Credit Rating Disclosure Form

Date	8th Oct 2026
Name of the Listed Company	Invest Bank P.S.C
Name of the Credit Rating Agency	Capital Intelligence Ratings
Credit Rating Classification Categories	Long-Term Foreign Currency (LT FCR) BBB+ Short-Term Foreign Currency (ST FCR) A2 Bank Standalone Rating (BSR) bb+ Core Financial Strength (CFS) bb-
A simple explanation of the Credit rating classification and its implications	Good credit quality. Satisfactory capacity for timely fulfilment of financial obligations. Acceptable credit characteristics but some vulnerability to adverse changes in business, economic and financial conditions. Medium grade credit characteristics and the lowest investment grade category.
The expected financial impact of the Credit Rating Classification on the company's business and financial position	None
Outlook (as per the Credit Rating Agency) about the company	Stable
Summary of the official statement issued by the company regarding the Classification of the Credit Rating	Capital Intelligence Ratings (CI Ratings or CI) announced that it has raised the Long-Term Foreign Currency Rating (LT FCR) of Invest Bank (INB or the Bank) to 'BBB+' (from 'BBB-'), the Short- Term Foreign Currency Rating (ST FCR) to 'A2' (from 'A3'), the Bank Standalone Rating (BSR) to 'bb+' (from 'bb-') and the Core Financial Strength (CFS) rating to 'bb-' (from 'b+'). At the same time, CI Ratings has affirmed INB's Extraordinary Support Level (ESL) of High. The Outlook for the LT FCR and the BSR remains Stable.

The Name of the Authorized Signatory	Mridul Ashok Baberwal
Designation	Chief Financial Officer
Signature and Date	08.10.2026
Company's Seal	

Invest Bank P.S.C (INB) is a commercial bank licensed and regulated by the Central Bank of the UAE | Head Office: Sharjah, United Arab Emirates | www.inb.ae

For feedback or complaints, email us on wecare@inb.ae or call our Customer Experience line 600 544 404

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Ref: AE01225CRA00-02 7 October 2026

Invest Bank's Ratings Raised

Capital Intelligence Ratings (CI Ratings or CI) today announced that it has raised the Long-Term Foreign Currency Rating (LT FCR) of Invest Bank (INB or the Bank) to 'BBB+' (from 'BBB-'), the Short-Term Foreign Currency Rating (ST FCR) to 'A2' (from 'A3'), the Bank Standalone Rating (BSR) to 'bb+' (from 'bb-') and the Core Financial Strength (CFS) rating to 'bb-' (from 'b+'). At the same time, CI Ratings has affirmed INB's Extraordinary Support Level (ESL) of High. The Outlook for the LT FCR and the BSR remains Stable.

The LT FCR upgrade follows the upward revision of the BSR to 'bb+', which reflects substantial franchise development over recent periods, alongside improving profitability and asset quality. The LT FCR of 'BBB+' is set three notches above the BSR, reflecting a high ESL, and remains substantially underpinned by the high likelihood of assistance from the UAE government (sovereign ratings: 'AA-'/'A1+'/Stable) and the government of Sharjah (GoS), which directly and indirectly owns 88% of the Bank.

The upgrade of the CFS rating to 'bb-' reflects the establishment of a genuine earnings franchise by a competent new management. Retail and SME businesses, that did not exist in any meaningful form 18 months ago, now contribute materially to operating income besides providing some risk diversification. The progress over the last year into Q2 26 alleviates our previous concern that the recovery was dependent on asset resolution and government-backed credit. The Bank has now recorded six consecutive quarters of operating income growth up to Q2 26, with the operating income to average assets ratio rising by 153bps over this period to 3.43% in H1 26, benefiting from an improving net interest margin (NIM) supported by a marked reduction in funding costs and higher asset yields. We regard the improvement in funding costs and the shift in the deposit mix (to retail and CASA) as structural rather than cyclical, and therefore durable. We therefore expect profitability metrics to continue to strengthen in the coming quarters, but remain below sector medians for several years. The upgrade is also underpinned by the fall in problem loans and a significant decline in Stage 2 loans.

