	(7,129)
Other foreign currencies	-	217	(217)	-	(217)
	2,201,449	1,129,013	1,072,436	-	1,072,436

32 Risk management *(continued)*

d. Market Risk *(continued)*

iii. Foreign exchange risk

The amounts shown in the table below reflect the effect of a reasonably possible movement of AED against other currencies, with all other viables held constants, the equal but opposite potential effect on profit and equity based on a 1% negative or positive currency fluctuation:

	Net profit for the year		Equity	
	2025	2024	**2025**	2024
	AED'000	AED'000	**AED'000**	AED'000
USD	**13,085**	8,813	**13,085**	8,813
GBP	**1**	-	**1**	-
Euro	**4**	21	**4**	21

e. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal and compliance risk but excludes strategic and reputational risk. Operational risks could arise from all of the Group's operations and are faced by all business entities and its enabling functions.

The Group's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovative strategies. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Group has taken measures to put requisite tools in place including Operational Risk Assessment Process (ORAP), Operational Risk and Control Assessment (ORCA), Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Loss Data Collection (LDC) and Business Continuity Management (BCM) to identify and address all operational risk exposures. The Group has also taken measures to implement directive, detective, preventative and corrective control measures including robust processes and policies to mitigate operational risk to an acceptable level and to avoid or minimize financial losses and damage to the Group's reputation.

Market Conduct Risk

Market conduct is defined by CBUAE "as to how a financial institution conducts itself in the marketplace in terms of the level of integrity, fairness, and competency that it demonstrates in dealing with consumers. It includes the behavior and actions of a financial institution in the marketplace involving such matters such as, product design, development, marketing and sales practices, advertising, compliance with laws, fulfilling its obligations to customers, treatment of customer's / dispute resolution, conflicts of interest, transparency and disclosure, Market competition, pricing, etc."

The Risk exposure arising from Consumer protection regulations falls within the Operational Risk pillar under the Group's risk management categorization. The Risk exposure from Market Conduct and its management are captured in the Group's Conduct Risk framework.

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32 Risk management *(continued)*

e. Operational risk *(continued)*

Market Conduct Risk *(continued)*

The Group have put in place Policy (Consumer Protection Policy & Conduct Risk Framework) to manage Market Conduct risk. As a directive Control, the policy has stipulated clear roles and responsibilities for the respective Business departments, their enabling functions and governance structures.

Compliance with Group standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are shared with the Board Audit Committee and senior management of the Group. The Group's compliance with legal and regulatory requirements is ascertained by Internal Audit reviews, while Compliance of regulatory requirements is strengthened by the Compliance department as a Second Line of Defense function.

f. Capital management

Capital allocation
The Bank's lead regulator, the Central Bank of the UAE, sets and monitors regulatory capital requirements.

The Group's objectives when managing capital are as follows:

- Safeguarding the Group's ability to continue as a going concern and increase return for the shareholders; and
- Comply with the regulatory capital requirement set by Central Bank of the UAE.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Group recognizes 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.

The Group also assesses its capital requirements internally, taking into consideration growth requirements and business plans along with an assessment of all material risks faced by the Group. Risks such as interest rate risk in the banking book, liquidity risk, concentration risk, strategic risk, legal and compliance risk, and reputational risk form part of the ICAAP computations.

As per the Central Bank Regulation for Basel III, the capital requirement as at 31 December 2025 is 13% (31 December 2024: 13%) inclusive of capital conservation buffer.

The Group must comply with the following minimum requirements:

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, excluding the capital conservation buffer, is calculated as sum of Tier 1 capital and Tier 2 capital must be at least 10.5% of risk weighted assets (RWA).

The capital adequacy ratio is computed based on circulars issued by the CBUAE as per Basel III taking into consideration the effect of the guarantee by the Government of Sharjah.

