Al Maryah Community Bank L.L.C.

REPORT OF THE BOARD OF DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

REPORT OF THE BOARD OF DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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Al Maryah Community Bank L.L.C.

REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2025

REPORT OF THE BOARD OF DIRECTORS
For the year ended 31 December 2025

On behalf of the Board of Directors, I am delighted to present the consolidated financial statements of Al Maryah Community Bank L.L.C. (the "Bank") and its subsidiary (together referred as the "Group") for the year ended 31 December 2025.

Incorporation and registered office
The Bank was incorporated and registered as a limited liability company in the Emirate of Abu Dhabi, UAE on 6 June 2021 and pursuant to the specialized banks with low-risk regulations issued pursuant to Federal Law by Decree No. 14 of 2018. The Bank's registered address is P.O. Box 111485, 454 Shakhbout Bin Sultan Street, Abu Dhabi, United Arab Emirates.

Principal activities
The Group is engaged in both retail and corporate banking activities in the UAE. The Group focuses on growth and serving its local community, in line with the vision of the UAE leaders in supporting individuals and small businesses within the UAE economy by employing forward thinking concepts driven by innovation and technology.

Basis of preparation of consolidated financial statements
The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the applicable provisions of the Group's Memorandum of Association, the UAE Federal Decree-Law No. 26 of 2020, UAE Federal Law No. (32) of 2021, as amended, and requirements of the Central Bank of the UAE for specialized banks and other applicable laws.

Financial results
Summary of the financial results as follows:

	31 December 2025 AED'000
Total assets	8,153,392
Net loss for the year after tax	(11,599)

Consolidated financial statements
The Board of Directors reviewed and approved the consolidated financial statements of the Bank for year ended 31 December 2025 on 30 July 2026

On behalf of the Board of Directors

Signed by:
08111476B78C459...
Tariq Ahmed Almasaood
Chairman of the Board

Date: 30 July 2026
Abu Dhabi
United Arab Emirates

Al Maryah Community Bank L.L.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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Shape the future with confidence

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AL MARYAH COMMUNITY BANK L.L.C.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Al Maryah Community Bank L.L.C. (the "Bank") and its subsidiary (together referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter
The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 1 August 2025.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL MARYAH COMMUNITY BANK L.L.C. continued

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Impairment of non-retail loans and advances to customers, net	***How our audit addressed the key audit matter***
The Group recognises impairment allowances for credit exposures using expected credit loss (ECL) models. The determination of ECL requires significant management judgement, particularly in the selection and application of key modelling assumptions such as probability of default (PD), loss given default (LGD), exposure at default (EAD) and incorporation of forward-looking information. For credit-impaired exposures classified under stage 3, impairment allowances are assessed individually. This assessment involves evaluating expected recovery strategies, timelines for realisation, and other qualitative and quantitative factors. Given the level of judgement required, the complexity of the models, and the material impact on the Group's consolidated financial statements, the determination of ECL is considered a Key Audit Matter.	We obtained an understanding of the Group's credit risk governance and management process with a particular focus on ECL framework, policies and methodologies applied to determine the ECL allowance against the loans and advances. We assessed the appropriateness of the Group's accounting policies and methodologies for determining the ECL allowance against loans and advances in accordance with the requirements of IFRS Accounting Standards. We involved our credit risk modelling specialists to assist us in reviewing model calculations, evaluating outputs and assessing reasonableness of assumptions used in the ECL models applicable. We performed an independent credit assessment for a sample of non-retail customers by assessing the quantitative and qualitative factors, including assessments of the financial performance of the customers, timely repayments and other relevant risk factors. We assessed, on a sample basis, that reported exceptions to policies and procedures, if any, as outlined in the risk appetite statement of the Group was approved by the appropriate approver and the approval process was formally documented. For a sample of corporate credit facilities, we checked from reported exceptions to limits, if any, as set out in the approved delegation of authority matrix, were approved by the appropriate authority. For a sample of stage 3 corporate customers, we assessed: • the appropriateness of discounted cash flows, including the discount rates used and the probable scenario analysis; and • the robustness of the Group's processes and controls with respect to the valuation and enforceability of collateral, including the underlying assumptions. The Group also considers relevant regulatory requirements, in the context of the alignment of those requirements with IFRS Accounting Standards, in the estimation of expected credit losses (ECL) in respect of stage 3 exposures. We assessed the adequacy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL MARYAH COMMUNITY BANK L.L.C. continued

Report on the Audit of the Consolidated Financial Statements continued

Other information
Other information consists of the information included in the Report of the Board of Directors other than the consolidated financial statements and our auditor's report thereon. The Board of Directors and management are responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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 or the other information obtained prior to the date of the auditor's opinion, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL MARYAH COMMUNITY BANK L.L.C. continued

Report on the Audit of the Consolidated Financial Statements continued

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

- 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.

- 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 management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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.

We communicate with the Board of Directors 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.

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 year 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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

AL MARYAH COMMUNITY BANK L.L.C. continued

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, as amended, we report that for the year ended 31 December 2025:

i) the Group has maintained proper books of account;

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

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended;

iv) the consolidated financial information included in the Report of the Board of Directors is consistent with the books of account and records of the Group;

v) notes 10 and 11 include shares or stocks purchased or invested in by the Group during the year ended 31 December 2025;

vi) there was no social contribution made during the year;

vii) note 31 reflects the related party transactions and the terms under which they were conducted; and

viii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Bank has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Law No. (32) of 2021, as amended, which would have a material impact on their activities or their consolidated financial position as at 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.

For Ernst & Young

Ahmad Al Dali
Registration No 5548

13 August 2026
Abu Dhabi, United Arab Emirates

Al Maryah Community Bank L.L.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 AED'000	2024 AED'000
ASSETS			
Cash and balances with the Central Bank of the UAE	7	**2,640,560**	3,576,195
Deposits and balances due from banks	8	**165,974**	18,990
Loans and advances to customers, net	9	**1,669,837**	820,957
Financial assets at fair value through profit or loss	10	**77,401**	82,848
Financial assets at fair value through other comprehensive income	11	**14,911**	16,015
Financial assets at amortized cost	12	**3,265,527**	-
Investment in an equity accounted investee	13	**10,526**	-
Property and equipment and right-of-use assets	14	**61,954**	36,180
Intangible assets	15	**66,861**	59,481
Other assets	16	**179,841**	55,314
TOTAL ASSETS		**8,153,392**	4,665,980
LIABILITIES AND EQUITY			
Liabilities			
Deposits from customers	17	**7,254,668**	3,935,215
Other liabilities	18	**275,742**	171,705
Lease liabilities	19	**23,963**	11,087
Total liabilities		**7,554,373**	4,118,007
Equity			
Share capital	20	**700,000**	600,000
Legal reserve	21	**653**	653
Fair value reserve	22	**857**	1,961
Impairment reserve	33	**16,444**	3,238
Accumulated losses		**(118,935)**	(94,130)
Total equity attributable to shareholders of the Bank		**599,019**	511,722
Non-controlling interest		**-**	36,251
Total equity		**599,019**	547,973
TOTAL EQUITY AND LIABILITIES		**8,153,392**	4,665,980

These consolidated financial statements were approved by the Board of Directors and authorized for issue on 30 July 2026, and signed on its behalf by:

Signed by:
08111476B78C459...

Tariq Ahmed Almasaood
Chairman of the Board

Mohammed Wassim Khayata
Chief Executive Officer

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2025

	Notes	**2025 AED'000**	2024 AED'000
Interest income	23	**297,800**	202,505
Interest expense	23	**(118,353)**	(60,820)
Net interest income		**179,447**	141,685
Fees and commission income	24	**125,726**	67,000
Fees and commission expense	24	**(79,299)**	(37,839)
Net fees and commission income		**46,427**	29,161
Net (loss) / gain from financial assets carried at fair value through profit or loss	25	**(3,537)**	2,614
Dividend income		**4,970**	3,682
Share of loss from investment in associate	13	**(1,558)**	-
Other income		**12,098**	16,470
Operating income		**237,847**	193,612
Operating expenses	26	**(245,201)**	(179,488)
Net (loss) profit before impairment		**(7,354)**	14,124
Net impairment charge on financial assets	27	**(4,863)**	(3,867)
(Loss) profit before tax		**(12,217)**	10,257
Tax credit (charge) for the year	29	**618**	(568)
Net (loss) profit for the year after tax		**(11,599)**	9,689
Other comprehensive (loss) profit			
Net unrealized loss from financial assets at fair value through other comprehensive income	11	**(1,104)**	(245)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(12,703)**	9,444
Total comprehensive (loss) profit for the year attributable to:			
Owners of the Bank		**(12,703)**	10,693
Non-controlling interest		**-**	(1,249)
		(12,703)	9,444

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital AED'000	*Fair value reserve AED'000*	*Legal reserve AED'000*	*Impairment reserve AED'000*	*Accumulated losses AED'000*	*Equity attributable to owners of the Bank AED'000*	*Non-controlling interest AED'000*	*Total equity AED'000*
As at 1 January 2024	500,000	2,206	169	2,783	(104,129)	401,029	-	401,029
Issuance of shares	100,000	-	-	-	-	100,000	37,500	137,500
Profit (loss) for the year	-	-	-	-	10,938	10,938	(1,249)	9,689
Other comprehensive loss, net of tax	-	(245)	-	-	-	(245)	-	(245)
Total comprehensive (loss) income for the year	-	(245)	-	-	10,938	10,693	(1249)	9,444
Transfers during the year*	-	-	484	455	(939)	-	-	-
As at 31 December 2024	600,000	1,961	653	3,238	(94,130)	511,722	36,251	547,973
As at 1 January 2025	**600,000**	**1,961**	**653**	**3,238**	**(94,130)**	**511,722**	**36,251**	**547,973**
Issuance of shares (note 20)	**100,000**	**-**	**-**	**-**	**-**	**100,000**	**-**	**100,000**
Derecognition of subsidiary (note 13)	**-**	**-**	**-**	**-**	**-**	**-**	**(36,251)**	**(36,251)**
Loss for the year	**-**	**-**	**-**	**-**	**(11,599)**	**(11,599)**	**-**	**(11,599)**
Other comprehensive loss, net of tax	**-**	**(1,104)**	**-**	**-**	**-**	**(1,104)**	**-**	**(1,104)**
Total comprehensive loss for the year	**-**	**(1,104)**	**-**	**-**	**(11,599)**	**(12,703)**	**-**	**(12,703)**
Transfers during the year*	**-**	**-**	**-**	**13,206**	**(13,206)**	**-**	**-**	**-**
As at 31 December 2025	**700,000**	**857**	**653**	**16,444**	**(118,935)**	**599,019**	**-**	**599,019**

* Transferred to impairment reserve from accumulated losses is in line with the requirements of the Central Bank of the UAE.

