

UAB®

البنك العربي المتحد
UNITED ARAB BANK

ANNUAL
REPORT
2025



عاماً متحدون
years united





His Highness Sheikh Mohamed Bin Zayed Al Nahyan

President of the United Arab Emirates
and Ruler of Abu Dhabi



His Highness Sheikh Mohammed Bin Rashid Al Maktoum

Vice-President and Prime Minister of the
United Arab Emirates and Ruler of Dubai



His Highness Dr. Sheikh Sultan Bin Mohammed Al Qassimi

Supreme Council Member
and Ruler of Sharjah

In 2025, United Arab Bank (UAB) celebrated 50 years of service, marking a significant milestone in its journey as a leading UAE-based financial institution. The Golden Anniversary marked five decades of partnership with clients, businesses, and communities, underscoring the Bank's enduring commitment to relationship-led and human-centric digital banking.

UAB continued its mission to place customers at the heart of its decision-making and growth agenda, with a focus on delivering consistently superior customer experiences.

Established in 1975, UAB has evolved in parallel with the UAE's economic development, guided by a long-standing focus on building trusted, long-term relationships with its clients. In 2025, this legacy of trust remained integral to the Bank's identity and continued to inform its strategic priorities as it entered its sixth decade of operations.

During the year, UAB further advanced its purpose of humanising banking by embedding customer needs, service quality, and relationship depth across its business activities.

The Bank's diversified business model enables it to serve a broad customer base through tailored solutions that address evolving needs. Across personal, premium, Islamic, and corporate banking, UAB has maintained a consistent focus on relevance and service excellence, supporting customers at different stages of their financial journeys.

UAB

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UNITED ARAB BANK



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years united



The 50th anniversary also provided an opportunity to reaffirm UAB's commitment to its customers while looking ahead to the future. In 2025, the Bank introduced a refreshed brand identity under the theme "United" in the UAE, marking the beginning of a new chapter in its evolution. The new identity reflects UAB's belief that sustainable growth is built on strong relationships, a clear sense of purpose, and a deep understanding of customer expectations.

Throughout 2025, the Bank focused on strengthening customer engagement, enhancing service delivery, and selectively investing in capabilities that support long-term value creation.

As UAB looks beyond its 50th year, customer focus will remain central to its strategy. By combining relationship-driven banking with ongoing digital initiatives, the Bank aims to further strengthen trust, relevance, and engagement. This approach reflects UAB's long-standing conviction that enduring success is founded on strong partnerships and a consistent commitment to serving customer needs.

In celebrating five decades of banking in the UAE, UAB recognises that its achievements are inseparable from the trust and loyalty of its customers. Anchored in its heritage and guided by a forward-looking vision, United Arab Bank remains United for You, committed to delivering responsible, relationship-led banking for generations to come.

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Chairman's Letter to Shareholders



H.H. Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi
Chairman of UAB

Dear Shareholders,

It is my privilege to present United Arab Bank's Annual Report for the year ended 31 December 2025 — a defining year that not only commemorated the celebration of our Golden Jubilee marking 50 years of "United" banking in the UAE, but also represented the beginning of a new chapter in the Bank's evolution with the unveiling of our new brand identity.

This renewed momentum defined 2025 as a pivotal and transformational year for UAB, reinforced by decisive strategic initiatives and robust financial performance. Operationally, the Bank delivered solid profitability in 2025, supported by disciplined execution, prudent risk management, and enhanced operating leverage. Building on the strong momentum achieved throughout the year, net profits recorded a robust double-digit growth of 45% year-on-year to reach AED 438 million.

Complementing this strong performance, the Bank successfully raised AED 1.03 billion in capital through a rights issue, increasing paid-up capital by approximately 50% - representing one of the largest rights issues executed in 2025 in terms of new capital raised relative to existing capital. This milestone transaction materially strengthened our capital base,

enhanced balance sheet resilience, and strategically positioned the Bank to pursue sustainable growth opportunities with confidence. I extend my sincere gratitude to our shareholders for their continued trust, loyalty and continued support.

These financial and operational achievements were further reinforced by ongoing enhancements in our credit profile, with rating upgrades and positive affirmations from Fitch, Moody's and Capital Intelligence. The Bank's investment-grade ratings reflect enhanced profitability, strengthening asset quality, sound governance, and a well-established risk management framework — reinforcing market confidence in UAB's strategy and long-term resilience.

Looking ahead in an evolving financial services landscape, UAB remains firmly focused on its ambition to become a modern bank, leveraging technology, digitisation, and artificial intelligence to elevate customer experience, reinforce regulatory compliance, and drive operational efficiency.

In line with this strategic focus, during the year, we accelerated our digital transformation agenda through strategic partnerships and innovations, including AI-enabled compliance platforms, personalised digital banking solutions, and advanced biometric

and facial recognition capabilities. These initiatives demonstrate our commitment to embed technology and AI across every aspect of the Bank's operations, ensuring we remain competitive, agile, and closely aligned with our customers' evolving needs.

Operating within a supportive business environment, the UAE continues to stand on sound and resilient economic and financial footing, underpinned by progressive policies, economic diversification, and rapid adoption of advanced technologies. The country's forward-looking approach positions it favourably for sustained growth and regional leadership, and UAB remains proud to play its role in supporting the nation's development priorities.

Aligned with these national priorities, and in line with 2025 being declared the Year of Community in the UAE, the Bank remained steadfastly committed to social responsibility and community engagement. Throughout the year, UAB supported a diverse range of initiatives, including sponsorships for people of determination, hospital visits for children, and employee-driven volunteering efforts, reflecting our belief that sustainable success must be inclusive, purposeful, and socially responsible.

Looking ahead in an evolving financial services landscape, UAB remains firmly focused on its ambition to become a modern bank, leveraging technology, digitisation, and artificial intelligence to elevate customer experience.



As we embark on the next phase of UAB's journey, our priorities are clear; to deepen customer relationships, accelerate digital and AI-led transformation, strengthen governance and risk management, and deliver sustainable, long-term value for our shareholders — while contributing meaningfully and responsibly to the UAE's economic and social progress.

None of our achievements would have been possible without the dedication of our people and the trust of our stakeholders. I extend my sincere appreciation to my fellow Board members for their guidance, to the executive management team for their leadership, and to every member of the UAB family for their professionalism, commitment, and unwavering dedication.

On behalf of the Board of Directors, I would also like to express our deepest gratitude to His Highness Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE, for his visionary leadership and guidance. We further extend our appreciation to His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, and His Highness Sheikh Dr. Sultan bin Mohammed Al Qassimi, Supreme Council Member and Ruler of Sharjah, for their continued support and wise counsel.

With renewed confidence, we look forward to shaping the next chapter of UAB's journey.

Sincerely,

H.H. Sheikh Mohammed bin Faisal bin Sultan Al Qassimi
Chairman of the Board of Directors

Double-digit growth
in net profit of

45%
year-on-year

CEO's Review



Shirish Bhide
Chief Executive Officer

The Bank has undergone a meaningful transformation — strengthening its financial performance, continuing its transformation towards human-centred banking and laying the foundations for sustainable long-term growth.



Dear Shareholders,

As I reflect on the year ended 31 December 2025, I am pleased to share that the year marked the completion of over three years of disciplined execution of UAB's turnaround strategy, as set out by the Board and Senior Management. Over this period, the Bank has undergone a meaningful transformation—strengthening its financial performance, continuing its transformation towards human-centred banking and laying the foundations for sustainable long-term growth.

2025 also saw the Bank celebrate a major milestone in its 50-year journey since its establishment in 1975. This occasion was both special and memorable, marked by the launch of our new brand identity, which reflects our legacy while expressing our progressive outlook and ambition for a brighter future.

During 2025, we delivered higher profitability and asset growth, ending the year on a particularly strong note. Net profit increased by 45% year-on-year, while total assets expanded by 26%, reflecting solid growth across our core businesses. This performance was underpinned by focused execution, improving operating leverage, disciplined cost management, and prudent risk practices.

We continued to invest decisively in our people, products, processes and systems, recognising that sustainable success is driven by long-term capability building.

In Personal Banking, we launched our revamped mobile banking application, enhancing the customer experience through improved functionality, security, and ease of use. Our partnership with the Emirates Financial Registry (EFR) further strengthens our retail value proposition enabling convenient and secure digital journeys, along with the potential to integrate many more products and services in the future. We also launched UAB's first Jaywan Card, reinforcing our commitment to local payment solutions.

In parallel, we partnered with leading fintechs to deliver AI-powered, personalised banking experiences. In July 2025, UAB announced a strategic partnership with Lune, a leading UAE-based fintech company, to enhance our mobile banking experience by delivering smarter, data-driven, and hyper-personalised customer journeys.

Within Corporate Banking, we progressed with the digitisation of our Supply Chain Finance operations, improving efficiency, transparency, and scalability for our corporate clients.

Strengthening the Bank's capital and funding position remained a priority. During the year, we successfully raised AED 1.03 billion in capital via a fully subscribed rights issue, significantly boosting our capital ratios, which was further complemented by strong internal capital generation. In addition, we concluded an AED 1.0 billion two-year term loan facility, enhancing funding flexibility and supporting future growth initiatives.

Managing 'risks' continues to remain at the heart of everything we do. We maintained a strong focus on prudent underwriting standards, adequate coverage levels, and vigilant portfolio monitoring. This disciplined approach enables us to identify potential stresses early and take proactive measures, ensuring resilience amid evolving market conditions.

The progress achieved during the year was independently validated through credit rating upgrades by Fitch, Moody's, and Capital Intelligence, reflecting improvements in our financial metrics, capitalisation, asset quality, and governance framework. These upgrades are a strong endorsement of the Bank's strategic direction and execution capabilities.

We also continued to advance our sustainability agenda. During the year, we made significant progress towards the establishment of our sustainability framework, including the development of a Sustainability Policy, deciding our ESG priorities, key performance indicators and measurable targets.

We continued to implement practical initiatives to reduce our environmental footprint across the Bank. These included paper-reduction and recycling programmes, energy-efficiency measures across branches and offices, and increased use of digital channels to minimise resource consumption. Together, these actions reflect UAB's commitment to reducing carbon emissions and contributing to environmental sustainability into both our operations and long-term strategy, while supporting the UAE's broader sustainability objectives.

Above all, our people remain our most valuable asset. Banking is fundamentally a people-driven business, and we remain deeply committed to nurturing talent across the organisation. We continue to invest in the development of our employees, with a particular focus on developing young UAE nationals and advancing Emiratisation, ensuring a strong leadership pipeline for the future.

As we move forward, we remain steadfast in our focus on delivering strong and sustainable returns, fostering innovation, enhancing everyday banking convenience, and upholding the highest standards of customer service excellence. With renewed confidence, a strengthened platform, and a refreshed identity, UAB is well positioned as we embark on the next chapter of our growth journey to become a highly respected and responsible financial institution in the country.

I would like to thank our Board of Directors for their guidance, our employees for their dedication, our regulators and other government authorities, customers and shareholders for their continued trust and support.

Yours sincerely,

Shirish Bhide
Chief Executive Officer

During the year, we successfully raised
AED 1.03 billion
in capital via rights issue

About UAB

United Arab Bank P.J.S.C. (UAB) was established in 1975 in the Emirate of Sharjah as a joint venture between key UAE and international Investors, and its shares are publicly traded on the Abu Dhabi Securities Exchange (ADX).

UAB offers a wide range of Corporate Banking, Personal Banking, Treasury & Financial Markets, as well as Shari'ah compliant products, services and flexible solutions, to meet the ever-evolving needs of our clients and the markets. Today, UAB is recognised as one of the few home-grown banks in the UAE, striving to enhance the lives of people by humanising banking through impeccable service and tailored financial support.

UAB is rated investment grade, both, by Moody's (Baa2/P-2/Stable) and Fitch (BBB+/F2/Stable).