32 Risk management *(continued)*

f. Capital management *(continued)*

The Group's regulatory capital position at 31 December was as follows:

	2025 AED'000	2024 AED'000
TIER 1 Capital		
Share capital	**3,202,493**	3,202,493
Statutory reserve	**14,147**	-
Foreign currency translation	**21,665**	21,665
Fair value reserve	**(39,930)**	(43,722)
Accumulated losses	**(1,555,383)**	(1,701,718)
Minority interest	**94**	-
Regulatory deductions and adjustments:		
Intangible assets	**(17,585)**	(2,222)
Total tier 1 capital	**1,625,501**	1,476,496
TIER 2 Capital		
Eligible general provisions	**99,572**	62,724
Total tier 2 capital	**99,572**	62,724
Total regulatory capital	**1,725,073**	1,539,220
RISK WEIGHTED ASSETS		
Credit risk	**7,965,722**	5,017,928
Market risk	**10,664**	32,374
Operational risk	**552,549**	309,016
Total risk weighted assets (RWA)	**8,528,935**	5,359,318
CET 1 ratio	**19.06%**	27.55%
Tier 1 ratio	**19.06%**	27.55%
Tier 2 ratio	**1.17%**	1.17%
Capital adequacy ratio	**20.23%**	28.72%

32 Risk management *(continued)*

f. Capital management *(continued)*

Impairment reserve – general

As per the credit risk management standards (CRMS) issued by CBUAE, banks must ensure that the total provision corresponding to all stage 1 and stage 2 exposures is not less than 1.50% of the credit risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for banks) when computing the regulatory capital.

During the year ended 31 December 2025, total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.5% of the Credit Risk weighted assets as computed under the CBUAE capital regulations.

The computation of non-distributable impairment reserve - general created during the year is as follows:

	2025 AED'000	2024 AED'000
Non distributable impairment reserve – general		
Minimum provision for Stage 1 & 2 as per CBUAE requirements	**119,486**	75,368
Less: Stage 1 and 2 impairment provision taken against income	**170,370**	147,987
Shortfall in stage 1 & 2 provision to meet minimum CBUAE requirements	-	-
Balance of impairment reserve - general as at 1 January	-	-
Add: Non-distributable reserve created during the year (Impairment reserve - general)	-	-
Balance of impairment reserve - general as at 31 December	-	-

The calculation process, the methodology and the results for provisions have been reviewed and approved by the Board Risk Committee ("BRC") responsible for the oversight of provisions. Accordingly, the BRC has formally reviewed the calculation process, the methodology and results of the provision as presented by the Acting Chief Risk Officer ("ACRO"). Therefore, the provisions have been presented and approved by the Board or 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.

32 Risk management *(continued)*

g. Other risks

i. Information Security

Information security refers to the practices, policies and technologies to protect confidentiality, integrity and availability (CIA triad) of information at rest and in transit. Security risks that can cause damage to the CIA of Group's information is addressed by means of meaningful, effective and business supporting controls. Ineffective technical controls have the potential to have major negative effects on finances, reputation, and regulations.

The objective of information security is to secure the banking operations by safeguard sensitive information such as customer data, financial records, intellectual property and employee records while maintaining the business continuity.

Information security achieves this objective through a combination of preventive, detective and corrective measures, such as but not limited to employee training, risk management, security testing, vulnerability assessment, strong governance practices, incident response practices, log monitoring, access controls, performance evaluation, defense in depth approach.

Attempt to address the risks before it materializes is supported by regulatory and compliance requirements as these are key drivers of information security efforts. Accordingly, compliance to Swift CSP, PCI DSS, UAE IAS standards are being assessed annually through regular audits.

ii. Country risk

Country risk is the probability of economic, social and political events in a foreign country impacting the willingness or ability of state owned or privately owned customers in that country to pay their debts on time.

The Group has established country limits to monitor and control country risk. These limits are in accordance with overall business strategy, capital management, and provision for potential risk, risk rating on each country, acceptable level of risk and business opportunities in each country.

iii. Strategic risk

Strategic risk refers to the risk of prospective impact on the Group's earnings, capital, reputation arising from changes in the environmental conditions or from adverse strategic decisions or its implementation.

The Group uses several factors to identify and assess the impact of strategic risk, including implementation of risk management policies and practices in the strategic planning process and its compatibility with business strategy. Strategic risks are monitored and controlled as part of the strategic planning process wherein the Group reviews the progress on strategic initiatives and considers whether the progress is in line with the plan and the external business environment. The strategic plan is periodically reviewed and updated subject to a governance process.