The attached notes 1 to 34 form part of these consolidated financial statements.

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

	Notes	2025 AED'000	2024 AED'000
OPERATING ACTIVITIES			
(Loss) profit before tax		**(12,217)**	10,257
Adjustments for:			
Depreciation of property and equipment	26	**7,614**	7,043
Depreciation of right-of-use assets	26	**7,369**	4,605
Amortization of intangible assets	26	**14,120**	10,126
Dividend income		**(4,970)**	(3,682)
Share of results from associate	13	**1,558**	-
Net gain from disposal of financial assets at fair value through profit or loss	25	**(2,249)**	(100)
Change in fair value of investments at fair value through profit or loss	25	**5,786**	(2,514)
Impairment charge on loans and advances	27	**5,526**	1,659
Impairment (reversal) / charge on off balance sheet exposures	27	**(1,002)**	2,303
Impairment charge / (reversal) on deposits and balances due from banks	27	**339**	(95)
Provision for employees' end of service benefits	18	**1,631**	1,604
Finance costs on lease liabilities	19	**882**	202
		24,387	31,408
Changes in working capital:			
Deposits and balances due from banks with maturities over three months	8	**(138,000)**	77,500
Loans and advances to customers		**(854,406)**	(236,133)
Other assets		**(124,527)**	(35,418)
Other liabilities		**105,002**	25,252
Deposits from customers		**3,319,453**	1,529,286
Cash generated from operating activities		**2,331,909**	1,391,895
Employees' end of service benefits paid	18	**(391)**	(458)
Corporate tax paid		**(787)**	-
Net cash flows from operating activities		**2,330,731**	1,391,437
INVESTING ACTIVITIES			
Purchase of property and equipment		**(18,767)**	(12,946)
Purchase of intangible assets	15	**(21,500)**	(18,835)
Dividends received		**4,970**	3,682
Purchase of financial assets at fair value through profit or loss	10	**(39,258)**	(27,736)
Purchase of financial assets at fair value through other comprehensive income	11	**-**	(3,672)
Purchase of financial assets carried at amortized cost	12	**(10,427,215)**	-
Proceeds from disposal of financial assets carried at amortized cost	12	**7,161,688**	-
Proceeds from disposals of financial assets at fair value through profit or loss	10	**41,168**	6,202
Disposal of subsidiary (net cash disposed)	13	**(50,000)**	-
Net cash flows used in investing activities		**(3,348,914)**	(53,305)

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

	Notes	**2025 AED'000**	2024 AED'000
FINANCING ACTIVITIES			
Issuance of share capital		**100,000**	100,000
Payment of lease liabilities	19	**(8,129)**	(4,827)
Transaction with non-controlling interest		-	37,500
Net cash flows from financing activities		**91,871**	132,673
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(926,312)**	1,470,805
Cash and cash equivalents at 1 January		**3,595,190**	2,124,385
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	30	**2,668,878**	3,595,190

Note 13 include non-cash transfers of assets and liabilities of a subsidiary upon deconsolidation.

The attached notes 1 to 34 form part of these consolidated financial statements.

1 ACTIVITIES

Al Maryah Community Bank L.L.C. (the "Bank") and its subsidiary (together referred as the "Group") is a specialized commercial digital bank which was incorporated and registered as a limited liability company in the Emirate of Abu Dhabi, UAE on 6 June 2021 and pursuant to the specialized banks with low-risk regulations issued pursuant to Federal Law by Decree No. 6 of 2025. The Bank's registered address is P.O. Box 111485, 454 Shakhbout Bin Sultan Street, Abu Dhabi, United Arab Emirates.

The Group is engaged in both retail and corporate banking activities in the UAE. The Group focuses on growth and serving its local community, in line with the vision of the UAE leaders in supporting individuals and small businesses within the UAE economy by employing forward thinking concepts driven by innovation and technology.

The consolidated financial statements comprise the financial statements of the Bank and its principal subsidiary which is set out below:

Legal Name	*Country of incorporation*	*Principal activities*	***Holding % 2025***	*Holding % 2024*
AED Stablecoin LLC – S.P.C	United Arab Emirates	Payment Tokens Issuance	**100%**	100%

The consolidated financial statements of the Group for the year ended 31 December 2025 were authorised for issuance by the Board of Directors on 30 July 2026.

Emirates Coin Investment L.L.C. was consolidated in the Group's consolidated financial statements as at 31 December 2024. Effective 1 January 2025, the investment was deconsolidated and accounted for as an associate under the equity method following management's reassessment that the Group did not have control over the investee. Note 13 includes the impact of deconsolidation of this entity during the year.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in compliance with the applicable provisions of the Bank's Memorandum of Association, the UAE Federal Decree-Law No. 32 of 2021, as amended, the Federal Decree-Law No. 6 of 2025, applicable requirements and regulations of the Central Bank of the UAE along with other relevant regulations and guidance applicable to the Group.

Basis of measurement
These consolidated financial statements are prepared under the historical cost convention except for the following:

- Financial assets at fair value through profit or loss which are measured at fair value; and
- Financial assets at fair value through other comprehensive income which are measured at fair value.

Functional and presentation currency
The consolidated financial statements have been presented in UAE Dirhams, which is the functional and presentation currency of the Group, rounded to the nearest thousand except where otherwise stated.

Basis of consolidation
Subsidiary
Subsidiary controlled by the Bank. Control is achieved when the Bank is exposed, 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. Specifically, the Bank controls an investee if and only if the Bank has:

- power over the entity (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

2 BASIS OF PREPARATION continued

Basis of consolidation continued
When the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Bank's voting rights and potential voting rights.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the Bank gains control until the date the Bank ceases to control the subsidiary. The accounting policies of the subsidiary are adjusted where necessary to ensure conformity with the policies adopted by the Group.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiary are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the Owner of the Bank and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiary
Changes in the Group's interests in subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

When the Group loses control of a subsidiary, a gain or loss is recognised in consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in consolidated statement of comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified consolidated statement of to profit or loss or transferred to another category of equity as specified / permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

3.1 NEW AND AMENDED STANDARDS

The Group adopted the following new standards and amendments effective as of 1 January 2025. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

- Lack of exchangeability – Amendments to IAS 21

These amendments had no significant impact on the consolidated financial statements of the Group.

3.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's consolidated financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7
- Annual Improvements to IFRS Accounting Standards – Volume 11
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group is currently assessing the impact of the adoption of these new and amended standards and interpretations on its consolidated financial statements.

4 MATERIAL ACCOUNTING POLICY INFORMATION

Financial instruments
Initial recognition and measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset or a financial liability is recognised when the Group becomes a party to the contractual provisions of the instrument. All regular way purchase and sale of financial assets are recognised using trade date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the marketplace.

At initial recognition, financial assets and financial liabilities are measured at amortized cost or at fair value through profit or loss or other comprehensive income plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets

Subsequent measurement of financial assets
After initial recognition, an entity shall measure a financial asset in accordance with its classification at:
- amortised cost less impairment;
- fair value through other comprehensive income less impairment (debt instruments);
- fair value through other comprehensive (equity securities); or
- fair value through profit or loss.

Financial assets are classified in their entirety on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are measured either at amortised cost or fair value.

Impairment is assessed on the financial assets measured at amortised cost and debt instruments at fair value through other comprehensive income as disclosed below.

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

De-recognition
A financial asset (in whole or in part) is derecognised either when:

- the contractual rights to receive the cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the assets but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group have transferred its rights to receive cash flows from the asset and either
    - have transferred substantially all the risks and rewards of the asset, or
    - have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial assets at amortised cost
A financial asset is measured at amortised cost, if both the following conditions are met:
- the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Group has made an irrevocable election at initial recognition for certain investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Business model assessment
The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the Group of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales in prior years, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The Group has classified cash and balances with the Central Bank of the UAE, deposits and balances due from banks, loans and advances to customers and other financial assets as subsequently measured at amortised cost.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as dividend from financial assets at fair value through other comprehensive income in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss (equity instruments)
Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes quoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under investment and net gain from financial assets carried at fair value through profit or loss in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established.

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Measurement
Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group would be required to pay.

Impairment of financial assets
Impairment assessment
The Group recognises loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at fair value through profit and loss (FVTPL):

- Due from other banks;
- Debt investment securities carried at FVOCI and amortised cost;
- Loans and advances to customers;
- Customer acceptances and other financial assets;
- Loan commitments;
- Financial guarantees and contracts.

No impairment loss is recognised on equity investments.

IFRS 9 outlines a 'three-stage' model for the derivation of impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1: pertains to performing assets i.e., assets that have not experienced a significant increase in credit risk (SICR) since initial recognition. A twelve month Expected Credit Loss (ECL) is then recorded corresponding to the portion of ECL that results from default events on a financial instrument within the twelve months after the reporting date.

Stage 2: pertains to underperforming assets i.e., assets that have experienced a significant increase in credit risk (SICR) since initial recognition but are not considered credit impaired. Consequently, the asset is moved to Stage 2 and an amount equal to Lifetime ECL is recorded against it. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Stage 3: pertains to impaired assets i.e., assets that are considered credit impaired (i.e., defaulted). A lifetime Expected Credit Loss (ECL) assuming 100% is assigned to these assets. Note that the significant increase in credit risk (SICR) allowing the move from stage 1 to stage 2 resulting in change in ECL estimation from 12-months to Lifetime does not apply to this stage.