Strategic alliance

In December 2007, UAB entered into a strategic alliance with The Commercial Bank (Q.S.C.), which acquired a 40% equity stake in the Bank. The transaction was widely regarded by regional investment analysts as a strong strategic fit and represented one of the few cross-border partnerships between national banks in the GCC, and the first of its kind between institutions from Qatar and the UAE.

Vision & Mission

The UAB Vision:

Our vision is to become the most loved, trusted, and talked about bank in the UAE.

The UAB Mission Statement:

We are on a mission to humanise banking by putting service excellence and customer satisfaction at the heart of everything we do.

Core Values

EMPATHY

True to our heritage, we are people centric and believe in the goodness of humanity. We understand and respect our customers as people first, customers second. We look to fulfil all their financial needs and future life aspirations. In an ever more digitized impersonal world, real human connection is what drives us and makes us different.

INTEGRITY

We are open, honest and genuine with a belief in strong morals and just principles. We take our commitments to our customers and our employees very seriously, whilst taking full responsibility and accountability for all our actions and interactions. We believe that honesty of purpose achieves the best results for our customers and our bank.

EMPOWERMENT

Our collaborative, agile and thoughtful approach helps people to achieve their goals. Flexibility within a framework of clear guidelines empowers our teams to give our customers the confidence to make financial decisions that lead to more fulfilling and prosperous lives.

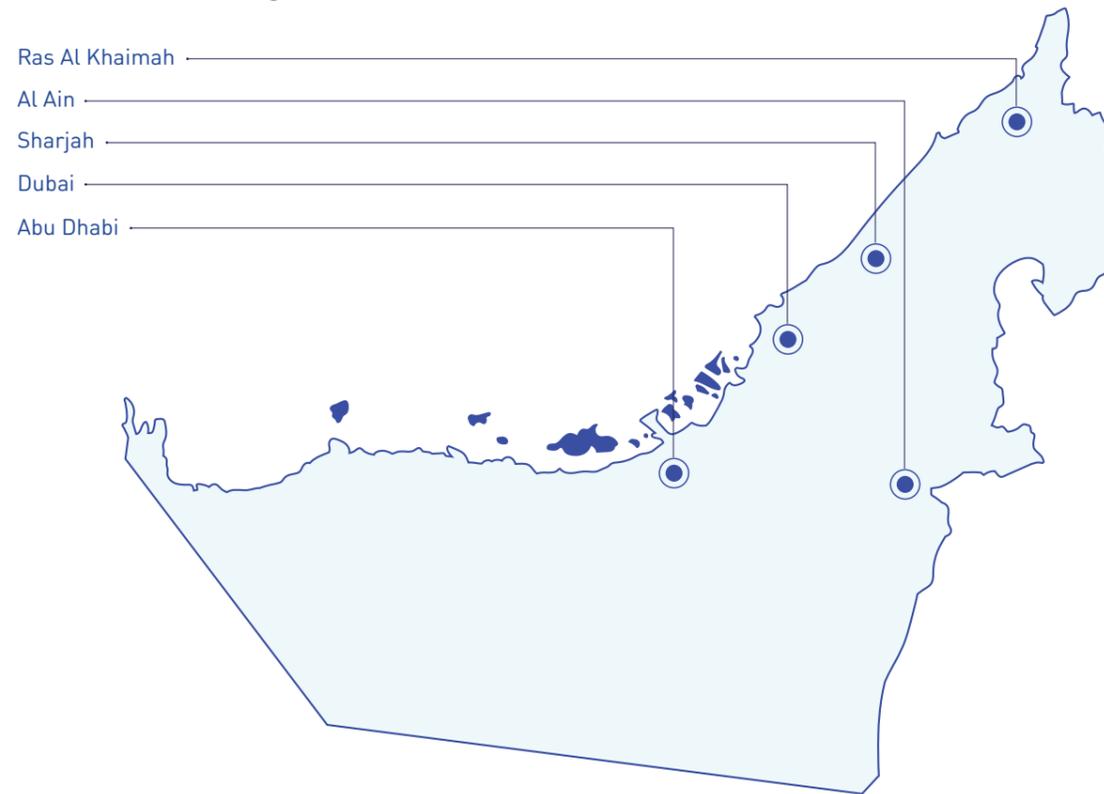
PROGRESSIVE SPIRIT

Our drive to deliver the best experience for our customers means we embrace and apply the very latest thinking and technology to empower our people in delivering the UAE's most personal and brilliant service, everyone will come to respect and love.



UAB at a Glance

Network coverage across UAE with 6 branches/ offices



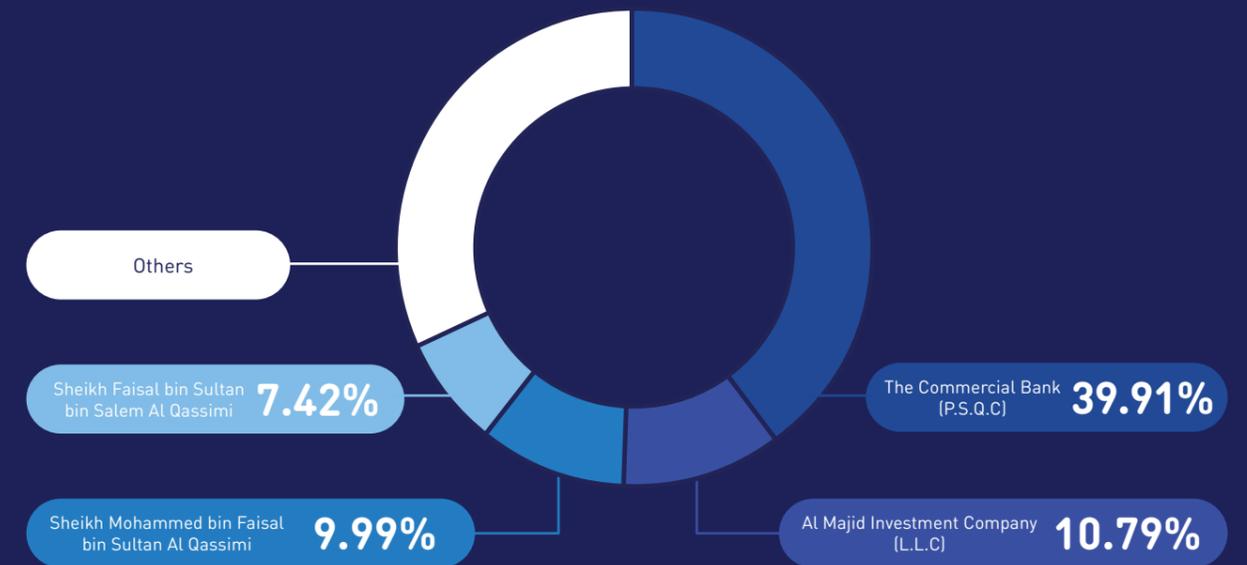
Positive trends in Credit Ratings



Well supported by top shareholders

AED
4.0 billion
Market capitalisation

AED
1.3
per share



Prominent and diversely skilled Board of Directors

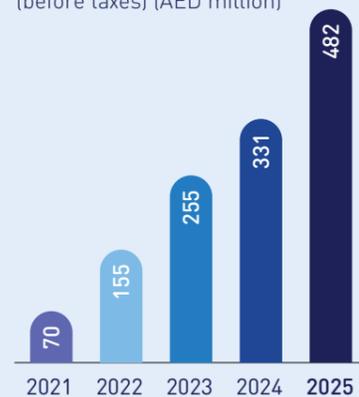
- ◆ Board comprises of 11 members. All members are non-executive.
- ◆ 2 female directors representing 18% on the Board
- ◆ 4 independent directors representing 36% on the Board
- ◆ The Board collectively possesses professional knowledge, business expertise, industry knowledge, diversity and financial awareness to carry out its oversight responsibilities

Highly qualified senior management team with decades of expertise in the banking industry

14 members in the senior management team with an average 25 years of experience, across industries – primarily banking and FI and across geographies – regional and international

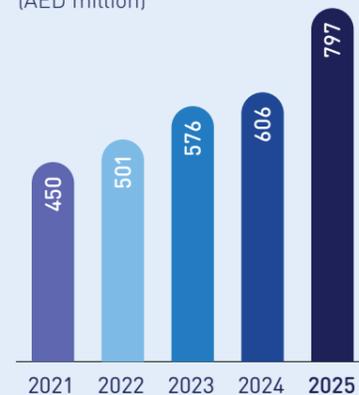
Execution of our turnaround strategy has delivered strong financial performance

Net Profit
(before taxes) (AED million)



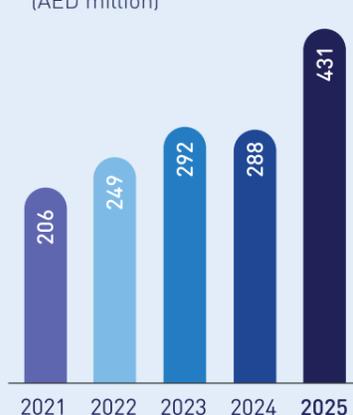
4-yr CAGR **62%**

Total Income
(AED million)



4-yr CAGR **15%**

Operating Profit
(AED million)

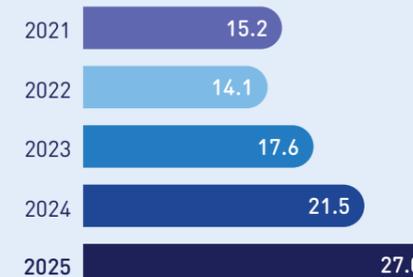


4-yr CAGR **20%**

Impairment charges, net
(AED million)

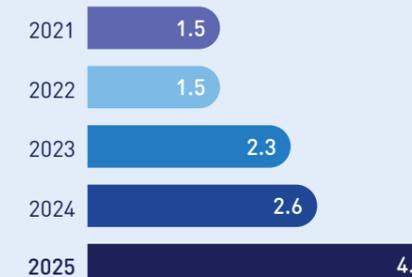


Assets
(AED million)



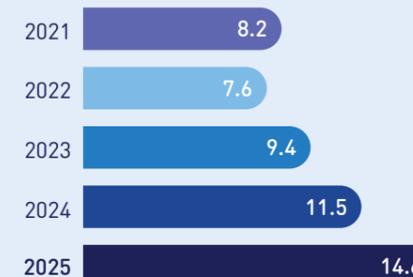
4-yr CAGR **15%**

Equity (incl AT1)
(AED million)



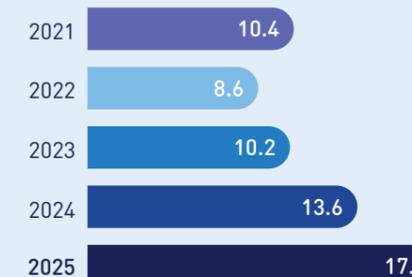
4-yr CAGR **28%**

Loans, advances and Islamic financing
(AED million)



4-yr CAGR **15%**

Customer Deposits
(AED million)



4-yr CAGR **14%**

Ratios:

	2021	2022	2023	2024	2025
Return on Shareholders' Equity	4.7%	10.3%	15.7%	16.1%	16.0%
Capital Adequacy ratio	13.8%	14.5%	19.0%	17.4%	21.5%
Cost of Risk	1.39%	1.14%	0.39%	-0.47%	-0.41%
Non-performing loans ratio	11.6%	8.2%	5.0%	3.9%	2.8%
Provision coverage	77%	107%	150%	139%	107%

Year in Review

11



February

UAB partners with Qualco to digitise supply chain finance operations

01



March

UAB Giving Back: A heartwarming night with Dubai Club of People of Determination

03



July

UAB partners with UAE fintech Lune to deliver AI-powered, personalised banking experiences

05



September

UAB partners with Abu Dhabi Securities Exchange (ADX) to offer seamless IPO subscription services for customers

07



September

Moody's ratings upgrades UAB's deposit ratings to Baa2, outlook 'Stable'

09

October

UAB's first Jaywan card in collaboration with Network International, Idemia Secure Transactions and Al Etihad Payments

October

UAB celebrates 50 years of 'United' banking; unveils its new branding

12

02 March

Fitch upgrades UAB's viability ratings to 'bb-' and affirms long-term ratings at 'BBB+', outlook 'Stable'



04 May

UAB partners with Emirates Face Recognition (EFR) to launch a seamless and secure digital banking experience via its new mobile app



06 July

UAB partners with Smarbl to launch RegPRISM, a cutting-edge AI-powered compliance platform



08 August

UAB successfully raises AED 1.03 billion through fully subscribed rights issue



10 September

UAB signs exclusive partnership with the Entertainer to offer lifestyle benefits with new UAB credit cards



13 December

UAB successfully concludes AED 1.0 Billion, 2-Year senior unsecured dual tranche term loan facility



Year in Review (continued)

In 2025, United Arab Bank (UAB) marked its 50th anniversary with the launch of a new corporate identity under the slogan "United" banking in the UAE, signalling a significant milestone in the Bank's journey and a new phase in its transformation towards human-centred banking. The refreshed identity reflects UAB's commitment to placing customers at the heart of its strategy while building on five decades of trust, stability, and service excellence.