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32 Risk management *(continued)*

g. Other risks *(continued)*

iv. Compliance risk

Compliance risk is defined as the risk of legal or regulatory sanction, material financial loss, or loss to reputation the Group may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, or codes of conduct applicable to its banking activities.

Compliance risk is managed in accordance with a compliance risk management framework and within a defined risk appetite. The primary responsibility for managing compliance risk rests with the Group's first line businesses and enablement functions in accordance with the Group's three lines of defense risk and control model. The Group compliance function is a second line function and is responsible for overseeing the management of compliance risk and for the development of internal compliance risk frameworks and policies. Compliance function work in partnership with risk management and legal functions and is overseen by Group Internal Audit.

v. Reputational risk

Reputational risk is the risk to earnings or capital arising from negative public opinion. This can be due to external or internal events.

The Group identifies and assesses reputational risk by clearly defining types of risks to be captured, establishing key sources of reputational risk it may be exposed to, based on individual circumstances, describing the risks identified in terms of the nature of risk and the potential consequences that the risks may bring to its reputation. The Group also refers to other relevant information for risk identification purposes. Such information may be sourced from media reports, stakeholder analysis reports, internal audit, customer experience reports and compliance reports, management exception reports or other early warning indicators.

vi. Climate related risk

The Group and its customers may face significant climate related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in customer demands and supply chains. Despite the progress, the Group acknowledges the need for further efforts to fully integrate climate in the Group's risk assessments and management protocols.

33. Social contributions

The Group made the following social contributions during the year:

	2025 AED'000	2024 AED'000
Sponsorships	**4,025**	5,032
Total social contributions	**4,025**	5,032

34. Legal proceedings

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's consolidated financial statements, if disposed unfavorably.

35. Subsequent events

There are no significant events after the reporting period that would require adjustment or disclosure.

36. Comparative figures

36.1 In prior period, the Bank recognized the loss allowances for financial guarantee contracts together with the loss allowance for loans and advances to customers, and the amount was deducted from the gross carrying value of loans and advances to customers.

International Financial Reporting Standard 7: Financial Instruments – Disclosures requires the loss allowance for financial guarantee contracts to be recognized as a "Provision" in the consolidated statement of financial position.

During the year, management considered the above requirements and as a result restated prior period financial statements and recognized expected credit loss for financial guarantee contracts as a provision within "other liabilities" financial statement line item in the consolidated statement of financial position.

36. Comparative figures *(continued)*

The misstatement has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Consolidated statement of financial position (extract)

	Previously reported 31 December 2024 AED'000	Restatement AED'000	Restated balance 31 December 2024 AED'000
Loans and advances to customers	4,491,465	285,676	4,777,141
Total assets	**10,783,074**	**285,676**	**11,068,750**
Other liabilities	581,942	285,676	867,618
Total liabilities	**9,304,356**	**285,676**	**9,590,032**

Financial statement line items	Previously reported 31 December 2023 AED'000	Restatement AED'000	Restated balance 1 January 2024 AED'000
Loans and advances to customers	4,252,082	219,553	4,471,635
Total assets	**12,032,176**	**219,553**	**12,251,729**
Other liabilities	422,080	219,553	641,633
Total liabilities	**10,362,600**	**219,533**	**10,582,133**

Consolidated statement of cash flows (extract)

	Previously reported 31 December 2024 AED'000	Restatement AED'000	Restated balance 31 December 2024 AED'000
Changes in:			
Loans and advances to customers	(324,143)	(66,123)	(390,266)
Other liabilities	120,930	66,123	187,053
Net cash used in operating activities	**(80,139)**	**-**	**(80,139)**

The restatement do not have any impact on the consolidated statement of profit or loss for the year ended 31 December 2024.

36.2 Certain investments in Tier 1 perpetual securities, previously classified as financial assets at amortized cost amounting to AED109.4 million as at 31 December 2024 (AED 23 million as at 1 January 2024), have been reclassified to financial assets measured at FVTOCI to appropriately reflect the nature of the investment "Equity instruments". Refer to note 8 for further details.