The Group employs models designed for the ECL calculations. For measuring ECL under IFRS 9, the key inputs are the term structure of the following:

- Probability of default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

4 MATERIAL ACCOUNTING POLICIES INFORMATION continued

Financial instruments continued

i) Financial assets continued

Impairment of financial assets continued

Impairment assessment continued
The Group has defined a governance process, the credit provisions committee, to review and adjust if required the ECL numbers for the factors or events not captured in these models, through management overlays.

Summary of statistical parameters/inputs are as follows:

PD – The probability of default is an estimate of the likelihood of that a borrower will default on their obligations over a given time horizon. Currently, due to limited historical default data, PD is estimated using industry benchmarks, which are subsequently adjusted to reflect macroeconomic conditions.

EAD – The exposure at default is defined as the expected exposure at risk when a borrower defaults on a loan or a facility. It takes into account expected changes in the exposure after the reporting date up to the default date.

LGD – The loss given default represents the loss incurred by the Group when an obligor defaults, expressed as a percentage of EAD. It is measured as the shortfall between contractual cash flows due and the expected recoveries, including proceeds from collateral realization, over the workout period (i.e. the expected time to be taken by the Bank to recover the money once the customer defaults on their payment). Like PD, due to limited historical recovery data, LGD is determined using Basel regulatory benchmark rates supplemented by management overlays to ensure conservatism.

ECL represent a probability weighted estimate of credit losses based on multiple forward looking scenarios. The base, upside (best case), and downside (worst case) scenarios are derived from the baseline macroeconomic forecast provided by the EIU and are adjusted to reflect the volatility of key macroeconomic variables. ECLs are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover;
- irrevocable overdraft facilities: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and;
- the Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics (retail portfolio). The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate whether it is measured on an individual basis or a collective basis.

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Impairment of financial assets continued

Impairment assessment continued
Credit-impaired financial assets
A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as timing of coupon payments, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a backstop if amounts are overdue for at least 90 days.

The Group defines a non-retail, retail and investment instrument as in default, which is largely aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

<u>Quantitative criteria</u>
The borrower is 90 (or more) days past due on its contractual payments.

<u>Qualitative criteria:</u>
The Bank classifies the loans as Non-performing (NPA) when:

- Such loans, which may lead to incurring of some loss due to adverse factors (financial, economic, legal, political or managerial) which may hinder repayment, or due to weakening of security.

- Loans whose full recovery seems doubtful on the basis of information available, leading, generally, to a loss of part of these loans (when the financial position of the customer and securities are not sufficient).

- Loans where the Bank has exhausted all courses of action available but failed to recover anything, or where there is a possibility that nothing shall be recovered.

Expected life
For instruments in Stage 2 or Stage 3, loss allowances reflect expected credit losses over the expected remaining lifetime of the instrument. For most instruments, the expected life is limited to the remaining contractual life. An exemption is provided for certain instruments with the following characteristics:

(a) the instrument includes both a loan and an undrawn commitment component;
(b) the contractual ability to demand repayment and cancel the undrawn commitment is present; and
(c) the exposure to credit losses is not limited to the contractual notice period.

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Impairment of financial assets continued

Expected life continued
For products in scope of this exemption, the expected life may vary from the remaining contractual life and is the period over which the Bank's exposure to credit losses is not mitigated by the Bank's normal credit risk management actions.

This period varies by product and risk category and is estimated based on the Bank's historical experience with similar exposures and consideration of credit risk management actions taken as part of our regular credit review cycle like credit cards, overdraft balances, etc. Determining the instruments in scope for this exemption and estimating the appropriate remaining life based on our historical experience and credit risk mitigation practices requires significant judgment.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, net of directly attributable transaction costs.

The Group's financial liabilities include customers' deposits, lease liabilities and other liabilities.

The category of financial liabilities most relevant to the Group are financial liabilities carried at amortized cost.

Subsequent measurement
The measurement of financial liabilities depends on their classification.

After initial recognition, customer deposits, due to banks and other liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Bank Group not designated any financial liability as at fair value through profit or loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and balances with the Central Bank of the UAE and balances with other banks with original maturities of less than three months.

Property and equipment
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Capital projects in progress are initially recorded at cost and regularly tested for impairment and upon completion are transferred to the appropriate category of property and equipment and thereafter depreciated.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Vacant lands that are granted to the Group are generally recorded at their nominal value of AED 1.

Depreciation is calculated to reduce the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Freehold land and capital work in progress are not depreciated. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Years
Leasehold improvements	5.5
Furniture and fixtures	5.5
Office equipment	5.5
Motor vehicles	4
Computer equipment	3 - 5.5

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group applies a single recognition and measurement approach for all leases, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i). Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within property and equipment and are subject to impairment in line with the Group's policy.

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases continued
Group as a lessee continued

ii). Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

iii). Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below USD 5,000, when new). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Intangible assets
License and software acquired by the Group is stated at cost less accumulated amortisation and impairment. Subsequent expenditure on intangible assets is capitalised only when such expenditure increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each consolidated statement of financial position date.

Amortisation is recognised in the consolidated statement of comprehensive income on a straight-line basis, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives.

The estimated useful lives of the assets for the calculation of depreciation are as follows:

	Years
Computer software	5.5
License	5

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets including property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those non-financial assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease with any excess impairment loss recognised in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Provisions
Provisions are recognised when the Group have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised in the consolidated statement of profit or loss and other comprehensive income.

Provision for employees' end of service benefits
The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment and are not less than the liability arising under the UAE Labour Laws.

With respect to its UAE national employees, the Group makes contributions to the Abu Dhabi Pension Fund (ADPF) calculated as 15% of the employees' pensionable salary in accordance with Law No. 2 of 2000 regarding Civil Retirement Pensions and Benefits in the Emirate of Abu Dhabi and its Amendments. The Group's obligations are limited to these contributions, which are expensed when due.

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Contingencies and commitments
Contingencies are possible obligation or assets that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Further, the obligation arising from past events where the liability cannot be determined with reasonable certainty or probability of outflow of resources cannot be determined are also contingencies.

A commitment is a binding contract for the exchange of a specified quantity of resourced at a specific price on specified future dates or date.

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed when the possibility of an inflow of resources embodying economic benefits is probable.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

The following specific recognition criteria must also be met before revenue is recognised:

Interest income and expense are recognised in the consolidated statement of profit or loss and other comprehensive income as they accrue, taking into account the effective yield of the asset / liability or an applicable floating rate. Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Fees and commission income and expenses 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 fees and commission income are recognised as the related services are performed.

Fair value
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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic benefit.

4 MATERIAL ACCOUNTING POLICY INFORMATION continued

Fair value continued
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Taxation
Current tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the country where the Group operates and generates taxable income.

Deferred tax
Deferred tax is provided on temporary differences at the consolidated statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)
Expenses and assets are recognised net of the amount of VAT, except:

1 When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
2 When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the consolidated statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment losses on financial assets
The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Group adapts three economic scenarios a base case, which is the median scenario assigned a 34.10 % probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 32.95% probability of occurring.

The Group has identified and documented key drivers of credit risk and credit losses of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The economic scenarios for the corporate portfolio used as at 31 December 2025 included the following key indicators for the years ending 31 December 2025 to 2027.

Year	Lending interest rate (%)	Current-account balance (% of GDP)	Real GDP (% change pa)	Base PD	Upside PD	Downside PD
2025	**8.60%**	**11.90%**	**4.10%**	**3.572%**	**3.057%**	**4.087%**
2026	7.50%	11.50%	3.70%	3.982%	2.804%	5.365%
2027	7.30%	11.10%	3.60%	4.401%	2.517%	7.040%

The economic scenarios for retail portfolio used as at 31 December 2025 included the following key indicators for the years ending 31 December 2025 to 2027.

Year	Gross fixed investment (% real change pa)	Domestic credit growth (%)	Exports of G&S (% real change pa)	Base PD	Upside PD	Downside PD
2025	**3.70%**	**7.00%**	**4.20%**	**1.963%**	**1.275%**	**2.651%**
2026	3.90%	6.40%	4.90%	1.933%	0.791%	3.578%
2027	3.60%	5.50%	4.60%	1.948%	0.494%	4.973%

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Estimation uncertainty continued

Impairment assessment of non-financial assets

Management determines at each reporting date whether there are any indicators of impairment relating to the Group's cash generating units (CGU). A broad range of internal and external factors is considered as part of the indicator review process, where necessary, when an impairment assessment is performed. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget of the associated projects and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

Classification of investments

The Group applies significant judgement with respect to the classification of investments with respect to control (including de-facto control), joint control and significant influence exercised on those investments or an investment is simply a financial investment.

For assessing control, the Group has considered power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. In case, where the Group has less than majority of the voting or similar rights in an investee, the Group has considered all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee and de-facto control on listed securities. Management's assessment considered the Group's ability to exercise control in the event of a deadlock situation with other vote holders and in situations where the Group holds convertible instruments, the Group has considered potential voting rights.

For investments where control is not established, the Group assesses whether it has joint control or significant influence. In accordance with IAS 28 *Investments in Associates and Joint Ventures*, significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the voting power of the investee, unless it can be clearly demonstrated otherwise. Conversely, holdings of less than 20% may still confer significant influence if supported by other indicators.

In assessing significant influence, the Group considers factors including, but not limited to, representation on the board of directors or equivalent governing body, participation in policy-making processes, material transactions between the Group and the investee, interchange of managerial personnel, and the provision of essential technical information. The existence and effect of potential voting rights that are currently exercisable or convertible are also considered in determining whether significant influence exists.

Where neither control, joint control, nor significant influence is present, the investment is classified as a financial asset and accounted for in accordance with IFRS 9 financial instruments requirement.