The ceremony featured two addresses by the bank's founder H.H. Sheikh Faisal bin Sultan bin Salem Al Qassimi, and the Chairman of the Board H.H. Sheikh Mohammed bin Faisal bin Sultan Al Qassimi, presented through hologram technology in a symbolic scene that embodied the Bank's journey.

The launch ceremony held at the Museum of the Future in Dubai and was also attended by dignitaries, members of the Board of Directors, senior executives, clients, and representatives from the banking and financial sectors. The venue underscored the Bank's forward-looking vision and its ambition to blend heritage with innovation as it entered its next chapter.

Today, that trust is being strengthened through a human-centred approach to banking that puts people at the centre of every interaction. Accordingly, the Bank is transforming this trust into meaningful, personalised experiences that create lasting value for customers and communities.



Year in Review (continued)



Shareholders' Information

Date of incorporation:
**21 January
1975**

Listing date:
**21 March
2005**

Exchange:
**Abu Dhabi Securities
Exchange (ADX)**

Symbol:
UAB

ISIN:
AEU000601010

Number of shares issued:
3,093,825,974

Closing price as of 31 December 2025:
AED 1.30

Market cap as of 31 December 2025:
**AED 4.0 billion
(USD 1.1 billion)**

Financial Calendar

6 March 2025	General Assembly Meeting
28 April 2025	Q1 2025 results
17 July 2025	Q2 2025 results
27 October 2025	Q3 2025 results
9 February 2026	Q4 2025 results

UAB Shareholders meet at least once a year during the Annual General Assembly (AGA), the supreme governance body of the Bank. The Articles of Association provides the statutory framework for the calling and the conduct of the AGA.

Major shareholders

Shareholders owning more than 5% of the outstanding shares

Investor Name	# of shares owned	Holding percentage (%)
The Commercial Bank (P.S.Q.C)	1,234,754,020	39.91%
Al Majid Investment Company (L.L.C)	333,681,142	10.79%
Sheikh Mohammed bin Faisal bin Sultan Al Qassimi	309,200,095	9.99%
Sheikh Faisal bin Sultan bin Salem Al Qassimi	229,515,634	7.42%

Shareholders by Nationality

Country/ Region	Shares (%)
UAE	60.00%
GCC	39.91%
Arabs (ex-GCC)	0.04%
Others	0.05%

Shareholders by Investor Category

Investor category	Shares (%)
Corporate	58.62%
Individual	41.38%

Share price performance



(in AED)	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024	31 Dec 2025	4-year CAGR%
UAB ¹	0.62	0.78	1.23	1.25	1.30	21%
ADX (indexed to UAB share price as of 31 Dec 2021)	0.62	0.75	0.69	0.69	0.77	6%

¹UAB share prices for period prior to 23rd June, 2025 have been adjusted to reflect the impact of dilution in share price as a result of the rights issue completed in August 2025 (ex-rights trade date: 23 June, 2025)

Our Business Model

Our strengths

Nationwide Presence

Strategic UAE branch and ATM network supported by advanced digital channels (6 branches, 22 ATMs).

Solid Balance Sheet

AED 27.0 billion in total assets and AED 14.5 billion in loans, advances & Islamic financing

Robust Financials

Strong capital, liquidity and funding position and healthy asset quality metrics.

Strong Shareholders

Backed by CBQ and other key investors.

Experienced Leadership:

- a) Prominent and diversely experienced Board members.
- b) 350+ years of combined senior management expertise.

Customer-focused and agile business model:

- a) Transforming the bank into an agile and customer-centric institution.
- b) Embedding ESG/ sustainability in our DNA.
- c) Convenient banking through multiple physical and digital customer touch-points

Corporate Banking

AED 473 mn Revenue
(FY'25)

59% Revenue contribution

Bespoke financial advice and solutions to medium and large companies, including select sovereigns and GREs

- Deepening share of wallet with existing client relationships
- Enhancing cross-sell via:
 - FX products | Cash management | Trade finance business
 - Employee banking propositions to corporate clients
- Providing enhanced levels of service with minimal TAT (turnaround time), focusing on onboarding profitable and credible customers
- Digital banking solutions: onboarding, mobile app, platforms to facilitate cash, trade, FX and VAM
- Continue to innovate, enhance and provide a comprehensive suite of products and services to meet the customer needs

Islamic Banking (window)

Be the preferred partner of our customers for Shar'ia compliant products and services

- Focus on cross-sell to existing clients by launching new and innovative Sharia-compliant banking solutions
- Increase new-to-bank clients including high net worth clients through Premium Banking
- Automation initiatives to enhance productivity and optimise costs by streamlining processes in line with Sharia guidelines

Treasury & Capital markets

AED 244 mn Revenue
(FY'25)

31% Revenue contribution

Comprehensive suite of treasury products for institutional and corporate clients, and high net worth individuals

- Enhance cross-sell across Corporate banking clients
- Launch innovative deposit products
- Rationalize our liabilities and optimize funding costs
- Diversify funding profile - across tenors and sources (short-term/ medium-term)
- Active management of the investment portfolio to optimize liquidity, enhance yield and ensure prudent risk management

Personal Banking

AED 79 mn Revenue
(FY'25)

10% Revenue contribution

Be the bank of choice for families seeking simple, convenient, and transparent banking services

- Expand the customer base by leveraging scalable sales capabilities across all channels, including direct sales, branches, staff-assisted, and self-service digital platforms
- Introduce innovative retail products and services catering to focused target segments such as mortgages, personal loans and credit cards
- Maximise cross-selling opportunities by offering retail products to employees of corporate clients through Employee Banking Solutions
- Build partnerships to strengthen and differentiate the Premium Banking proposition

Enablement Functions



Value Added to Stakeholders

Customers

We place our customers at the core of our transformation agenda, delivering personalized experiences and value-driven solutions guided by transparency, digital simplicity, and service excellence.

- Enhanced mobile app and UX improvements
- Upgrades to our customer touchpoints ongoing (branches, ATMs, contact centre)

Investors

We are committed to delivering consistent returns and strengthening long-term shareholder value through sustainable profitability and disciplined execution.

- Earnings per Share (EPS): AED 0.18 (↑22% YoY)

Employees

We foster a merit-based, inclusive environment.

- a) Employee benefits adjustments
- b) Continuous staff training program
- c) Performance-linked culture

Suppliers & Partners

We build long-term, transparent partnerships with local suppliers to drive national economic growth.

- a) Efficient procurement
- b) Digitized vendor onboarding
- c) Ethical sourcing practices

Regulators

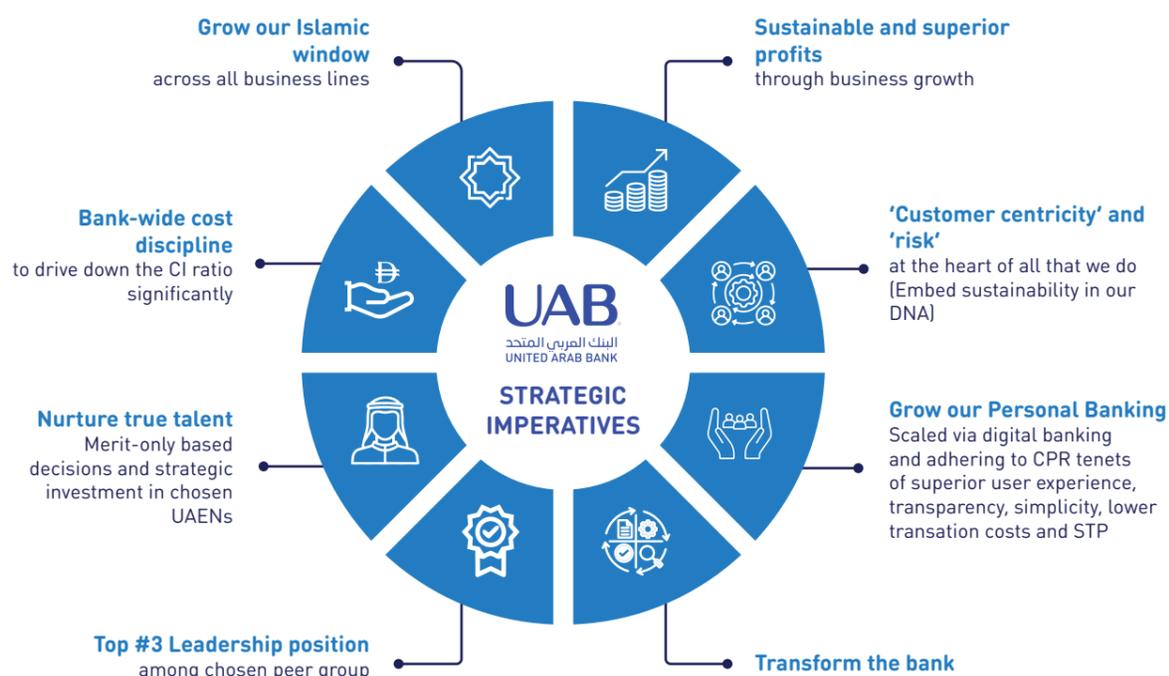
Our strategy is aligned with the UAE's economic vision, supporting national development goals

Community

We engage in charity initiatives that empower local communities and promote long-term social impact.

Our Strategic Imperatives

UAB's long-term vision and objectives are guided by a set of strategic imperatives that define its critical goals, priorities and actions. The strategic imperatives focus on growing and transforming the Bank and establishing a leadership position amongst the chosen peer group, by being obsessed with customer centricity, nurturing its talent pool, embedding sustainability and prudent risk practices across the organisation, and continuously enhancing operational efficiency to deliver sustainable value to all the stakeholders.