The Bank's BSR of 'bb+' is derived from a CFS of 'bb-' and an Operating Environment Risk Anchor (OPERA) of 'bbb'. The CFS reflects the execution of turnaround strategies by a capable management team, sound – though declining – capital and leverage ratios, comfortable liquidity supported by strong deposit growth through 2025 and H1 26, fully provided NPLs, and very low Stage 2 loans. Future losses from legacy and other assets remain fully covered by a special GoS guarantee.

INB's credit challenges include weak, though improving, operating profitability, a very high cost-to-income ratio (CIR), limited capacity to absorb credit losses from external shocks, a still very high volume of NPLs (albeit fully provided), customer concentration in both deposits and loans, and sector concentration in real estate, in common with the sector.

A key challenge is the volatile geopolitical situation in the Gulf region, including the closure of the Strait of Hormuz, which has clouded the outlook for the economy and elevated credit risk. CI's baseline scenario assumes a protracted regional conflict characterised by varying intensity and intermittent hostilities, with no durable settlement in sight. We do not expect a full-scale regional war, but the UAE remains directly exposed to sporadic missile and drone attacks on its energy, aviation and port infrastructure. Hormuz traffic is assumed to stay restricted through end-2026, with only partial normalisation in H1 27. If the GDP slowdown is sharper than anticipated, this could delay INB's further recovery. The UAE banking sector entered the conflict from a position of strength and has held it, with most banks reporting good performance in H1 26. The sector has also built its provisions as it took a cautious stance on geopolitical risk. Additionally, the Central Bank of the UAE package of measures introduced in mid-March 2026 has reinforced sector liquidity and encouraged banks to support customers wherever necessary.

The OPERA for the UAE indicates modest risk, reflecting the economy's relative dependence on hydrocarbons, moderate institutional strength, and limited monetary policy flexibility, as the AED is pegged to the USD. We note that the economic risk is partially mitigated by Abu Dhabi's support for the federation and the availability of a very large buffer of external assets managed by sovereign wealth funds

in the country. The OPERA also considers the negative effects of significant regional uncertainties on the economy and the banking sector.

The execution of the Bank's strategies has been good – the combined retail and SME loan book has expanded from a negligible base a year ago to a scale that management anticipates will account for a meaningful portion of the balance sheet by year-end. The pace and breadth of delivery over the past 12 months (including in Q2 26) suggests that the recovery does not rest on legacy asset resolution and government-linked lending. Geopolitical tensions and slower GDP growth may temper franchise growth, but the strategic direction is intact, and the Bank is in considerably better shape than at any point in recent years.

Problematic legacy assets, dating back more than seven years to when the Bank was under different management and entirely privately owned, are covered by provisions and a guarantee from the GoS, originally AED3.0bn but reduced to AED1.26bn in H1 26 following the settlement of claims. This has generated zero-cost liquidity, which, when deployed into earning assets, has supported the NIM. The relative contribution of these receipts is diminishing as the balance sheet grows, and improvement in earnings will be progressively less dependent on them.

The positive trend in asset quality continued in both Q1 and Q2 26, supported by strong loan growth, robust underwriting standards, and effective remedial actions. Although NPLs remain high in absolute terms (28% of gross loans, net of interest in suspense, in June 2026), they are at their lowest level in many years, and Stage 2 loans fell sharply to just 1% of gross loans in H1 26. Coverage for NPLs rose marginally to 101% in H1 26. INB's loan growth last year was driven by exposures to large conglomerates, the government, government-related entities, banks and high-net-worth individuals. While sector and borrower concentration remains high, in line with the sector, the Bank is in the process of diversifying its book. We do not expect the regional situation to have a significant effect on asset quality, as most of the Bank's new clients are large corporations capable of withstanding some financial pressure. Recent retail loan growth has been on an entirely secured basis. Reflecting the weaker operating environment, INB applied an ECL overlay in Q1 26, which remains in place. The capacity to absorb credit losses is currently limited by a low capital buffer and modest operating profit; however, the trajectory and pace of improvement in asset quality are now well-established.