Useful lives and residual values of property and equipment and intangible assets

The management determines the estimated useful lives of its property and equipment and intangible assets for calculating depreciation and amortization. This estimate is determined after considering the expected usage of the asset or physical wear and tear. These estimates would be adjusted where management believes that the useful lives differ from previous estimates.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

6 SEASONALITY OF RESULTS

There is no seasonality or cyclicality in operations for the Group which would affect the interpretation of readers for these consolidated financial statements.

7 CASH AND BALANCES WITH THE CENTRAL BANK OF THE UAE

	2025 AED'000	*2024 AED'000*
Cash on hand	**33,738**	22,535
Balances with the Central Bank of the UAE	**2,606,822**	3,553,660
	2,640,560	3,576,195

Included under balances with the Central Bank of the UAE as of 31 December 2025, is a balance pertaining to overnight deposit facility amounting to AED 2,000,000 thousand (*31 December 2024: AED 3,350,000 thousand*). During the year, the overnight deposit facility was subject to a base interest rate ranging between 3.65% to 4.40% per annum (*31 December 2024: base interest rate ranging between 4.40% to 5.40% per annum*).

8 DEPOSITS AND BALANCES DUE FROM BANKS

	2025 AED'000	*2024 AED'000*
Current accounts	**28,318**	18,995
Placements	**138,000**	-
	166,318	18,995
Less: allowance for expected credit losses	**(344)**	(5)
	165,974	18,990

All interest in deposits and balance from banks as at 31 December 2025 and 31 December 2024 are in the UAE and held in AED. Fixed deposits have an effective average interest rate between from 4.5% to 4.9% per annum (2024: 5.15% to 6.0% per annum).

9 LOANS AND ADVANCES TO CUSTOMERS, NET

	2025 AED'000	*2024 AED'000*
Corporate loans	**677,726**	244,145
Personal loans	**465,508**	236,067
Corporate overdrafts	**320,377**	192,826
Retail overdrafts	**211,357**	148,558
Credit cards	**4,533**	3,237
	1,679,501	824,833
Less: allowance for expected credit losses	**(9,664)**	(3,876)
	1,669,837	820,957

9 LOANS AND ADVANCES TO CUSTOMERS, NET continued

Overdrafts include overdraft facilities for the purpose of shares trading for corporate and retail customers. As of 31 December 2025, corporate overdrafts for shares trading amounted to AED 191,636 *thousand (31 December 2024: AED 175,457 thousand)* and retail overdrafts for shares trading amounted to AED 203,548 *thousand (31 December 2024: AED 106,968 thousand).*

Allowance for expected credit losses on loans and advances to customers, net have been disclosed in further detail in note 27.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	*2024*
	AED'000	*AED'000*
Quoted equity securities in the UAE	**77,401**	82,848

These financial assets are classified at level 1 of the fair value hierarchy and recorded using the valuation techniques as disclosed in note 33. Movement in investments in financial assets carried at fair value through profit or loss is as follows:

	2025	*2024*
	AED'000	*AED'000*
At 1 January	**82,848**	58,800
Additions	**39,258**	27,736
Change in fair value	**(3,537)**	2,514
Disposals	**(41,168)**	(6,202)
At 31 December	**77,401**	82,848

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	*2024*
	AED'000	*AED'000*
Quoted equity securities in the UAE	**14,911**	16,015

These financial assets are classified at level 1 of the fair value hierarchy and recorded using the valuation techniques as disclosed in note 33. Movement in investments in financial assets carried at fair value through other comprehensive income is as follows:

	2025	*2024*
	AED'000	*AED'000*
At 1 January	**16,015**	12,612
Additions	**-**	3,672
Change in fair value	**(1,104)**	(269)
At 31 December	**14,911**	16,015

The movement in the value of these equity securities for the year ended 31 December 2025 was recorded under "Fair value reserve" in equity (note 22).

12 FINANCIAL ASSETS AT AMORTIZED COST

	2025	2024
	AED'000	*AED'000*
Financial assets at amortized cost	**3,265,527**	-

Financial assets at amortised cost comprise Monetary Bills ("M-Bills") issued by the Central Bank of the United Arab Emirates (CBUAE). The average interest rate on these M-bills were 4.27% p.a. as of 31 December 2025.

As of 31 December 2025, The Group believes that these financial assets are subject to a very low credit risk, as they are issued by the CBUAE, hence expected credit loss (ECL) amount is expected to be immaterial to the consolidated financial statements.

	2025	2024
	AED'000	*AED'000*
At 1 January	**-**	-
Additions the year	**10,427,215**	-
Matured during the year	**(7,161,688)**	-
At 31 December	**3,265,527**	-

13 INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE

The Group has a 25% interest in Emirates Coin Investment L.L.C. ("EmCoin"), which was incorporated on 25 July 2023 and operates in the United Arab Emirates under a license issued by the Department of Economic Development (License No. CN-4976982). The entity is involved in portfolio management, management of investment funds and private fund investments, advisory services relating to securities issuance, financial consultancy and analysis, establishment and management of mutual funds, virtual asset services, arrangement and advisory services, and dealing in investments. This investment is accounted for using the equity method in the consolidated financial statements.

As at 1 January 2025, the Group deconsolidated this entity because its ownership interest is 25%, which resulted in the loss of control over the investee. Consequently, the Group derecognized the assets and liabilities of the subsidiary and recognized its retained investment as an associate, which is accounted for using the equity method. The retained interest was measured at fair value on the date of deconsolidation; however, management assessed that there was no material difference between the carrying amount and fair value of the investment. Accordingly, no gain or loss arose or was recognized on the deconsolidation.

The Group will continue to reassess its level of influence over EmCoin at each reporting date. Any changes in governance arrangements, decision-making rights, or other relevant facts and circumstances will be evaluated to determine their impact on the Group's assessment of control.

The table reconciles the summarised financial information to the carrying amount of the Group's interest in EmCoin.

	2025	2024
	AED'000	*AED'000*
At 1 January	**-**	-
Addition	**12,084**	-
Share of loss	**(1,558)**	-
At 31 December	**10,526**	-

13 INVESTMENT IN AN EQUITY ACCOUNTED INVESTEE continued

i. Summarised statement of financial position

	As at 31December 2025 AED'000	*As at 31 December 2024 AED'000*
Assets		
Cash and bank balances	**49,863**	50,000
Trade and other receivable	**360**	-
Deferred tax asset	**781**	167
Right-of-use assets	**2,037**	1,024
Property, plant and equipment	**706**	2,373
Intangible asset	**896**	
Total assets	**54,643**	53,564
Liabilities		
Accounts and other payables	**4,908**	2,673
Due to related parties	**6,929**	1,367
Lease liabilities	**614**	1,162
Provision for employees' end of service benefits	**88**	27
Total liabilities	**12,539**	5,229
Net equity	**42,104**	48,335
The Group's share in equity	**25%**	25%
Carrying amount of the investment	**10,526**	12,084
Net loss for the year	**(6,231)**	(1,665)
The Group share of loss for the year ended	**(1,558)**	(416)

14 PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Leasehold improvements AED'000	*Furniture and fixtures AED'000*	*Office equipment AED'000*	*Motor vehicles AED'000*	*Computer equipment AED'000*	*Capital work in progress AED'000*	*Right-of-use assets AED'000*	*Total AED'000*
2025								
Cost								
At 1 January 2025	27,422	3,636	960	640	8,178	9,368	23,301	73,505
Additions	2,711	1,008	90	-	1,426	16,207	22,712	44,154
Derecognition of a subsidiary (note 13)	(2,142)	(339)	-	-	(43)	-	(1,128)	(3,652)
At 31 December 2025	**27,991**	**4,305**	**1,050**	**640**	**9,561**	**25,575**	**44,885**	**114,007**
Accumulated depreciation								
At 1 January 2025	16,143	1,181	238	466	5,039	-	14,258	37,325
Derecognition of a subsidiary (note 13)	(130)	(19)	-	-	(2)	-	(104)	(255)
Charge for the year	5,097	720	177	140	1,480	-	7,369	14,983
At 31 December 2025	**21,110**	**1,882**	**415**	**606**	**6,517**	**-**	**21,523**	**52,053**
Net carrying amount								
At 31 December 2025	**6,881**	**2,423**	**635**	**34**	**3,044**	**25,575**	**23,362**	**61,954**

Property and equipment include a plot of land granted by the Government of Dubai to the Group. The land is vacant as at 31 December 2025 and is recorded at a nominal value of AED 1.

The Group leases several assets, with approximate lease terms ranging from 1 to 7 years (2024: 1 to 10 years).

14 PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS continued

	Leasehold improvements AED'000	*Furniture and fixtures AED'000*	*Office equipment AED'000*	*Motor vehicles AED'000*	*Computer equipment AED'000*	*Capital work in progress AED'000*	*Right-of-use assets AED'000*	*Total AED'000*
2024								
Cost								
At 1 January 2024	25,280	2,650	361	614	7,194	1,159	22,173	59,431
Additions	2,142	986	599	26	984	8,209	1,128	14,074
At 31 December 2024	27,422	3,636	960	640	8,178	9,368	23,301	73,505
Accumulated depreciation								
At 1 January 2024	11,416	602	157	308	3,541	-	9,653	25,677
Charge for the year	4,727	579	81	158	1,498	-	4,605	11,648
At 31 December 2024	16,143	1,181	238	466	5,039	-	14,258	37,325
Net carrying amount								
At 31 December 2024	11,279	2,455	722	174	3,139	9,368	9,043	36,180

15 INTANGIBLE ASSETS

	Computer software AED'000	*License AED'000*	*Work in progress AED'000*	*Total AED'000*
2025				
Cost				
At 1 January 2025	69,461	2,973	7,916	80,350
Additions	17,909	-	3,591	21,500
At 31 December 2025	**87,370**	**2,973**	**11,507**	**101,850**
Amortization				
At 1 January 2025	19,242	1,627	-	20,869
Charge for the year	13,525	595	-	14,120
At 31 December 2025	**32,767**	**2,222**	**-**	**34,989**
Net carrying amount				
At 31 December 2025	**54,603**	**751**	**11,507**	**66,861**
2024				
Cost				
At 1 January 2024	50,875	2,973	7,667	61,515
Additions	18,586	-	249	18,835
At 31 December 2024	69,461	2,973	7,916	80,350
Amortization				
At 1 January 2024	9,710	1,033	-	10,743
Charge for the year	9,532	594	-	10,126
At 31 December 2024	19,242	1,627	-	20,869
Net carrying amount				
At 31 December 2024	50,219	1,346	7,916	59,481