Our next 5-year strategy aims to deliver sustainable profits with a Return on Shareholders' Equity of ~15% and a stable dividend policy for shareholders

Deliver double-digit CAGR over the strategy's 5-year period across



Net Profit



Assets



Sustainable Returns

>15% RoSE



Stable Dividends (policy)



Maintain healthy asset quality metrics

Maintain Gross NPL ratio below 4% ensuring prudent underwriting practices and an adequate coverage ratio aligned with CBUAE's regulations



Maintain robust capital, funding & liquidity ratios

Ensure key capital, funding and liquidity ratios remain above regulatory requirements at all times



Maintain / improve credit ratings

Endeavour to maintain / improve UAB's credit profile to benefit from lower funding costs as well as enhanced market reputation

UAB's strategy continues to build on a strong foundation delivering sustainable growth and returns

Strategic Imperative	Achievements and progress in 2025
1 Sustainable and superior profits through business growth	<ul style="list-style-type: none"> Net profit (before tax): +46% yoy; 4-year CAGR: 62% RoSE: 16.0% Operating income: +31% yoy; 4-year CAGR: 15% Total Assets: +21% yoy; 4-year CAGR: 15%
2 Customer centricity & 'Risk' at the heart of everything we do (Embed sustainability in our DNA)	<ul style="list-style-type: none"> Unveiled our new brand identity Successfully raised AED 1.03 billion in capital via a fully subscribed rights issue, significantly strengthening capital position New AED 1.0 billion 2-year dual tranche term loan facility diversifying our funding and enhancing our ability to support our clients' borrowing needs Improved asset quality metrics with Gross NPL ratio declining to 2.8% and provision coverage maintained above 100% Enhanced our credit profile leading to improved ratings from credit rating agencies (Moody's, Fitch and Capital Intelligence) Significant progress on finalizing our sustainability policy, ESG risk management policy, strategic ESG priorities, KPIs and targets Significant decline in customer complaints and improved TAT (turnaround time) to respond to customer queries
3 Grow our Personal Banking (Scaled via digital banking and adhering to CPR tenets of superior user experience, transparency, simplicity, lower transaction costs and STP)	<ul style="list-style-type: none"> Launched our revamped Personal Banking Mobile app offering convenient and secure account opening digital journeys and more than 80+ services available on fingertips Modernisation and expansion of various customer points including branches, EBU's, ATM's/CDM's continues; 3 new branches set to open in early 2026 Launched new credit card proposition Strong growth in retail loan book (gross): +48% yoy
4 Transform the Bank	<ul style="list-style-type: none"> Solid progress in digitisation of multiple customer journeys New corporate banking mobile app launched Introduced Real estate escrow accounts Enabled WFH (work from home), Microsoft365 and OneDrive for all staff allowing for flexibility and accessibility all times Multiple initiatives to simplify and automate employee-related work processes Implemented RPA (robotic process automation) in 2 additional processes Documentation simplification across various workstreams, enhancing efficiency and reducing paper usage in addition to improving customer experience Multiple partnerships with FinTechs to integrate AI/ML (artificial intelligence/machine language) adoption across Personal Banking and Compliance processes Implementation of SAP Vendor registration completed
5 Top#3 Leadership Position among chosen peer group	<ul style="list-style-type: none"> UAB aims to consistently rank in the Top#3 amongst a chosen peer group of UAE banks on selected financial and non-financial KPIs that include Return on Shareholders' Equity, Net profit margin, Gross NPL ratio, Cost of risk, NPS scores and Employee Engagement scores among other metrics
6 Nurture True Talent Merit-only based decisions and strategic investment in chosen UAE Nationals	<ul style="list-style-type: none"> Onboarded 31 UAE Nationals (49% of new hires) Enrolled 17 young UAE Nationals in our Tomouh program with participation across 8 UAE National Job and Career fairs Emiratization ratio: 30% Employee Engagement Score of 76% stands favourably amongst global benchmarks 127 UAE Nationals benefitted from 234 broad-based training programmes Rolled out new Reward & Recognition platform Enriched our Learning & Development strategy to further align offerings and workshops with business needs
7 Bank-wide cost discipline to drive Cost-income ratio significantly	<ul style="list-style-type: none"> Cost-income improved to 46% in FY'25 from 52% in FY'24 Multiple digitalization and automation initiatives across the Board to improve efficiency and productivity Focused on maintaining tight discipline on discretionary spending
8 Grow our Islamic banking	<ul style="list-style-type: none"> Islamic banking assets crossed AED 3.5 billion in 2025 (+30% yoy) Islamic financing: +89% yoy; 4-year CAGR: 55% Contribution to total loans, advances and Islamic financing increased to 16% from 10% in 2024 New Sharia compliant products and services launched

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Corporate Governance

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present UAB's 2025 Corporate Governance Report. The Bank's strong market position is driven by an unwavering commitment to the highest standards of governance. In 2025, UAB continued to strengthen a culture of high performance and accountability, while further enhancing its control functions to support the Bank's accelerated growth, protect stakeholder interests and reinforce its leadership within the UAE's financial sector.

UAB places effective governance and risk management at the core of its decision-making processes, with robust oversight of existing and emerging risks. During the year, UAB enhanced its Corporate Governance and Risk Management Frameworks by elevating relevant policies and controls, reflecting the Bank's critical role in maintaining stability of the financial system. UAB remains firmly committed to upholding the highest standards in combating financial crime and supporting the implementation of the UAE's National Strategy for Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing.

UAB continues its strong relationships with regulators, and I would like to express my appreciation for the instrumental role of the Central Bank of the UAE in promoting financial stability and creating an environment in which the banking industry can thrive. The Bank upholds the highest commitment toward the internal policies required to ensure compliance with the Central Bank's Regulations and Standards on Corporate Governance, Risk Management, Internal Controls, Compliance, Internal Audit, Financial Reporting, External Audit and Outsourcing. These have been implemented by the Bank and were subject to the Board's review for adequacy throughout 2025.

Furthermore, the Bank strengthened its Corporate Governance framework and related policies to ensure alignment with applicable laws and regulations, and global best practices. The Bank remained focused on delivering sustainable long-term value to stakeholders through a strong ethical governance framework, while integrating environmental, social and governance principles into its operations. UAB plays an active role within the UAE Banks Federation, contributing to several of its committees, including the Corporate Governance Committee.

I would also like to take this opportunity to welcome Mr. Stephen Moss to the Board of Directors following his recent appointment and acknowledge the valuable contributions of Mr. Joseph Abraham, who completed his Board role in 2025. Finally, I extend my sincerest appreciation to all my colleagues on the Board, UAB's Senior Management, and the Bank's dedicated employees. I look forward to continuing our collaboration with all UAB's stakeholders as we advance our objective of building a world class financial institution that contributes meaningfully to sustainable economic development.

H.H. Sheikh Mohammed bin Faisal bin Sultan Al Qassimi

Chairman of the Board of Directors

Board of Directors



H.H. Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi

Chairman, Non-executive

First elected to the Board in 2011; Elected as Chairman of the Board of Directors in March 2024

H.H. Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi is the Chairman of the Board of Directors of United Arab Bank, and was elected in March 2024. He has been a member of the Board of Directors since 2011, chaired the Board Credit Committee (BCC) since 2016, and was a member of the Board Corporate Governance & Remuneration Committee (GRC) since 2017.

H.H. Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi has eminent experience of more than 30 years in many industries, including the financial & banking, private equity investment, capital market investments, real estate, hospitality, tourism, and retail sector.

Educated at Webster University in Switzerland, H.H. Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi holds a bachelor's degree in Business Administration and Accounting.

His Highness holds prominent directorship and senior positions at various business groups and associations including:

- MANAFA LLC
- Hospitality Management Holding LLC
- Marketing Projunction LLC
- Reef Real Estate Investment Co. LLC
- Marafq General Services LLC
- Reef Serviced Offices LLC
- Italian Industry & Commerce Office in the UAE & GCC
- Member of Certified Management Accountant - CMA
- Member of the Society of Technical Analysts of the UK

Corporate Governance (continued)

Board of Directors (continued)



Mr. Omar Hussain Alfardan

Vice Chairman of UAB, Non-executive
Chairman - Board Governance & Remuneration Committee
Re-elected to the Board in 2024 for a term of 3 years.

Mr. Alfardan is serving as Vice Chairman of the Board of Directors and represents The Commercial Bank (P.S.Q.C.), the largest corporate shareholder of United Arab Bank.

Mr. Alfardan holds a Bachelor's Degree in Business Administration and a Master's Degree in Finance from Webster University in Geneva, Switzerland.

External Board Appointments:

- Chairman of the Board of Directors at Alternatif Bank in Turkey
- Managing Director – The Commercial Bank (P.S.Q.C.)
- President and CEO – Alfardan Group and its subsidiaries (Automotive, Property, Hospitality, Jewellery, Investment and Marine Services)
- Board Member – Qatar Red Crescent
- Advisory Board Member – Qatar Financial Centre Authority



H.E. Sheikh Abdullah Bin Ali Bin Jabor Al Thani

Director, Non-executive
Member - Board Risk and Compliance Committee
Re-elected to the Board in 2024 for a term of 3 years

Sheikh Abdullah has served on the Board of Directors of United Arab Bank since February 2008 as a representative of The Commercial Bank (P.S.Q.C.), the largest corporate shareholder of UAB. He was re-appointed in 2011, 2015 and 2018 by the Annual General Assembly.

He holds a BA in Social Science from Qatar University.

External Board Appointments:

- Chairman – The Commercial Bank (P.S.Q.C.)
- Deputy Chairman – National Bank of Oman

Other External Appointments:

- Owner – Vista Trading Company, Qatar
- Partner – Integrated Intelligence Services, Qatar

Board of Directors (continued)



H.E Ms. Najla Al Midfaa

Director, Non-executive
Member - Board Audit Committee
Member - Board Governance and Remuneration Committee
Re-elected to the Board in 2024 for a term of 3 years

Najla Al Midfaa is Chief Executive Officer of the Sharjah Entrepreneurship Center (Sheraa), a government supported entity with a mandate to build the entrepreneurial ecosystem in Sharjah, and support the next generation of entrepreneurs as they build and grow innovative startups that will contribute positively to the region's economy.

In 2017, Najla spearheaded the creation of the annual Sharjah Entrepreneurship Festival (SharjahEF).

The event brings together over 2,000 entrepreneurs, investors, mentors, and ecosystem supporters to celebrate the power of entrepreneurship and inspire further innovation.

Najla is also founder of Khayarat, a platform that empowers young, high-potential Emiratis to make informed career choices, and enables them to succeed in the private sector. With a community of over one thousand young Emiratis, and over 70 placements in leading international private sector companies, the platform is influencing the next generation of Emiratis to raise their ambitions and fulfill their potential.

In her previous role as Senior Manager at Khalifa Fund for Enterprise Development, Najla led a team of business counselors through the due diligence process of selecting ventures for financing.

She also set up and operated the Northern Emirate branch of Khalifa Fund, covering Ajman, Dubai, and Sharjah. Prior to joining Khalifa Fund, Najla was a senior associate at McKinsey and Company's New York office, primarily serving clients across the financial institutions sector. Her experience also includes roles within PricewaterhouseCoopers and Shell.

Najla is a board member of United Arab Bank, where she is also a member of the Board Governance and Remuneration Committee and the Board Audit Committee. She is Vice-Chairperson of Young Arab Leaders, and a fellow of the Aspen Institute's Middle East Leadership Initiative. Najla holds an MBA from Stanford University.

Corporate Governance (continued)

Board of Directors (continued)



Mr. Ahmed Mohamad Bakheet Khalfan

Director, Non-executive

Member - Board Credit Committee

Member - Board Governance and Remuneration Committee

Re-elected to the Board in 2024 for a term of 3 years

Mr. Khalfan previously served as the Deputy General Manager of Emirates Industrial Bank and was Chairman of the Board of Directors of Emirates Modern Poultry Company and Vice Chairman of Emirates Rawabi. He also served as Board Member for various companies in the UAE including ALICO, Gulf Glass, and Takaful Re.

Mr. Khalfan graduated with a Bachelor of Science in Economics with honor from the North Eastern University, Boston



Mr. Fahad Abdulrahman Badar

Director, Non-executive

Member - Board Credit Committee

Member - Board Risk and Compliance Committees

Re-elected to the Board in 2024 for a term of 3 years

Mr. Fahad Badar is a member of the Bank's Board of Directors and joined in July 2016.

Mr. Badar's career at The Commercial Bank (P.S.Q.C.) spans over 18 years. Prior to his current role as Executive General Manager, International Banking, Mr. Badar held a number of key roles in the International Banking, the Government and Public Sector Relations and the Corporate Banking Divisions.

Mr. Badar holds an MBA from Durham University, United Kingdom and a Bachelors of Arts degree in Banking & Finance from the University of Wales.