Profitability metrics remain weak relative to peers, reflecting a low NIM and a high operating cost base, though both are improving faster than we had anticipated. The Bank's operating income has grown q-o-q with the expansion of credit and investments and the growth in fee income. The improvement is driven by two factors: the continuing decline in the guarantee asset and, more importantly, the reduction in cost of funds, partly due to a higher CASA ratio. Operating costs are elevated as the Bank continues to invest heavily in technology, staffing and franchise development. These investments are necessary but will take time to bear fruit; costs are likely to remain high for several years. The CIR improvement in H1 26 was driven by revenue growth. Operating profitability improved in the first half of this year, and we expect this improvement to continue in the coming quarters driven by credit growth (particularly retail and SME), wider NIM and increased fee income. The weaker operating environment caused by the regional conflict could raise the risk charge, but strong recoveries should partially offset this, keeping the net provision charge modest. A faster-than-expected GDP slowdown remains the main downside risk to INB's ongoing recovery.

Liquidity is comfortable. Customer deposits grew by 17.2% in H1 26, with no evidence of outflows following the outbreak of the conflict. The CASA ratio rose to 32%, up from 30% at end-2025 and approximately 21% a year earlier, with retail CASA improving particularly strongly and enhancing the stability of the deposit base. The liquid asset ratio was strong at 20% in H1 26, and the loan-to-deposit ratio was a solid 66%. Customer concentration in the deposit base remains high. Funding remains predominantly customer deposits and equity, but the Bank has established alternative sources of funds over the past year, including interbank lines.

INB's capital ratios remain comfortably above regulatory minima and sector medians, but they have steadily declined since the September 2023 capital injection due to rapid growth in risk-weighted assets and the still modest retained earnings. With operating profit and ROAA unlikely to normalise for another year or two, we expect capital ratios to continue to decline but remain at acceptable levels. The capital

ratios are also boosted by GoS assets (including the guarantee asset), which are zero risk-weighted, and, as a result, the balance sheet leverage ratio was lower than the CAR in H1 26, at 10.6%. We expect support from the main shareholder GoS to be available if required.

Rating Outlook

The Stable Outlook for the LT FCR and BSR reflects CI's expectation that there will be no change in the ratings over the next 12 months. We place emphasis on the structural nature of recent improvements, which stem from ongoing franchise development. These are gains that would remain resilient even in a softening operating environment.

Rating Dynamics: Upside Scenario

A one-notch upgrade of the LT FCR and BSR would require significant improvements in profitability and asset quality, reduced sector and customer concentrations, a substantially larger and more diversified balance sheet, strong capital ratios, and improvement in macroeconomic conditions.

Rating Dynamics: Downside Scenario

The ratings could be lowered if the Bank's financial metrics deteriorate as a result of a significant weakening of the UAE economy, a rise in the NPL ratio, a fall in coverage to well below 100%, a material increase in problem loan formation within the post-2024 origination book, deterioration in operating profitability, or a faster-than-expected erosion of capital ratios without any plans for capital augmentation. Any change in our ESL assessment could adversely affect the ratings.

Ratings

Foreign Currency		Outlook	BSR	Outlook	CFS	ESL	OPERA
LT	ST	LT FC		BSR			
BBB+	A2	Stable	bb+	Stable	bb-	High	bbb

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About the Ratings

The credit ratings have been issued by Capital Intelligence Ratings Ltd, P.O. Box 53585, Limassol 3303, Cyprus.

The following information sources were used to prepare the credit ratings: public information and information provided by the rated entity. Financial data and metrics have been derived by CI from the rated entity's financial statements for FY2022-25 and Q1 26. CI may also have relied upon non-public financial information provided by the rated entity and may also have used financial information from credible, independent third-party data providers.

CI considers the quality of information available on the rated entity to be satisfactory for the purposes of assigning and maintaining credit ratings. CI does not audit or independently verify information received during the rating process.

The principal methodology used to determine the ratings is the Bank Rating Methodology, dated 3 April 2019. For the methodology and our definition of default see https://ciratings.com/policies-procedures/methodologies-criteria/current-criteria-guidance. Information on rating scales and definitions and the time horizon of rating outlooks can be found at https://ciratings.com/policies-procedures/rating-scales-definitions. Historical performance data, including default rates, are available from a central repository established by ESMA (CEREP) at https://registers.esma.europa.eu/cerep-publication

This rating action follows a scheduled periodic (annual) review of the rated entity. Ratings on the entity were first released in August 1994. The ratings were last updated in October 2025. The ratings and/or rating outlook were amended following their disclosure to the rated entity prior to publication. The ratings have been assigned or maintained at the request of the rated entity or a related third party.

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