16 OTHER ASSETS

	2025 AED'000	*2024 AED'000*
Account receivable	**71,584**	26,875
Accrued interest receivable	**61,845**	8,243
Prepayments	**13,519**	11,191
Contract assets	**6,466**	-
VAT receivable	**4,854**	4,258
Others	**21,573**	4,747
	179,841	55,314

17 DEPOSITS FROM CUSTOMERS

	2025 AED'000	2024 AED'000
By account:		
Current accounts	**2,475,060**	1,624,535
Saving accounts	**681,251**	473,084
Term deposits	**4,060,540**	1,802,846
Cash margin	**37,817**	34,750
	7,254,668	3,935,215
By type:		
Corporate accounts	**4,911,665**	2,331,058
Retail accounts	**2,343,003**	1,604,157
	7,254,668	3,935,215
Geographic region:		
UAE	**7,254,668**	3,935,215

18 OTHER LIABILITIES

	2025 AED'000	2024 AED'000
Cards related payables	**59,942**	28,493
Managers' cheques	**54,385**	69,041
Deferred income	**43,712**	3,653
Account payables	**41,470**	18,133
Accrued expenses and provisions*	**36,036**	27,111
Accrued interest payable	**14,326**	19,235
Provision for employees' end of service benefits**	**3,684**	2,471
Provision for expected credit losses on unfunded exposures	**1,301**	2,303
Corporate income tax payable	**-**	544
Others	**20,886**	721
	275,742	171,705

*This includes provision for staff incentive of AED 7,400 thousand *(31 December 2024: AED 11,472 thousand),* which is estimated based on expected future payout to selected employees.

**Movement in provision for employees' end of service benefits is as follows:

	2025 AED'000	2024 AED'000
At 1 January	**2,471**	1,325
Provided during the year	**1,631**	1,604
Employees' end of service benefits paid	**(391)**	(458)
Derecognition of a subsidiary (note 13)	**(27)**	-
At 31 December	**3,684**	2,471

19 LEASE LIABILITIES

	2025	*2024*
	AED'000	*AED'000*
At 1 January	**11,087**	14,584
Additions	**22,712**	1,128
Repayments made during the year	**(7991)**	(4,827)
Finance cost on lease liability	**882**	202
Re-measurement	**(1,565)**	-
Derecognition of a subsidiary (note 13)	**(1,162)**	-
At 31 December	**23,963**	11,087

19.1 Amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to lease liabilities are as follows:

	For the year ended 31 December 2025	*For the year ended 31 December 2024*
	AED'000	*AED'000*
Depreciation charge of right-of-use assets *(note 14)*	**7,369**	4,605
Finance cost on lease liability	**882**	202

20 SHARE CAPITAL

During the year ended 31 December 2025, the Group increased its share capital from AED 600,000 thousand to AED 700,000 thousand after obtaining the approval from the Central Bank of the UAE.

As of 31 December 2025, the Group's share capital consists of 700,000,000 shares of AED 1 (*31 December 2024: 600,000,000 shares of AED 1*) each authorized, issued and fully paid.

21 LEGAL RESERVE

As required by the UAE Federal Law No. (32) of 2021, 5% of the Group's profit for the year required to be transferred to the legal reserve until this reserve reaches half of the share capital. The reserve is not available for distribution. For the year ended 31 December 2025, the Group recorded a net loss of AED 11,601 thousand (*for the year ended 31 December 2024: net profit of AED 9,689 thousand*) and accordingly AED nil (*31 December 2024: AED 484 thousand*) was transfer to the legal reserve according to the net (loss) profit recorded by the Bank.

22 FAIR VALUE RESERVE

This balance represents unrealized valuation gains/ (losses) net of tax, on the financial assets at fair value through other comprehensive income as at 31 December 2025 and 31 December 2024:

	2025 ***AED'000***	*2024* *AED'000*
At 1 January	**1,961**	2,206
Net changes in fair values during the year, net of tax	**(1,104)**	(245)
At 31 December	**857**	1,961

23 NET INTEREST INCOME

	For the year ended 31 December 2025 ***AED'000***	*For the year ended 31 December 2024* *AED'000*
Interest income		
Interest income from monetary bills	**114,409**	-
Loans and advances to customers	**90,729**	62,292
Balances with the Central Bank of the UAE	**87,783**	137,890
Placements with banks	**4,879**	2,323
Total interest income	**297,800**	202,505
Interest expense		
Deposits from customers – term deposits	**(115,792)**	(58,200)
Deposits from customers – saving accounts	**(2,553)**	(2,477)
Deposits from customers – placements in IPO pool	**(8)**	(143)
Total interest expense	**(118,353)**	(60,820)
Net interest income	**179,447**	141,685

24 NET FEES AND COMMISSION INCOME

	For the year ended 31 December 2025 AED'000	*For the year ended 31 December 2024 AED'000*
Fees and commission income		
Card transactions related fees (a)	**57,270**	6,247
Account related fees	**54,580**	38,523
Financing fees	**13,654**	21,231
Other fees and commission income	**222**	999
Total fees and commission income	**125,726**	67,000
Fees and commission expenses		
Card transactions related charges (a)	**(69,027)**	(35,468)
Accounts related charges	**(7,600)**	(2,120)
Other charges	**(2,672)**	(251)
Total fees and commission expenses	**(79,299)**	(37,839)
Net fees and commission income	**46,427**	29,161

(a) Includes debit and credit cards related transactions.

25 NET (LOSS) / GAIN FROM FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the year ended 31 December 2025 AED'000	*For the year ended 31 December 2024 AED'000*
Equity instruments		
Realized gain from disposals	**2,249**	100
Unrealized (loss) gain from revaluation	**(5,786)**	2,514
Net (loss) / gain from equity instruments	**(3,537)**	2,614

26 OPERATING EXPENSES

	For the year ended 31 December 2025 AED'000	*For the year ended 31 December 2024 AED'000*
Personnel and related expenses	**116,877**	93,793
Information technology expenses	**61,005**	41,617
Amortization of intangible assets (note 15)	**14,120**	10,126
Depreciation of property and equipment (note 14)	**7,614**	7,043
Depreciation of right-of-use assets (note 14)	**7,369**	4,605
Board of Directors' attendance fees	**6,850**	5,651
Marketing and advertising expenses	**5,624**	4,822
Professional fees	**5,362**	1,774
Card logistics and administration expenses	**4,230**	2,722
Premises & offices expenses	**8,128**	2,705
Insurance premiums	**1,154**	700
External auditor's fees	**894**	625
Finance cost – lease liability (note 19.1)	**882**	202
VAT Expense	**3,300**	680
Other expenses	**1,792**	2,423
	245,201	179,488

During the year ended 31 December 2025, social contribution recorded was AED nil (*for the year ended 31 December 2024: AED nil*).

27 NET IMPAIRMENT CHARGE

	For the year ended 31 December 2025 AED'000	*For the year ended 31 December 2024 AED'000*
Net impairment charge on loans and advances	**5,526**	1,659
Net impairment charge on off balance sheet exposures	**(1,002)**	2,303
Net impairment charge / (reversal) on deposits and balances due from banks	**339**	(95)
Net impairment charge	**4,863**	3,867

28 SUBSEQUENT EVENTS

Subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasis the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

28 SUBSEQUENT EVENTS continued

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the consolidated financial statements as at 31 December 2025, which reflect conditions existing at that date.

The Group has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

29 CORPORATE INCOME TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime became effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding AED 375,000.

Reconciliation of the Group's deferred tax assets based on accounting loss as follows**:**

	2025 AED'000	*2024 AED'000*
Accounting (loss) profit before tax for the year	**(12,217)**	10,257
Tax losses for which DTA has not been recognized	**9,314**	-
Exempt income	**(4,970)**	(3,682)
Share of loss from an equity accounted investee	**1,974**	-
Non-deductible expenses	**134**	382
Unrealized loss on investments at fair value through other comprehensive income	**(1,104)**	(269)
Taxable profit up to AED 375,000 at CT of 0%	**-**	(375)
Taxable (loss) income or loss	**(6,869)**	6,313
Deferred corporate tax (credit) charge for the year at statutory tax rate of 9%	**(618)**	568
Effective tax rate	**(9%)**	9%

Based on the losses above, the deferred corporate tax income for the year is:

	For the year ended 31 December 2025 AED'000	*For the year ended 31 December 2024 AED'000*
Deferred corporate tax (credit) charge for the year	**(618)**	568

30 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts with original contractual maturities of less than three months:

	2025	*2024*
	AED'000	*AED'000*
Cash and balances with the Central Bank of the UAE	**2,640,560**	3,576,195
Deposits and balances due from banks	**166,318**	18,995
Less: Placements with original maturity of more than three months	**(138,000)**	-
Cash and cash equivalents	**2,668,878**	3,595,190

Balances with the Central Bank of the UAE represent cash reserves maintained in accordance with the regulatory requirements of the Central Bank of the UAE.

As at 31 December 2025 and 2024, these balances include the mandatory reserve maintained with the Central Bank of the UAE, calculated based on a 14-day average statutory reserve requirement. The applicable reserve ratios are 14% for current and savings accounts and 1% for term deposits.

These reserve balances are maintained in compliance with regulatory requirements and are available to meet the Bank's day-to-day liquidity requirements under specified conditions as determined by the Central Bank of the UAE.

31 RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise of shareholders, directors and senior management of the Group and entities controlled or significantly influenced by them. The terms of these transactions are approved by the Group's management and are made on terms agreed by the management. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Compensation of key management personnel comprises of salaries, bonuses and other benefits.

During the year, the Group entered into transactions with related parties in the ordinary course of business. Transactions with such related parties are made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with external customers and parties.