Other External Appointments:

- Executive General Manager, International Banking -The Commercial Bank (P.S.Q.C.)
- Board Member – National Bank of Oman (NBO), Oman

Board of Directors (continued)



H.E. Dr. Mohamed Omar Abdulla

Director, Non-executive, Independent

Chairman - Board Risk & Compliance committee

Re-elected to the Board in 2024 for a term of 3 years

H.E Dr. Mohamed Omar Abdulla is a highly respected industry veteran who has held key positions with government authorities in Abu Dhabi, UAE, and serves as a board member for various organizations.

With over four decades of experience and expertise in areas such as economic development, human resources, and banking, H.E Dr. Mohamed Omar Abdulla is well-known in government, diplomatic, and corporate circles.

He previously served as the UAE Ambassador to Singapore, where he played a crucial role in promoting bilateral relations between the two countries.

Prior to that, he served the Abu Dhabi Department of Economic Development, the Abu Dhabi Chamber of Commerce and Industry, the National Bank of Abu Dhabi, and the National Drilling Company.

H.E. Dr. Mohamed Omar Abdulla holds a Doctorate in Philosophy from the University of Northampton in the UK. He also co-authored the book "Smart Transformation: A Roadmap for World Class Government" in March 2011.



Ms. Asma Alqaseer

Director, Non-executive, Independent

Chairlady - Board Audit Committee

Re-elected to the Board in 2024 for a term of 3 years

Ms. Asma Alqaseer is an accomplished Emirati professional with extensive experience in investments, tech startups, portfolio management, and fund management. She excels in spearheading projects that require strategic partnerships and investments in the technology sector.

Ms. Alqaseer specializes in portfolio management, deal structuring and execution, macro analysis, investor relations, fund management, leadership, and strategic mentorship. She possesses exceptional research and analytical capabilities and has cultivated an extensive network of entrepreneurs and investors across the region.

Ms. Alqaseer served leading institutions in different capacities prior to joining UAB. She represented Sallis, Société Générale, Emirates Investment Authority, BNP Paribas, and Twofour54.

Ms. Asma Alqaseer holds a degree in Business Administration with a major in Management and a minor in Psychology from the American University of Sharjah.

Other External Appointments:

- Beyond View – A San Francisco based software company

Corporate Governance (continued)

Board of Directors (continued)



Mr. Nureddin S. Sehweil

Director, Non-executive, Independent
 Chairman - Board Credit Committee
 Member - Board Risk and Compliance Committees
 Elected to the Board in 2024 for a term of 3 years

Nureddin Sehweil serves as the President and Chief Executive Officer of Uni-Arab Group and its subsidiaries and partnerships in the Oil and Gas Engineering, Services and Supplies. He also serves as a board member of several companies, including Sprint Oil & Gas, New Line Oil & Gas Services.

Technical experience extends more than 48 years in the E & P areas. He started his oil & gas career with Mobil Oil Corporation and Consolidated Natural Gas in the Gulf of Mexico area and has experience of over 10 years in the Nuclear Power generation business and Water Technology.

Served on the Board of Dana Gas and a member of the Audit & Compliance Committee, the Corporate Governance, Remuneration & Nominations Committee and the Reserves Committee.

Served on the Board of Gulf Navigation and a member of the Investment Committee, the Corporate Governance Committee and the Audit & Compliance Committee. Nureddin Sehweil holds a BSC Degree in Petroleum Engineering & Economics from Louisiana State University, USA.



H.E. Khaled Al Huraimel

Director, Non-executive, Independent
 Member - Board Audit Committee
 Elected to the Board in March 2024 for a term of 3 years

H.E. Khaled Al Huraimel serves as the Group Chief Executive Officer and Vice Chairman of BEEAH Group, where his visionary leadership has significantly transformed the organization from its foundational focus on waste management into a pioneering force with over 13,000 staff in the UAE, Saudi Arabia and Egypt within the realms of sustainability and digital innovation.

In addition to his executive role at BEEAH, H.E. Al Huraimel's strategic insight and leadership are recognized across various sectors. He holds the position of Chairman at the Emirates Waste to Energy Company and re.life, and serves on the boards of Evoteq and the Sharjah Research, Technology and Innovation Park, among others.

His contributions as a council member to the UAE Circular Economy Council underline his dedication to fostering a sustainable and technologically driven future.

H.E. Al Huraimel's academic credentials, comprising a bachelor's degree in Marketing and an MBA, along with executive education from Harvard Business School and Wharton Business School, provide a solid foundation for his strategic and forward-thinking leadership.

As a co-author of "Reimagining Business with AI," he is at the forefront of integrating sustainability, technology, and innovation to navigate BEEAH Group towards a pivotal role in shaping a progressive and sustainable global narrative.

Additional Positions:

- Chairman of Emirates Waste to Energy Company, re.life, ION, and Evoteq
- Board Member at Sharjah Research, Technology and Innovation Park (SRTIP) and Wekaya
- Council Member of the UAE Circular Economy Council and the UAE-France Business Council

Board of Directors (continued)



Mr. Stephen Moss

Director, Non-executive
 Member - Board Credit Committee
 Member - Board Audit Committee
 Member - Board Governance and Remuneration Committee
 Nominated to the Board in September 2025 for a term of 3 years

Stephen Moss is the Group Chief Executive Officer of Commercial Bank. He has over 32 years of international banking experience, having held senior executive and board roles across Asia, the Middle East, Europe, and the Americas. He has also served on the Group Executive Committee of a leading global financial institution.

Most recently, he was Regional Chief Executive Officer for the Middle East, North Africa and Türkiye, with responsibility for

operations across nine countries. He has served on the boards of financial institutions in Saudi Arabia, Egypt, and for the wider Middle East. Earlier leadership roles included Chief of Staff to the Group CEO, Group Head of Strategy, and Group Head of Mergers & Acquisitions.

Stephen is a Chartered Accountant (ICAEW) and holds a BA in Economics and Accountancy from the University of Kent.



Sereen Makahleh

Board Secretary & Head of Corporate Affairs

Sereen Makahleh joined United Arab Bank in 2016 and was later appointed as the Board Secretary & Head of Corporate Affairs, where she plays a pivotal part in ensuring the bank's compliance, transparency, and operational efficiency.

With over 15 years of experience in the UAE's corporate and administrative sectors, Sereen brings extensive expertise in governance and project coordination. Ms. Makahleh's expertise encompasses corporate governance, secretarial support for board and committee meetings, policy management, and regulatory compliance. She ensures seamless coordination with key regulatory authorities, including the UAE Securities and Commodities Authority (SCA), Abu Dhabi Securities Exchange (ADX), and the Central Bank of the UAE.

She started her career at du Telecommunication in 2006, gaining six years of experience in multiple roles before joining esteemed organizations such as Mubadala and Dubai Design District (d3). These roles allowed her to hone her skills in governance, project coordination, and operational excellence, setting a strong foundation for her career at UAB.

At UAB, Ms. Makahleh manages critical governance frameworks, including shareholder relations, quorum facilitation for annual general meetings, and policy and power of attorney management. She is also instrumental in publishing corporate disclosures on digital platforms, reinforcing transparency and stakeholder trust.

Ms. Makahleh is a certified board secretary by Hawkamah Corporate Governance Institute and holds an executive certification in corporate governance from INSEAD Business School. Additionally, she holds certifications in anti-money laundering, fraud risk, and data privacy, reflecting her commitment to the highest ethical and operational standards. Her dedication, leadership, and strategic insight continue to support UAB's vision of robust corporate governance and sustainable growth.

Direct telephone: **+97165075917**
 Email: **sereen.makahleh@uab.ae**

Corporate Governance (continued)

Executive Management



Shirish Bhide
Chief Executive Officer (CEO)

Shirish Bhide is the Chief Executive Officer (CEO) at United Arab Bank (UAB).

He is a seasoned banking professional with more than 30 years of proven results in leadership roles across Corporate and Personal banking, structured finance, and credit risk management. Shirish currently leads UAB's ongoing transformation journey that is focused on achieving sustainable growth, strengthening governance & risk management frameworks, and enhancing customer experience through innovation and operational excellence.

Before joining UAB in 2022, he was an Executive Committee member at First Gulf Bank and First Abu Dhabi Bank (FAB),

in the roles of Group Head of Corporate, Commercial and International Banking and Group Chief Credit Officer.

Earlier in his career, Shirish worked for The National Commercial Bank in Jeddah (Saudi Arabia), where he spent four years heading international risk management with credit underwriting responsibilities for Treasury, FIG and Project Finance. He began his career with Citibank, where he worked for 18 years across India and Africa, leaving in 2009 as CEO of Citibank Uganda.

Shirish holds a Postgraduate Diploma in Accounting & Finance from The London School of Economics and an MBA from the University of Poona (India).



Abdul Haleem Sheikh
Chief Financial Officer

Abdul Haleem Sheikh is a seasoned finance and banking professional with over 35 years of experience, including more than two decades at Samba Financial Group/ Saudi National Bank in Riyadh, where he served as Group Chief Financial Officer and Head of Financial Control. He also spent more than 10 years with PricewaterhouseCoopers before moving to the Banking and Financial Service sector.

A Chartered and Management Accountant by profession, his expertise spans over commercial banking, financial services,

strategic financial management and transformation, financial policy and control, and public accounting services. He has collaborated closely with regulatory authorities on financial and accounting policy matters and has twice served as Chairman of the finance leadership committee for Saudi banks under the banking regulator's guidance. With his leadership skills and experience in strategic stewardship, he is a key driver in leading the Bank's transformational progress.

Executive Management (continued)



Nael Mourad
Head of Corporate Banking

Nael Mourad has over 35 years of experience in corporate banking, having held senior positions at leading banks in the UAE and Egypt, including First Abu Dhabi Bank (FAB), Abu Dhabi Islamic Bank (ADIB), Mashreq, Arab Bank, and Commercial International Bank (CIB). His leadership has been instrumental in driving profitability, asset growth, and operational efficiency, with extensive expertise in credit restructuring and remediation.

Nael holds a Business Administration degree from Ain Shams University, Cairo, and has advanced certifications from Omega Performance Corporation (USA), Columbia University (USA), and Michigan Ross School of Business (USA).



Emre Yalcin
Head of Personal Banking

Emre Yalcin brings 22 years of experience in retail banking and wealth management across renowned global banks, including HSBC, Barclays, and GE Capital & Garanti Bank BBVA. He has a proven track record of building, managing, and transforming retail banking businesses across the UAE, MENA, and Europe.

Most recently, Emre served as the Head of Retail Financing Assets at Al Hilal Digital Bank, part of ADCB Group, where he led the digital transformation and commercialization of retail asset businesses. Throughout his career, he has held leadership roles spanning product and sales, digital banking, strategic marketing, risk management, and advanced analytics.

Emre holds a Bachelor's Degree in Electronics & Communication Engineering from Istanbul Technical University and a Master's Degree in Economics and Finance from Bosphorus University. He also completed the prestigious GE Banking Leadership Academy (2009 – 2010), at GE's Global Research Centre in Germany, a highly regarded leadership development program.

His deep industry experience and expertise in Personal Banking strategies make him a valuable leader in driving the growth and enhancement of UAB's Personal Banking business.

Corporate Governance (continued)

Executive Management (continued)



Carla Ajaka
Head of Treasury and Capital Markets

Carla Ajaka has been leading UAB's Treasury and Capital Markets business since August 2020, playing a pivotal role in managing the bank's balance sheet, investment portfolio, foreign exchange, and corporate sales activities. With over 30 years of experience, Carla brings extensive expertise in risk management solutions, fixed-income portfolio management, and foreign exchange strategies.

Before joining UAB, Carla spent over two decades at HSBC Middle East, where she held key leadership positions, including Head of Global Markets for Lebanon, Kuwait, Algeria,

and Jordan. She was a crucial part of HSBC Middle East's decision-making process, serving on key committees such as the Executive Management Committee, Asset and Liability Committee, and Risk Management Committee.

Carla holds a Bachelor's degree in Business Administration from the American University of Beirut and a Master's degree in Business Administration from Notre Dame University. Her educational background complements her practical experience, making her a well-rounded leader in the world of finance.



Hind Al Attar
Chief Human Capital Officer

Hind Al Attar brings over 20 years of experience in human resources and corporate banking at leading banks in the UAE, including Noor Bank and HSBC. She has extensive expertise in strategic human capital management, building a compelling Employee Value Proposition (EVP) to attract, engage, and retain employees while fostering a culture of empowerment and engagement.

Hind is a graduate of the Young Leaders Program launched by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Ruler of Dubai. She has been recognized by

Womani Cambridge International Financial Advisory as one of the top 50 women in the Islamic Business and Finance sector internationally. She also holds a certification from Hofstede Insights in "Culture Change and Transformation" and is a member of the Technical Committee under the Emirates Institute for Banking and Financial Studies (EIBFS). Her dedication and leadership make her a valuable asset to UAB.

Executive Management (continued)



Dr. Abdullah AlTae
Chief Operating Officer

Dr. Abdulla AlTae is a dynamic Emirati leader, who currently serves as Chief Operating Officer at United Arab Bank since 2022. With two decades of cross-functional experience in BFSI and technology domains, he holds a wealth of expertise in all areas of Banking including Operations, Branch Banking, Treasury, Personal, Corporate, Credit Administration, Strategy and Information Technology.

In the past, he served various leadership roles in esteemed organizations like Al Masraf Bank, First Abu Dhabi Bank (FAB), National Bank of Abu Dhabi (NBAD) and Emirates NBD. Through-out his career journey, he demonstrated leadership and excellence by delivering major transformation projects with successful outcomes through effective management of large-scale teams, and contributed significantly to delivery of operational excellence and value to the organization, in order to foster sustainable growth. Organizations like Al Masraf have witnessed growth in net profit from AED 250 Mn to AED 482 Mn during his tenure, which was possible through his dynamic leadership and successful delivery of various large transformation initiatives like Core Banking program, e2e digitization, etc.

Dr. Abdulla holds a honorary doctorate from Glory International Business University. His commitment to continuous learning is evident through the various advance certifications in Leadership & Management, Banking & Finance, Project Management Professional (PMP). Additionally, in 2024, he has successfully obtained Strategy Leadership Certificate

From Said Business School associated to Oxford University, London.

In addition to his current role, Dr. Abdulla serves as Board Secretary of Swift User Community at the UAE Banking Federation (UBF) and is contributing to various national level initiatives of the Central Bank of the UAE (CBUAE) in his capacity as member of the Banking Operation Group Committee of UAE Banking Federation. Dr. Abdulla's successful career and his responsibilities demonstrate his commitment to contribute towards enhancing the overall Banking sector in the UAE.



SV Padmanabhan
Chief Information Officer

S.V. Padmanabhan (Paddy) brings over 30 years of technology experience in the financial services sector across global markets. He has led key technological transformations, optimizing IT platforms to align with enterprise strategy and vision. Before joining UAB, he held senior executive roles at HDFC Bank (India), Citibank, First Data Singapore, and Noor Investment Group, where he played a vital role in modernizing banking infrastructure.

Paddy's expertise includes digital banking transformation, large-scale service delivery, IT governance, cybersecurity, and financial technology strategy.

He holds a Bachelor's degree in Engineering from Mumbai University and has extensive experience in managing IT budgets, optimizing digital platforms, and implementing innovative financial technology solutions.

Corporate Governance (continued)

Executive Management (continued)



Bhaskar Sen
Chief Risk Officer

Bhaskar Sen is a seasoned risk management professional with over 24 years of experience in corporate strategy, enterprise risk, and consulting services within the banking sector. He has extensive expertise in developing risk frameworks, regulatory compliance, and financial governance.

Before joining UAB in August 2022, Bhaskar served as Group Head of Enterprise Risk Management (ERM) at the largest bank in the UAE, overseeing enterprise-wide risk management across multiple jurisdictions. His career spans key leadership roles at financial institutions in the UAE, USA, Japan, and India, giving him a comprehensive global perspective on financial risk.

Recognized for his ability to transform risk frameworks into pragmatic solutions, Bhaskar has been instrumental in driving innovation and resilience in risk management. His leadership ensures UAB remains well-positioned to mitigate emerging risks while supporting the bank's long-term growth strategy.

He holds an MBA from the Indian Institute of Management (Ahmedabad) and a Bachelor's Degree in Engineering from the National Institute of Technology, India. His diverse expertise and strategic insights continue to strengthen UAB's risk governance and financial stability.



Biju Nair
Chief Audit Executive

Biju brings over 28 years of experience in internal audit, risk management, internal controls, governance, and digital banking at leading banks in the UAE and India, including Zand Bank (UAE's first fully independent digital bank), Noor Investment Group, Noor Bank, Sharjah Islamic Bank, Emirates Bank, and Federal Bank (India).

Prior to joining UAB, Biju served as the Chief Audit Officer at Zand Bank, where he was responsible for developing and leading the Internal Audit function in the Middle East.

Biju is a qualified engineer and has completed the Management Development Program (MDP) at the Indian Institute of Management Ahmedabad (IIMA). He holds a range of

certifications and credentials, including CIA, CISA, CFE, CISSP, CRMA, CRISC, and ISO 27001 Lead Auditor. An established international speaker and trainer, Biju specializes in the future of internal audit, digital banking, cybersecurity, fraud, and corporate governance. He has also published various articles on these topics.

With his extensive experience and expertise in audit, Biju will undoubtedly be an asset to the bank as he leads this critical function for our shareholders and customers.

Executive Management (continued)



Zsombor Brommer
Chief Compliance Officer

Zsombor Brommer has over 22 years of experience in compliance, financial crime risk management, and regulatory oversight at renowned global banks, including Al Hilal Bank part of ADCB Group, HSBC, and Citibank. He specializes in anti-money laundering (AML), fraud risk assessment, and digital compliance frameworks.

Zsombor holds a Bachelor's Degree in Economics and Communications from Kodolanyi Janos University and has completed the HSBC Top 500 Leaders program by Deloitte and

Dublin. He has been a member of the International Compliance Association and the Association of Certified Anti-Money Laundering Specialists (ACAMS), contributing to global best practices in banking compliance.

Zsombor's skills and expertise will reinforce UAB's commitment to operating with integrity and transparency whilst serving our customers with competence, consistency and care.



Narayanan Santhanam
Chief Credit Officer

Narayanan Santhanam is the Chief Credit Officer of the Bank and brings to table 34 years of banking practice as a consummate career banker. He built his career ground up with best-in-their-class financial institutions like American Express Bank, Mashreq Bank, Standard Chartered, HSBC, National Bank of Abu Dhabi (NBAD) progressing into First Abu Dhabi Bank (FAB). He has had extensive experience in relationship management, credit, risk and operations in his working life and brings to table strong product expertise in corporate, personal and private banking domains and market plus industry knowledge.

In his role as the Chief Credit Officer, he is primarily responsible for the Credit Management function of the Bank to uphold and maintain credit standards and ensure there is a healthy business growth accompanied by optimal risk-reward ratio. In this leadership position, his role ensures that UAB maintains strong credit governance supporting the bank's long-term financial health and stability.

Narayanan is a Chartered Accountant and also holds a Bachelor's degree in Commerce from India and is a Certified Treasury Professional.

Corporate Governance (continued)

Executive Management (continued)



Fadi Mudarres
Chief Legal Officer

Fadi Mudarres has over 25 years of multijurisdictional legal experience in the financial services sector. He has worked at leading international law firms in the US, UK and Saudi Arabia advising companies and banks on a broad range of corporate and finance matters ranging from private equity and funds formation to bilateral, syndicated lending and project finance transactions.

He was previously General Counsel at a leading UAE bank where he implemented legal policies and transformational frameworks to optimize efficiency in the legal risk function. In his role there he also managed complex litigation and provided extensive advice to all business groups including corporate, retail, international banking as well as treasury and capital markets.



Mohamed ElDesouky
Head of Islamic Banking

Mohamed is a seasoned professional with over two decades of experience in the dynamic field of Sharia-compliant Corporate and Personal Banking. With an extensive and comprehensive knowledge of Islamic banking, he has successfully navigated the full spectrum of this specialized industry and currently, entrusted with the management of the UAB's Islamic Banking Division.

Throughout his career, Mohamed has held key positions at distinguished financial institutions, showcasing his expertise and leadership. His remarkable journey includes influential roles at renowned UAE banks such as Abu Dhabi Islamic Bank, First Gulf Bank, Emirates NBD and Union National Bank, where he made significant contributions to the Islamic banking sector. A distinguished professional in the realm of Islamic finance,

Mohamed holds the prestigious certification of AAOIFI Certified Islamic Banker.

Mohamed is known for cultivating strong relationships with vital entities in the Islamic banking landscape. He currently serves as the Vice Chairman and a dedicated member of UBF's (UAE Banks Federation) Islamic Banking Committee. His current responsibilities encompass the pivotal task of expanding the revenue of UAB's Islamic Banking business through a diverse range of Sharia'ah compliant banking solutions tailored to various business segments. Mohamed maintains a vigilant eye on the performance of Islamic Personal and Corporate offerings at the branch level, ensuring that they consistently meet the highest standards of excellence.

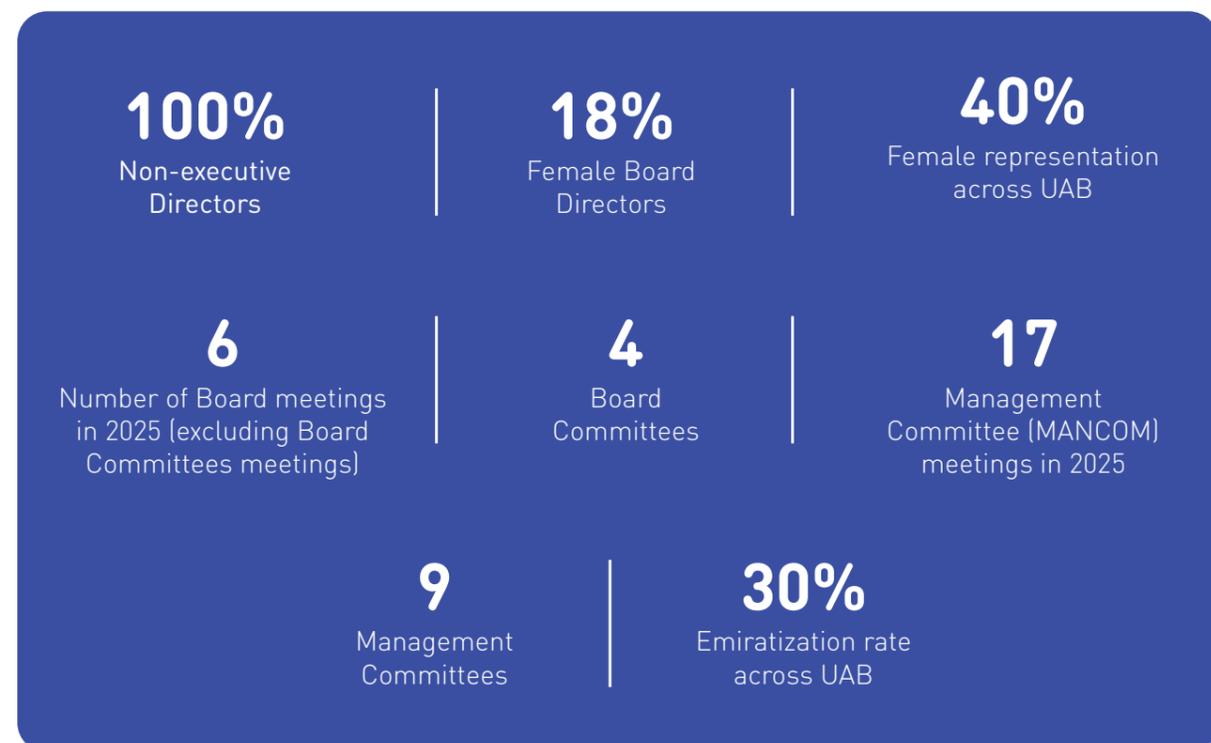


Corporate Governance (continued)

UAB's Governance position

The Bank's approach to corporate governance is rooted in its core values of integrity, care, ambition, respect and discipline, ensuring compliance with regulatory requirements and global best practices. In 2025, the Bank continued its journey to strengthen its corporate governance practices, aligning with both international best practices and local regulatory requirements.