Related party balances and transactions of the Group included in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income are shown in below table.

	2025	*2024*
	AED'000	*AED'000*
Balances		
Loans and advances	**11,403**	4,000
Customer deposits	**4,422**	4,697
Due to shareholders	**10**	10
Transactions during the year		
Interest income from loans and advances	**784**	60
Interest expense on customer deposits	**92**	18
Fee and commission income	**49**	11
Key management personnel remuneration		
Board of directors' remuneration	**6,850**	5,651

Salaries and benefits of key management personnel	**10,014**	11,611

32 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments to extend credit facilities represent contractual commitments under financing contracts. Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

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 contracts. Capital commitments represent contracted expenses relating to computer software and other intangibles.

The Group has the following capital expenditure related commitments:

	2025	*2024*
	AED'000	*AED'000*
Commitments for future capital expenditure	**73,553**	72,294
Undrawn commitments to extend credit	**383,242**	265,672
	456,795	337,966
Letters of guarantee	**427,840**	364,391
Less: Expected credit loss on off balance sheet exposures	**(1,301)**	(2,303)
	426,539	362,088

33 RISK MANAGEMENT

The Group's activities give rise to exposure to a variety of financial risks and those activities involve the identification, evaluation, acceptance and management of risks or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business.

The key risks are liquidity, market, credit, and operational risks. Market risk includes price risk and interest rate risk.

The Group established the risk management structure to oversee and manage these risks through various management committees which are responsible for making decisions and controlling the risk in relevant areas.

The following sections describe the financial risks to which the Group is exposed, their nature and how they are managed.

Liquidity risk
Liquidity risk is defined as the risk to earnings and capital arising from the Group's inability to meet its obligations when they become due, without incurring unacceptable losses. Liquidity risk often results in risks related to reputation, legal and business continuity as it impacts the ability to fulfill financial obligations and often have a systemic impact.

33 RISK MANAGEMENT continued

Liquidity risk continued
The table below summarises the maturity profile of the Group's financial assets and liabilities as of 31 December 2025 and 31 December 2024 based on contractual periods to cash conversion from the consolidated statement of financial position date or expected periods to cash conversion where there are no contractual terms.

	Carrying amount	*Up to 3 months*	*4 months to 1 year*	*2 year to 3 years*	*Over 3 years*	*Unspecified maturity*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
31 December 2025						
Assets						
Cash and balances with the Central Bank of the UAE	**2,640,560**	**2,640,560**	**-**	**-**	**-**	-
Deposits and balances due from banks	**165,974**	**165,974**	**-**	-	-	**-**
Loans and advances to customers, net	**1,669,837**	**636,022**	**154,100**	**205,997**	**673,718**	**-**
Financial assets at fair value through profit or loss	**77,401**	**-**	-	-	-	**77,401**
Financial assets at fair value through other comprehensive income	**14,911**	-	-	-	**-**	**14,911**
Investments at amortized cost	**3,265,527**	**773,341**	**2,492,186**	-	**-**	**-**
Other assets	**179,839**	**118,809**	**37,214**	**-**	**13,716**	**10,100**
	8,014,049	**4,334,706**	**2,683,500**	**205,997**	**687,434**	**102,412**
Liabilities						
Deposits from customers	**7,254,668**	**6,674,458**	**564,764**	**15,418**	**28**	**-**
Other liabilities	**188,224**	**149,837**	**2,862**	**-**	**250**	**35,275**
Lease liabilities	**23,963**	**1,288**	**2,597**	**8,400**	**11,678**	**-**
	7,466,855	**6,825,583**	**570,223**	**23,818**	**11,956**	**35,275**
Net liquidity gap	**547,194**	**(2,490,877)**	**2,113,277**	**182,179**	**675,478**	**67,137**

33 RISK MANAGEMENT continued

Liquidity risk continued

	Carrying amount	*Up to 3 months*	*4 months to 1 year*	*2 year to 3 years*	*Over 3 years*	*Unspecified maturity*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
31 December 2024						
Assets						
Cash and balances with the Central Bank of the UAE	3,576,195	3,576,195	-	-	-	-
Deposits and balances due from banks	18,990	18,990	-	-	-	-
Loans and advances to customers, net	820,957	438,541	44,051	97,363	241,002	-
Financial assets at fair value through profit or loss	82,848	-	-	-	-	82,848
Financial assets at fair value through other comprehensive income	16,015	-	-	-	-	16,015
Other assets	42,695	37,617	-	-	-	5,078
	4,557,700	4,071,343	44,051	97,363	241,002	103,941
Liabilities						
Deposits from customers	3,935,215	3,661,798	261,640	11,739	38	-
Other liabilities	134,392	113,696	3,122	87	-	17,487
Lease liability	11,087	1,048	3,746	4,232	2,061	-
	4,080,694	3,776,542	268,508	16,058	2,099	17,487
Net liquidity gap	477,006	294,801	(224,457)	81,305	238,903	86,454

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2025 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice was given immediately. However, the Group expects that many customers will not request repayment on the earliest date, the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

	Gross nominal amount	***Up to 3 months***	***4 months to 1 year***	***2 year to 3 years***	***Over 3 years***	***Unspecified maturity***
	AED'000	***AED'000***	***AED'000***	***AED'000***	***AED'000***	***AED'000***
31 December 2025						
Deposits from customers	**7,272,285**	**6,680,364**	**576,009**	**15,883**	**29**	**-**
Other liabilities	**188,224**	**149,837**	**2,862**	**-**	**250**	**35,275**
Lease liabilities	**26,903**	**1,408**	**3,329**	**8,388**	**13,778**	**-**
	7,487,412	**6,831,609**	**582,200**	**24,271**	**14,057**	**35,275**

33 RISK MANAGEMENT continued

Liquidity risk continued

31 December 2024	*Gross nominal amount AED'000*	*Up to 3 months AED'000*	*4 months to 1 year AED'000*	*2 year to 3 years AED'000*	*Over 3 years AED'000*	*Unspecified maturity AED'000*
Deposits from customers	3,940,599	3,665,576	262,950	12,031	42	-
Other liabilities	134,392	113,696	3,122	87	-	17,487
Lease liabilities	12,641	1,274	3,980	5,045	2,342	-
	4,087,632	3,780,546	270,052	17,163	2,384	17,487

Market risk
Market risk is the risk that changes in market prices, such as interest rates and price risk, will affect the Group's income or the value of its holdings of financial instruments. Positions are monitored on a regular basis to ensure positions are maintained within established approved limits.

Currency risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is not exposed to currency risk on its financial assets and liabilities as they are denominated in AED.

Equity price risk
Equity price risk is the risk that the value of a portfolio will fall as a result of a change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and maturities) in which the Group holds equity-related positions.

The Group sets tight limits on equity exposures and the types of equity instruments that it is allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk is measured in first cash terms, such as the market value of a stock/index position, and also in price sensitivities, such as sensitivity of the value of a portfolio to changes in the underlying asset price. These measures are applied to an individual position and/or to a portfolio of equities.

33 RISK MANAGEMENT continued

Market risk continued
Equity price risk continued
Equity price risk exposure arises from equity securities classified at fair value through profit or loss and at fair value through other comprehensive income. A 5 per cent increase in the value of the Group's equities at 31 December 2025 would have increased other comprehensive income by AED 747 thousand (2024: AED 801 thousand) and increased net profit by AED 3,870 thousand (2024: AED 4,142 thousand). An equivalent decrease would have resulted in an equal but opposite impact.

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 this risk principally through monitoring interest rate gaps and by matching the re-pricing profile of assets and liabilities.

The Group's interest rate gap and sensitivity position based on contractual cash flow arrangements at 31 December 2025 was as follows:

	Less than 3 months	*4 months to 1 year*	*2 year to 3 years*	*Over 3 years*	*Non-sensitive*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
31 December 2025						
Assets						
Cash and balances with the Central Bank of the UAE	**2,000,000**	**-**	**-**	**-**	**640,560**	**2,640,560**
Deposits and balances due from banks	**-**	**138,000**	**-**	**-**	**27,974**	**165,974**
Loans and advances to customers, net	**636,022**	**154,100**	**205,997**	**673,718**	**-**	**1,669,837**
Financial assets at fair value through profit or loss	**-**	**-**	**-**	**-**	**77,401**	**77,401**
Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**14,911**	**14,911**
Investments at amortized cost	**773,341**	**2,492,186**	**-**	**-**	**-**	**3,265,527**
Other assets	**-**	**-**	**-**	**-**	**179,839**	**179,839**
	3,409,363	**2,784,286**	**205,997**	**673,718**	**940,685**	**8,014,049**
Liabilities						
Deposits from customers	**4,199,398**	**564,764**	**15,418**	**28**	**2,475,060**	**7,254,668**
Other liabilities	**-**	**-**	**-**	**-**	**188,224**	**188,224**
Lease liabilities	**-**	**-**	**-**	**-**	**23,963**	**23,963**
	4,199,398	**564,764**	**15,418**	**28**	**2,687,247**	**7,466,855**
Net position	**(790,035)**	**2,219,522**	**190,579**	**673,690**	**(1,746,562)**	**547,194**

33 RISK MANAGEMENT continued

Market risk continued
Interest rate risk continued
The Group's interest rate gap and sensitivity position based on contractual cash flow arrangements at 31 December 2024 was as follows:

	Less than 3 months	*4 months to 1 year*	*2 years to 3 years*	*Over 3 years*	*Non-sensitive*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
31 December 2024						
Assets						
Cash and balances with the Central Bank of the UAE	3,350,000	-	-	-	226,195	3,576,195
Deposits and balances due from banks	-	-	-	-	18,990	18,990
Loans and advances to customers, net	438,541	44,051	97,363	241,002	-	820,957
Financial assets at fair value through profit or loss	-	-	-	-	82,848	82,848
Financial assets at fair value through other comprehensive income	-	-	-	-	16,015	16,015
Other assets	-	-	-	-	42,695	42,695
	3,788,541	44,051	97,363	241,002	386,743	4,557,700
Liabilities						
Deposits from customers	2,002,480	261,640	11,739	38	1,659,318	3,935,215
Other liabilities	-	-	-	-	134,392	134,392
Lease liability	-	-	-	-	11,087	11,087
	2,002,480	261,640	11,739	38	1,804,797	4,080,694
Net position	1,786,061	(217,589)	85,624	240,964	(1,418,054)	477,006

Credit risk
Credit risk is the risk that financial loss arises from the failure of counterparty to a financial instrument, to meet its obligations under a contract. It arises principally from lending activities.