By fostering a culture rooted in responsibility, accountability, transparency, and fairness, the Bank continues to safeguard its business interests and enable the effective execution of its business strategy. Supported by a comprehensive risk management framework, this approach underpins the Bank's ability to create enduring value for its shareholders and stakeholders.



UAB's Corporate Governance Framework

UAB maintains a robust corporate governance culture, which is the foundation for its sustained financial and operational success. This represents a strong foundation for the Banks's continued leadership in the region's financial sector. UAB's commitment to integrity and a disciplined culture serves to strengthen the trust and confidence vested in the Bank by its investors, customers, business partners, and communities. This commitment stands at the core of its strategic growth and future objectives. Additionally, our Board comprises of seasoned professionals with extensive experience and diverse skill sets, who provide oversight to maintain a disciplined and systematic approach to corporate governance. The Board and its Committees regularly evaluate and enhance the Bank Corporate Governance Framework (manual) to align with regulatory requirements and the Bank's scale, business strategy, operational structure, risk profile and operating markets. Furthermore, the Bank's highly experienced Executive Management has consistently delivered operational excellence and continues to foster a culture of accountability and responsibility throughout the Bank. During 2025, the Bank Corporate Governance Framework was further reinforced through a number of initiatives. This exercise has established an overarching framework for our local footprint, ensuring effective oversight of the Bank structure. We continuously review and enhance our approach to corporate governance, to protect the interests of all our stakeholders by ensuring that we stay at the forefront of global best practices and adapt to the ever-changing regulatory, economic, geopolitical and business environments.

The Banks's Corporate Governance Framework and the guiding principles:



Responsibility

promoted by the clear distribution and delegation of authority



Fairness

in the treatment of all stakeholders



Transparency

of disclosures to enable stakeholders to assess the Bank's strategy and financial performance and condition



Accountability

in the relationships between the Bank's Executive Management and the Board; between the Board and shareholders and other stakeholders

Corporate Governance: The cornerstone of UAB's sustained success

UAB robust Corporate Governance Framework, compliant with CBUAE and SCA regulations, enables the Bank to effectively and efficiently manage compliance risk and reinforce resilience. UAB's commitment to excellence is the driving force behind the Bank's dedication to adopting international best practices in its corporate governance policies. By promoting and nurturing a culture of transparency, accountability and trust, the Bank remains determined to deliver sustainable financial results that continue to create value for all stakeholders.

Strategic Approach to Corporate Governance

The Bank's approach to corporate governance is rooted in its core values of integrity, care, ambition, respect and discipline, ensuring compliance with regulatory requirements and global best practices. This approach has facilitated the implementation and maintenance of a robust corporate governance framework cultivating an environment of trust, transparency, and accountability supporting the Bank's financial stability, business integrity, and long-term success. Accordingly, UAB's approach to corporate governance categorically defines roles, responsibilities, and delegations of authority across the Board, its Committees, and Executive Management. Through this delegation of authority and responsibility, the Bank ensures that the decision-making process is streamlined and operational efficiencies are optimized.

Corporate Governance Compliance: Adapting to regulatory amendments

UAB remains committed to proactively responding to regulatory changes and improving its corporate governance framework to continue driving sustainable growth, maintaining its reputation as a pioneering financial institution, and protecting its stakeholders' interests. Through regular updates on implementation activities and action plans relating to any new regulations, the Governance & Remuneration Committee (GRC) ensures comprehensive and efficient compliance with new regulatory requirements. There were amendments to the SCA Corporate Governance Regulations resulted in a number of new compliance requirements. In line with the Bank's commitment to regulatory compliance, UAB acted promptly to initiate a process to amend elements of its corporate governance framework (manual) to align with the evolving regulations.

UAB's representation at UAE Banks Federation

In May 2025, UAB's Head of Corporate Governance was appointed as the vice chairman of UBF Corporate Governance Committee. The role presents a crucial opportunity to contribute to the advancement of governance standards across the UAE banking sector promoting transparency, accountability and sustainable leadership. UAB is keen to collaborate with industry peers to help shaping a resilient and adaptable governance framework that supports innovation, while upholding the highest ethical standards.

Corporate Governance (continued)

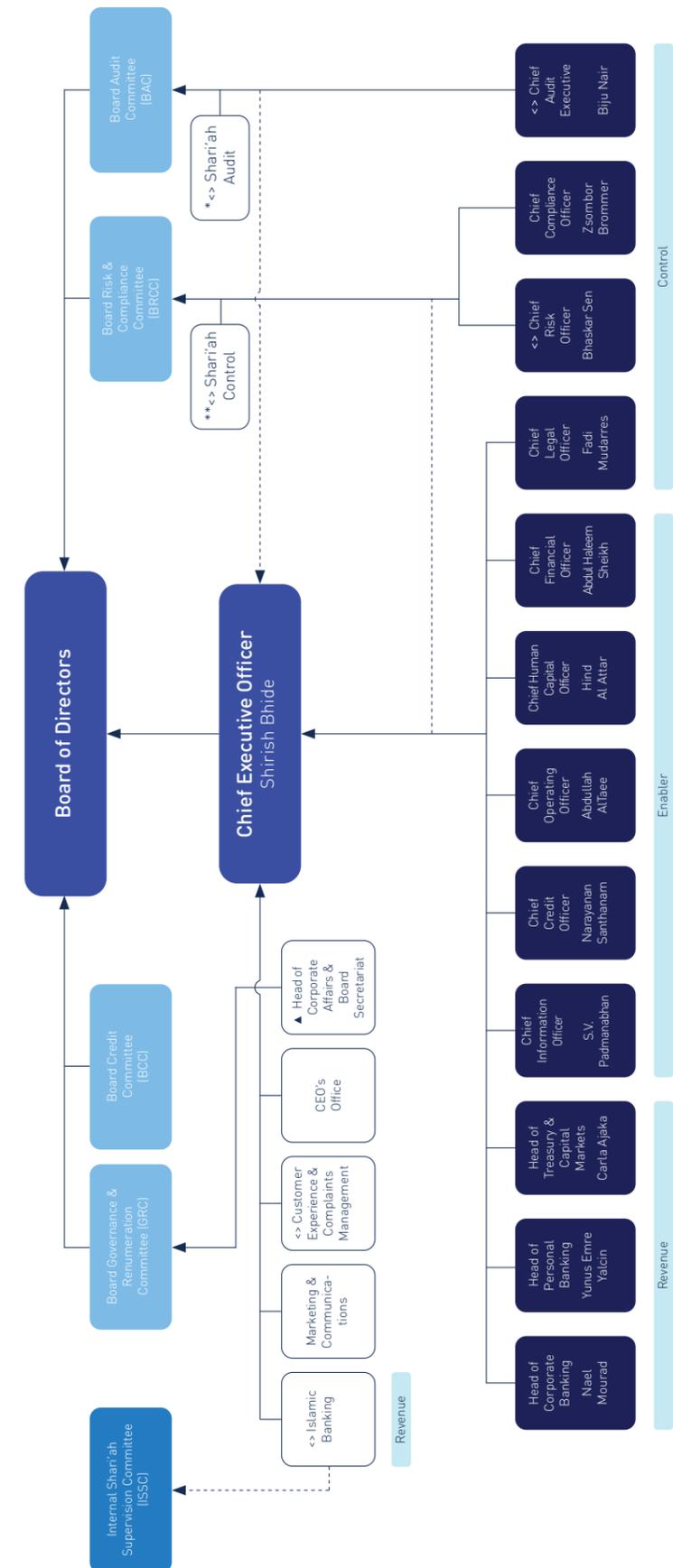
2025 Key Corporate Governance Initiatives

- In line with UAE Central Bank Corporate Governance Regulations & Standards and SCA's updated Corporate Governance Regulations, a new Bank's Corporate Governance Manual were formed to reflect the Bank's governance framework and regulatory requirements
- A full review to the Board and its Committees Charters (TORs) in alignment with CBUAE and SCA regulations mandates
- Establishment of Board level governance policies such as Board Remuneration Policy, code of conduct, conflict of interest, related party transactions, whistle blowing, insider trading and other relevant declaration forms in line with CBUAE and SCA requirements
- Full review of the Directors' selection criteria and documentation around Fit and Proper in line with CBUAE Fit and Proper regulations and standards
- A full review of the bank-wide delegation of authority matrix and approval from the Board
- Carried out an independent Annual Board Assessment by external third-party (GCC BDI) covering the Board as a whole, Board Committees, Board Members, CEO, Board Secretary, and the Head of Corporate Governance.
- Completed Board Briefing session by Hawakam Governance Institute highlighting key governance, regulatory and sustainability topics
- A full review of the Bank's Management Committees charters and memberships with respect to applicable CBUAE and SCA regulatory mandates

Governance Structure

A strong governance structure requires a deep understanding of the regulatory environment, vigilant oversight, and a decisive tone from the top. At UAB, this governance structure is built around a strong and capable Board, which is supported by dedicated Board Committees entrusted with executing their roles and responsibilities effectively. The Management Committee (MANCOM), consisting of the Bank's most senior Executive Management, plays a pivotal role in implementing the Board's strategy and objectives. Guided by the Chief Executive Officer (CEO), the MANCOM ensures that each forum's responsibilities are clearly defined, promoting a cohesive and transparent governance structure.

- The Chief Risk Officer reports directly to the Board Risk & Compliance Committee (BRCC) and reports administratively to the CEO
- The Chief Compliance Officer reports directly to the Board Risk & Compliance Committee (BRCC) and reports administratively to the CEO
- The Chief Audit Executive reports directly to the Board Audit Committee (BAC) and reports administratively to the CEO



Matrix Reporting

- * Shari'ah Audit will have a dotted reporting to ISSC
- ** Shari'ah Control will have a dotted reporting to ISSC
- Head of Corporate Affairs & Board Secretariat will have dual reporting line to GRC and CEO
- <-> Central Bank mandated reporting

Board Information & Composition

UAB's Board is composed of 11 Non-Executive Directors in compliance with the CBUAE regulations, which prohibit the inclusion of Executive Directors on the boards of financial institutions. In 2025, the Board and its committees convened 6 times, with Directors regularly receiving comprehensive updates on the Bank's activities and developments. When necessary, members of the management committee (MANCOM) were invited to Board and committee meetings to address specific matters, while ensuring compliance with regulatory restrictions covering Executive Management attendance at key meetings. The composition and chair of the Board's committees are reviewed periodically, with membership rotated as required to maintain the appropriate balance of skills, experience and knowledge required for effective oversight. The Board oversees four standing committees, with each assigned specific responsibilities and authorities as delegated by the Board of Directors. Almost all Directors serve on at least one standing Board Committee. Gender diversity at Board level A key responsibility of the Board is to cultivate and sustain a healthy corporate culture at UAB. The Bank firmly believes that organizations that priorities both performance and culture are positioned to achieve long-term success. The Board remains committed to promoting gender diversity at the leadership level. As at 31 December 2025, women comprised 18% of the Board. Moving forward, in line with applicable regulatory requirements, UAB is dedicated to ensuring that at least 20% of candidates considered for directorship are female.

UAB's Board composition is in line with all relevant regulations and is reviewed frequently to stay up to date with any new changes in regulations and includes the following areas.

Gender and Board Diversity

The UAE continues to enhance gender diversity through Corporate Governance Regulations, including those set by the CBUAE and SCA. Current regulations stipulate that at least 20% of the candidates considered for appointment to the board of a listed company must be female. This was considered in the last election that took place in 2023, when two (2) of the eleven (11) candidates for nomination were female, H.E. Ms. Najla Al Midfaa who was appointed as UAB's first female Board member in 2012, and re-elected to the Board in 2024 for a term of 3 years. Ms. Asma Alqaseer was first elected in 2023, and re-elected to the Board in 2024 for a term of 3 years.