The Group's primary exposure to credit risk arises from cash and balances with the Central Bank of the UAE, deposits and balances due from banks, investments at amortised cost, loans and advances to customers, net and other financial assets. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the consolidated statement of financial position. The current credit exposure in respect of these instruments is equal to the carrying amount of these assets in the consolidated statement of financial position.

The Group's credit policy establishes a systematic and consistent approach to identifying and managing borrower and counterparty risks across all retail, business banking, and wholesale banking assets.

The Chief Credit Officer and the credit risk department are responsible for recognizing and managing credit risk at both the transaction/origination and portfolio levels. They ensure that risk procedures adhere to the framework outlined in the credit policy, while complying with all regulatory requirements.

Under the direction of the Chief Risk Officer, the risk team manages credit risk by setting the Bank's risk appetite, issuing and updating credit policies and conducting comprehensive portfolio analysis.

33 RISK MANAGEMENT continued

Credit risk continued
The Group acknowledges that the Central Bank of UAE has issued the Credit Risk Management Standards (CRMS) which came into effect in November 2024. The Bank has met the requirements stipulated in the regulations.

Respective Business Heads and their teams conduct thorough analyses of all loan applications submitted for approval. They focus on aspects such as ownership, business management, industry specifics, financial health, business structure, and collateral. The Chief Credit Officer and their team then review these loan applications, identifying and measuring the associated credit risks before presenting them to the Business Credit & Investment Committee for approval. Both Business and Credit Units continuously monitor the portfolio to ensure it remains healthy.

Expected credit loss
Expected Credit Loss (ECL) under IFRS 9 is used to estimate the potential loss the Bank may incur from its credit exposures over a specified period. Unlike traditional models that only consider losses once a default occurs, ECL models are forward-looking and consider possible future credit events. The approach incorporates various risk factors, including borrower creditworthiness, macroeconomic conditions, and historical loss data, to predict the likelihood and impact of defaults. ECL is calculated for borrowers or segment of borrowers as:

ECL = Exposure at Default (EAD) x Probability of Default (PD) x Loss Given Default (LGD)

This method helps the Bank to proactively manage credit risk, maintain adequate provisions, and ensure financial stability. As per the guidance of IFRS 9, the Bank uses three stages of credit risk assessment i.e. stage 1, stage 2 and stage 3 based on the quality of credit for a facility/borrower. The Bank applies stage movement criteria as defined in SICR section for movement between these stages.

Significant increase in credit risk (SICR)
The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the financial asset will be moved to Stage 2 and the loss allowance will be based on lifetime basis (lifetime ECL). The broad factors that are considered to determine whether a financial asset has experienced SICR are: days past due of more than 30 days on its contractual payments and various other qualitative factors that include changes in current credit ratings vis-à-vis initial credit ratings as per the defined Graded SICR thresholds, Credit Risk Bureau classification of the customer, whether an exposure has been restructured since initial recognition etc. During the year ended 31 December 2025, the SICR criteria is refined as per the new Credit Risk Management Standards (CRMS) issued by the CBUAE.

ECL Measurement
The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial instruments such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period.

33 RISK MANAGEMENT continued

Credit risk continued
ECL Measurement continued
At 31 December 2025, the distribution by sector of major categories of assets and commitments as per Central Bank guidelines was as follows:

	Government	***Corporate/ Private***	***Consumers***	***Total***
	AED'000	***AED'000***	***AED'000***	***AED'000***
31 December 2025				
Balances with the Central Bank of the UAE	**2,606,822**	**-**	**-**	**2,606,822**
Deposits and balances due from banks	**-**	**165,974**	**-**	**165,974**
Loans and advances to customers, net	**-**	**990,934**	**678,903**	**1,669,837**
Financial assets at fair value through profit or loss	**52,015**	**25,386**	**-**	**77,401**
Financial assets at fair value through other comprehensive income	**2,670**	**12,241**	**-**	**14,911**
Financial assets at amortized cost	**3,265,527**	**-**	**-**	**3,265,527**
Investment in associate	**-**	**10,526**	**-**	**10,526**
Other assets	**53,199**	**121,484**	**5,156**	**179,839**
	5,980,233	**1,326,545**	**684,059**	**7,990,837**
Unfunded exposure	**-**	**427,840**	**-**	**427,840**

At 31 December 2024, the distribution by sector of major categories of assets and commitments as per Central Bank guidelines was as follows:

	Government	*Corporate/ Private*	*Consumers*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*
31 December 2024				
Balances with the Central Bank of the UAE	3,553,660	-	-	3,553,660
Deposits and balances due from banks	-	18,990	-	18,990
Loans and advances to customers, net	-	434,388	386,569	820,957
Financial assets at fair value through profit or loss	52,882	29,966	-	82,848
Financial assets at fair value through other comprehensive income	2,665	13,350	-	16,015
Other assets	7,035	34,380	1,280	42,695
	3,616,242	531,074	387,849	4,535,165
Unfunded exposure	-	364,391	-	364,391

33 RISK MANAGEMENT continued

Credit risk continued

Credit quality per class of financial assets

The Group's credit risk rating systems and processes differentiate exposures in order to highlight those with greater risk factors and higher potential severity of loss. The credit quality of financial assets is reported by the Group using internal credit ratings.

	Stage 1 12-month ECL AED'000	*Stage 2 Lifetime ECL not credit-impaired AED'000*	*Stage 3 Lifetime ECL credit-impaired AED'000*	*Total AED'000*
31 December 2025				
Loans and advances to customers - Corporate				
Performing	**972,032**	**1,941**	**-**	**973,973**
Non-performing	**-**	**-**	**24,130**	**24,130**
Gross loans and advances to customers	**972,032**	**1,941**	**24,130**	**998,103**
Expected credit losses	**(6,120)**	**(100)**	**(949)**	**(7,169)**
Loans and advances to customers, net	**965,912**	**1,841**	**23,181**	**990,934**
Loans and advances to customers – Retail				
Performing	**676,919**	**1,117**	**-**	**678,036**
Non-performing	**-**	**-**	**3,362**	**3,362**
Gross loans and advances to customers	**676,919**	**1,117**	**3,362**	**681,398**
Expected credit losses	**(1,039)**	**(2)**	**(942)**	**(1,983)**
Loans and advances to customers, net	**675,880**	**1,115**	**2,420**	**679,415**
Gross loans and advances to customers	**1,648,951**	**3,058**	**27,492**	**1,679,501**
Expected credit losses	**(7,159)**	**(102)**	**(1,891)**	**(9,152)**
Interest in suspense	**-**	**-**	**(512)**	**(512)**
Loans and advances to customers, net	**1,641,792**	**2,956**	**25,089**	**1,669,837**
Gross unfunded exposure	**165,015**	**262,825**	**-**	**427,840**
Expected credit losses	**(633)**	**(668)**	**-**	**(1,301)**
Unfunded exposure, net	**164,382**	**262,157**	**-**	**426,539**

33 RISK MANAGEMENT continued

Credit risk continued
Credit quality per class of financial assets continued

	Stage 1 12-month ECL	*Stage 2 Lifetime ECL not credit-impaired*	*Stage 3 Lifetime ECL credit-impaired*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*
31 December 2024				
Loans and advances to customers - Corporate				
Performing	435,206	1,155	-	436,361
Non-performing	-	-	610	610
Gross loans and advances to customers	435,206	1,155	610	436,971
Expected credit losses	(1,876)	(97)	(610)	(2,583)
Loans and advances to customers, net	433,330	1,058	-	434,388
Loans and advances to customers - Retail				
Performing	384,446	136	-	384,582
Non-performing	-	-	3,280	3,280
Gross loans and advances to customers	384,446	136	3,280	387,862
Expected credit losses	(180)	(2)	(859)	(1,041)
Loans and advances to customers, net	384,266	134	2,421	386,821
Gross loans and advances to customers	819,652	1,291	3,890	824,833
Expected credit losses	(2,056)	(99)	(1,469)	(3,624)
Interest in suspense	-	-	(252)	(252)
Loans and advances to customers, net	817,596	1,192	2,169	820,957
Gross unfunded exposure	101,566	262,825	-	364,391
Expected credit losses	(438)	(1,865)	-	(2,303)
Unfunded exposure, net	101,128	260,960	-	362,088

33 RISK MANAGEMENT continued

Credit risk continued
Credit quality per class of financial assets continued

Transfer between stages:

31 December 2025	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
	AED'000	***AED'000***	***AED'000***	***AED'000***
Gross loans and advances				
As at 1 January 2025	**819,652**	**1,291**	**3,890**	**824,833**
Transfer between stages:				
Stage 1 to stage 2 transfer	**(1,109)**	**1,109**	**-**	**-**
Stage 2 to stage 3 transfer	-	**(86)**	**86**	**-**
Stage 1 to stage 3 transfer	**(23,545)**	**-**	**23,545**	**-**
Change in loans balance during the year	**(97,566)**	**214**	**(56)**	**(97,408)**
New financial assets originated during the year	**951,519**	**530**	**27**	**952,076**
As at 31 December 2025	**1,648,951**	**3,058**	**27,492**	**1,679,501**

Transfer between stages:

31 December 2024	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*
Gross loans and advances				
As at 1 January 2024	588,091	355	501	588,947
Transfer between stages:				
Stage 1 to stage 2 transfer	(1,192)	1,192	-	-
Stage 2 to stage 3 transfer	-	(18)	18	-
Stage 2 to stage 1 transfer	20	(20)	-	-
Stage 1 to stage 3 transfer	(3,433)	-	3,433	-
Change in loans balance during the year	(155,375)	(218)	(62)	(155,655)
New financial assets originated during the year	391,541	-	-	391,541
As at 31 December 2024	819,652	1,291	3,890	824,833

33 RISK MANAGEMENT continued

Credit risk continued
Credit quality per class of financial assets continued

	Stage 1 12-month ECL	*Stage 2 Lifetime ECL not credit-impaired*	*Stage 3 Lifetime ECL credit-impaired*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*
31 December 2025				
Deposits and balances due from banks				
Performing	**166,318**	**-**	**-**	**166,318**
Non-performing	**-**	**-**	**-**	**-**
Gross deposits and balances due from banks	**166,318**	**-**	**-**	**166,318**
Expected credit losses	**(344)**	**-**	**-**	**(344)**
Deposits and balances due from banks	**165,974**	**-**	**-**	**165,974**
31 December 2024				
Deposits and balances due from banks				
Performing	18,995	-	-	18,995
Non-performing	-	-	-	-
Gross deposits and balances due from banks	18,995	-	-	18,995
Expected credit losses	(5)	-	-	(5)
Deposits and balances due from banks	18,990	-	-	18,990

The movements in expected credit losses during the year ended 31 December 2025 are as follows:

	Stage 1 12-month ECL	*Stage 2 Lifetime ECL not credit-impaired*	*Stage 3 Lifetime ECL credit-impaired*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*
31 December 2025				
At the beginning of the year	**2,500**	**1,964**	**1,967**	**6,431**
Expected credit losses for the year – loans and advances to customers, net	**5,103**	**3**	**420**	**5,526**
Expected credit losses for the year – deposits and balances due from banks	**339**	**-**	**-**	**339**
Charge (reversal) of expected credit losses for the year – off balance sheet	**195**	**(1,197)**	**-**	**(1,002)**
At the end of the year	**8,137**	**770**	**2,387**	**11,294**

33 RISK MANAGEMENT continued

Credit risk continued
Credit quality per class of financial assets continued
The movements in expected credit losses during the year ended 31 December 2024 are as follows:

	Stage 1 12-month ECL	*Stage 2 Lifetime ECL not credit-impaired*	*Stage 3 Lifetime ECL credit-impaired*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*
31 December 2024				
At the beginning of the year	2,139	5	420	2,564
Expected credit losses for the year – loans and advances to customers, net	18	94	1,547	1,659
Reversal of expected credit losses for the year – deposits and balances due from banks	(95)	-	-	(95)
Charge of expected credit losses for the year – off balance sheet	438	1,865	-	2,303
At the end of the year	2,500	1,964	1,967	6,431

Transfer between stages:

31 December 2025	***Stage 1***	***Stage 2***	***Stage 3***	***Total***
	AED'000	***AED'000***	***AED'000***	***AED'000***
Expected credit loss				
As at 1 January 2025	**2,056**	**99**	**1,469**	**3,624**
Transfer between stages:				
Stage 1 to stage 2	**(2)**	**2**	**-**	**-**
Stage 2 to stage 3	**-**	**(86)**	**86**	**-**
Stage 1 to stage 3	**(364)**		**364**	**-**
Change in ECL during the year	**214**	**58**	**(48)**	**224**
ECL on new financial assets originated during the year	**5,255**	**29**	**20**	**5,304**
As at 31 December 2025	**7,159**	**102**	**1,891**	**9,152**

Transfer between stages:

31 December 2024	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*
Expected credit loss				
As at 1 January 2024	2,039	5	420	2,464
Transfer between stages:				
Stage 1 to stage 2	(98)	98	-	-
Stage 2 to stage 3	-	(18)	18	-
Stage 1 to stage 3	(1,013)	-	1,013	-
Change in ECL during the year	(512)	14	18	(480)
ECL on new financial assets originated during the year	1,640	-	-	1,640
As at 31 December 2024	2,056	99	1,469	3,624

33 RISK MANAGEMENT continued

Credit risk continued
The following table breaks down the Bank's credit exposures on loans and advances categorized by industry:

	2025	*2024*
	AED'000	*AED'000*
Manufacturing	**28,611**	20,545
Electricity, gas and water	**23,640**	-
Construction	**68,537**	58,859
Real estate	**203,661**	-
Trade	**279,484**	61,941
Transport, storage and communication	**70,691**	9,869
Other services	**323,479**	285,757
Loans to individuals / HNIs /others	**681,398**	387,862
Gross loans and advances as at 31 December	**1,679,501**	824,833
Expected credit allowance	**(9,664)**	(3,876)
Loans and advances to customers, net	**1,669,837**	820,957

Impairment reserve under the Central Bank of UAE (CBUAE) guidance
As per the new Credit Risk Management Standards (CRMS) issued by CBUAE, the Group 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 (CRWA) as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable consolidated statement of financial position reserve called the 'impairment reserve'. The amount held in the impairment reserve must be deducted from the capital base (tier 1 capital) when computing the regulatory capital.

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

	2025	*2024*
	AED'000	*AED'000*
Minimum provision for stage 1 and stage 2 as per CBUAE requirements	**25,350**	7,368
Less: Stage 1 and stage 2 impairment taken against income	**(8,906)**	(4,130)
Shortfall in stage 1 and stage 2 provision to meet minimum CBUAE requirements	**16,444**	3,238
Balance of impairment reserve as at 1 January	**3,238**	2,783
Add: transfer of shortfall to impairment reserve during the year	**13,206**	455
Balance of impairment reserve as at 31 December	**16,444**	3,238

The calculation process, the methodology, and the results for provisions are in accordance with the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024 and have been reviewed and approved by the Board Risk & Credit Committee.

33 RISK MANAGEMENT continued

Collateral
Collateral is used to mitigate credit risk, as the secondary source of payment in case the counterparty cannot meet its contractual payment obligations. Credit policy and procedures set out the acceptable types of collateral, as well as a process by which additional instruments and/or asset types can be considered for approval.

Credit risk mitigants are held against loans and advances to customers, commitments and contingencies in the form of real estate collateral, cash deposits and guarantees.

The table below shows the collateral value of the customers as at the reporting date:

	2025	*2024*
	AED'000	*AED'000*
Property	**2,033,411**	1,583,695
Cash margin and deposit under	**490,484**	411,926
Quoted shares	**980,259**	595,647
	3,504,154	2,591,268

Operational risk
Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, information technology and information security related risks but excludes strategic and reputation risk.

The Group has performed a Risk and Control Self-Assessment exercise wherein all business and support units would be assessing their risks and controls. An internal loss database that stores details pertaining to operational losses is also maintained.

The Group has established a corporate culture which entails constructive ways of dealing with the operational risk. The Group has established approval control steps in the business processes as well as creating separate control processes. Further, the Group has established a measure of organisational structure in terms of segregation of duties and diverse training to mitigate operational risk.

Fair value of financial instruments
Financial assets and liabilities are classified according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined below.

Quoted Market Prices – Level 1
Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation Technique Using Observable Inputs – Level 2
Financial instruments classified as Level 2 have been valued using models whose most significant inputs are observable in an active market. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets, and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads.

Valuation Technique Using Significant Unobservable Inputs – Level 3
Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs).

33 RISK MANAGEMENT continued

Fair value of financial instruments continued
Valuation Technique Using Significant Unobservable Inputs – Level 3 continued
Fair value measurement hierarchy of the Group's financial assets carried at fair value:

		Valuation techniques		
	Quoted market price Level 1 AED'000	*Observable inputs Level 2 AED'000*	*Unobservable inputs Level 3 AED'000*	*Total AED'000*
31 December 2025				
Assets:				
Financial assets at fair value through profit or loss:				
Equity securities	**77,401**	**-**	**-**	**77,401**
Financial assets at fair value through other comprehensive income:				
Equity securities	**14,911**	**-**	**-**	**14,911**
31 December 2024				
Assets:				
Financial assets at fair value through profit or loss:				
Equity securities	82,848	-	-	82,848
Financial assets at fair value through other comprehensive income:				
Equity securities	16,015	-	-	16,015

For financial assets held at amortized cost, the Group believes their fair value is not materially different from its carrying amount as at 31 December 2025 and 31 December 2024.

There were no transfers between levels during the years ended 31 December 2025 and 31 December 2024.

34 CAPITAL MANAGEMENT

Capital measurement and allocation
Central Bank of the UAE is the regulator of the Group and, in this capacity, receives information on capital adequacy and sets minimum capital requirements for specialized banks incorporated in the UAE. The CBUAE issued the specialized banks with low risk regulation, which came into effect from 14 March 2021 introducing minimum capital requirements

Specialized Banks must maintain Aggregate Capital Funds ("ACF") of at least 12.5% of its total assets, at all times, and at least 17% during its first three years of operations. As of 31 December 2025, the Group had to maintain an ACF of at least 12.5%.

The Group's capital management approach is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates. It is the Group's policy to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times.

34 CAPITAL MANAGEMENT continued

The table below summarises the composition of the regulatory capital of the Group's for the year ended 31 December 2025 and 31 December 2024.

	2025	*2024*
	AED'000	*AED'000*
Aggregate capital funds		
Share capital	**700,000**	600,000
Legal reserve	**653**	653
Impairment reserves	**-**	3,238
Accumulated losses	**(118,935)**	(94,130)
Total aggregate capital funds	**581,718**	509,761
Total assets	**8,153,392**	4,665,980
Less:		
Overnight deposits and monetary bills with the CBUAE	**(5,265,527)**	(3,350,000)
Cash collaterals (legally enforceable)	**(139,461)**	(30,418)
Total assets excluding cash collaterals	**2,748,404**	1,285,562
ACF ratio	**21.17%**	39.65%

On 5 November 2024, the CBUAE issued a clarification on Article 4.5 from the Specialized Banks with Low Risk Regulation (Circular 21/2022 dated 10/01/2022), regarding the permission for Banks to reduce their total assets by the number of deposits placed with the Central Bank's ODF, Central Bank's Islamic CDs, Central Bank's M-Bills or Federal Government bonds/sukuks.