The Board currently has 18% female representation, which is in line with its Board Charter and regulatory requirements. The GRC supports the nomination of female candidates and will continue to review opportunities to include gender diversity as part of the Board succession process. The Bank is also committed to playing a progressive role in promoting gender, cultural and ethnic diversity across the organization. UAB's employee base is currently 40% female, showing UAB's eagerness and commitment to support diversity.

Board Member Independence

As per UAE Regulations, a minimum of one-third of the Board Members must be Independent. Currently, four (4) out of eleven (11) of the Board Directors of United Arab Bank are assessed to be Independent, as per the criteria prescribed by the CBUAE below:

- If the tenure of the Board Member exceeds twelve (12) consecutive years from the date of his/her appointment. This provision applies equally to persons appointed by a government shareholder;
- If the Board Member, or any of his/ her first-degree relatives, have been employed by United Arab Bank or its subsidiaries during the past two (2) years;
- If the Board Member has been employed, or is a partner, in a company that performs consulting works for United Arab Bank, or he/she has acted in such capacity during the past two (2) years;
- If the Board Member has had any personal services contracts with UAB during the past two (2) years;
- If the Board Member has been affiliated with any non-profit organization that receives significant funding from United Arab Bank;
- If the Board Member, or any of his/her first-degree relatives, has been a partner or employee of the auditors of UAB during the past two (2) years;
- If the Board Member, or any of his/her first-degree relatives, has or had a direct or indirect interest in the contracts and projects of United Arab Bank during the last two (2) years, and the total of such transactions exceeds the lower of 5% of UAB's paid capital, unless such relationship is part of the nature of UAB's business and involves no preferential terms; and
- If the Board Member and/or any of his/ her first-degree relatives (individually or collectively) own directly or indirectly 10% or more of UAB's capital or is a representative of a shareholder who owns directly or indirectly more than 10% of UAB's capital.

The Board is composed of 11 non-executive Board members. 1 member resigned in August 2025 and 1 new member was appointed in September 2025 ensuring regulatory compliance with the applicable laws and regulations. Existing members were re-elected at the Annual General Assembly in March 2024. Members are eligible for re-election.

4 members represent The Commercial Bank, being the major shareholder, 1 member represents the founders of the Bank with the remaining representing the private sector and minority shareholders. The Board collectively possesses professional knowledge, business expertise, industry knowledge, diversity and financial awareness to carry out its oversight responsibilities. All Board members are in regular attendance of the meetings.

Board of Directors' Transactions in the Bank's Securities

The following table shows the shares of the Bank held by the members of the Board during 2025:

Director name	Shares held as at 31 Dec 2025	Total sale transactions	Total purchase transactions
H.H. Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi	309,200,095	-	307,578,562
Mr. Omar Hussain Alfardan	-	-	-
H.E. Sheikh Abdulla Bin Ali Bin Jabor Al Thani	-	-	-
Mr. Ahmed Mohamad Bakheet Khalfan	-	-	-
H.E. Ms. Najla Al Midfaa	6,814,588	-	2,271,529
Mr. Fahad Abdulrahman Badar	-	-	-
H.E. Dr. Mohamed Omar Abdulla	-	-	-
Ms. Asma Alqaseer	-	-	-
Mr. Nureddin S. Sehweil	-	-	-
H.E. Mr. Khaled Al Huraimel	-	-	-
Mr. Stephen Moss ¹	-	-	-
Mr. Joseph Abraham ²	-	-	-

¹ Appointed as Board Member on 3rd September, 2025

² Resigned as Board Member on 5th August, 2025

Board Committees

The Board of Directors established Board Committees to assist the Board in carrying out its duties and obligations and offer a more detailed review of important areas of business and control.

Board Governance & Remuneration Committee ("GRC")

Board Governance & Remuneration Committee ("GRC") acts on behalf of the Board on all matters related to governance, remuneration, nomination and strategic plans, except for those powers and actions that are restricted to the Board on the basis of legal provisions or the Articles.

The GRC is responsible for supporting the Board in overseeing the remuneration scheme, in order to ensure that the subject remuneration is appropriate and consistent with the Bank's culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirements.

GRC shall provide recommendations to the Board for new Board and Senior Management members. GRC will also provide support and directions to the Board in terms of strategic and budgetary initiatives, plans and decisions.

GRC is required to meet at least four (4) times a year. The committee held six (6) meetings in 2025.

Committee members:

- Mr. Omar Alfardan - Chairman
- Mr. Ahmed Khalfan - Member
- H.E. Ms. Najla Al Midfaa - Member
- Mr. Stephen Moss - Member

Corporate Governance (continued)

Board Audit Committee (“BAC”)

The Board Audit Committee (BAC) is responsible for monitoring, reviewing and reporting to the Board on the formal arrangements relating to the financial and narrative reporting of the Bank, internal controls, compliance, internal and external audit processes.

The internal audit function has a direct reporting line to the BAC.

BAC is required to meet at least four (4) times a year. The committee held five (5) meetings in 2025.

Committee members:

- Ms. Asma Alqaseer – Chairlady
- H.E. Ms. Najla Al Midfaa – Member
- Mr. Stephen Moss – Member
- H.E. Mr. Khaled Al Huraimel - Member

Board Credit Committee (“BCC”)

The Board Credit Committee (BCC) has the responsibility to establish credit strategy and monitor the overall credit process within the Bank for maintaining a diversified portfolio, avoiding undesired risk concentrations, improving the overall asset quality of the portfolio, and complying with Credit Policy and regulatory guidelines.

BCC held nineteen (19) meetings in 2025.

Committee members:

- Mr. Nureddin Sehweil - Chairman
- Mr. Ahmed Mohamad Bakheet Khalfan - Member
- Mr. Fahad Abdulrahman Badar - Member
- Mr. Stephen Moss – Member

Board Risk & Compliance Committee (“BRCC”)

The Board Risk & Compliance Committee (BRCC) has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, and policies for enhancing the Bank’s risk and compliance management framework to best practices standards. This includes, but is not limited to, ensuring effective control structures and the monitoring of aggregate risk exposures (including but not limited to credit, market, liquidity, operational, and legal). Additionally, the BRCC is accountable for fostering a culture of compliance, including financial crime compliance matters and overseeing adherence to relevant regulatory requirements, ethical standards, and internal policies.

BRCC is required to meet at least four (4) times a year. The committee held four (4) meetings in 2025.

Committee members:

- H.E. Dr. Mohamed Omar Abdulla - Chairman
- H.E. Sheikh Abdulla Bin Ali Bin Jabor Al Thani – Member
- Mr. Nureddin Sehweil – Member
- Mr. Fahad Abdulrahman Badar - Member

The bank established policy frameworks to manage any potential conflict of interest including insider trading monitoring associated with preclearance requirements and compliance provide reporting to BRCC which oversees the Insider Trading Monitoring on a regular basis.

Additionally, joint meetings between BAC and BRCC also are undertaken to ensure effective coordination and collaboration between the two committees. Therefore, during 2025 there was one (1) joint forum between BAC & BRCC.

Board Appointment, Induction & Training

Appointment, resignation and re-election

UAB recognizes that an effective Board is fundamental to the success of the Bank and its ability to serve in the best interests of all stakeholders. In line with UAB’s Articles of Association and applicable CBUAE Corporate Governance Regulations, all Directors are required to seek re-election by shareholders every three years. If a vacancy arises before the next General Assembly, the Board has the authority to appoint an individual nominated by the GRC to fill that vacancy according to applicable regulations. However, this appointment must be ratified by shareholders at the subsequent General Assembly. UAB’s majority shareholder, The Commercial Bank, holds the right to appoint a proportionate number of Directors relative to its shareholding. As at the year-end 2025, the majority shareholder held 39.91% of UAB’s share capital, granting it the right to appoint 4 Directors. The selection and appointment procedure for the Board of Directors is detailed in UAB’s Corporate Governance Manual and fit & proper policies. The policies set out the fit and proper criteria and prerequisites for selecting and appointing a Director, as required by applicable regulations. As mandated by the CBUAE Corporate Governance Regulations, every Director shall be approved by the CBUAE as a proposed candidate prior to appointment or election at the General Assembly.

Board induction

UAB provides a comprehensive Directors’ induction program for all newly appointed/elected Directors. Each new Director receives a formal and tailored induction to enable them to perform effectively while building a deep understanding of the Bank’s business. The Directors’ induction program typically consists of meetings with other Directors, Executive Management, and briefings from Senior Managers on key business areas and operations, as needed. Additionally, new Directors are provided with opportunities to visit key branches, departments and engage with subject matter experts. Newly appointed Directors also receive comprehensive guidance on their duties and responsibilities, the Bank’s policies, procedures, and relevant legal and regulatory requirements. After the initial induction, Directors continue to deepen their understanding of the business through ongoing meetings and engagements, as appropriate.

Board skills, experience, professional advice and training

The expertise and competencies of Directors are assessed through a mapping exercise which is updated as needed to ensure the skills and experience of the Board collectively remain relevant to the Bank’s strategy and operating environment. The Board brings a wealth of experience, which incorporates the areas of governance, finance, audit, accounting, risk management, strategic planning, ESG and information technology. The Board dedicates sufficient time, budget and other resources to an ongoing training and development program and draws on external expertise, as and when required. An annual review of training is conducted to ensure that Directors acquire, maintain and enhance knowledge and skills relevant to their responsibilities. Furthermore, the Board regularly engages with Executive Management on specialized topics as and when required. The Board has direct access to the Bank Board Secretary, who supports the Directors in fulfilling their fiduciary duties. Additionally, Directors may seek independent external professional advice at the Bank’s expense on any matter they deem necessary to effectively execute their duties.

Responsibilities of the Board

The Board serves as the Bank’s primary decision-making body, holding ultimate responsibility for leading the Bank’s direction, controlling and setting its strategic objectives. This leadership role involves not only shaping and steering the overarching strategy of the Bank but also overseeing the implementation of these strategies. This is achieved through the approval and supervision of the Bank Corporate Governance Framework and cultivating a robust corporate governance culture to ensure that sustainable shareholder value is maintained. Additionally, the Board assumes responsibility for the Bank’s operational and financial soundness. The Board remains committed to balancing and fulfilling the interests of all stakeholders, including shareholders, customers, employees, regulators, and wider stakeholder groups.

Corporate Governance (continued)

Furthermore, the Board fulfils these responsibilities by maintaining the integrity of the Bank's accounting and financial statements, setting adequate internal controls and monitoring the overall business performance of the Bank. Moreover, the Board provides guidance and oversight to the Executive Management, ensuring alignment with the Bank's objectives and values. Through these measures, the Board maintains its responsibilities to all stakeholders and upholds its role as steward of the Bank's long-term success. More specifically, the Board is responsible for:

- **Strategy and management:** Setting the Bank's long-term objectives and commercial strategy, and monitoring Management's performance
- **Structure and capital:** Approval of changes relating to capital structure, financial policies, the capital adequacy assessment process, capital and liquidity plans, corporate structure, management and control structures
- **Financial reporting, planning, and controls:** Approval of financial results, annual reports and accounts, dividends, business plans, budgets (including funding plans) and forecasts, significant changes in accounting policies or practices, credit and liquidity policies, remuneration of, and appointment/removal of, an auditor and other material accounting policies
- **Internal controls:** Ensuring the establishment, implementation, and monitoring of an adequate and effective internal controls system, and processes, through prudent oversight, guidance and provision of necessary support
- **Risk management:** Setting the Bank's risk strategies, appetite and monitoring the Bank's approach to material risks, approving risk management policies, promoting risk awareness and cultivating a strong risk culture
- **Compliance, AML/CFT, and sanctions:** Oversight of the implementation of an effective AML/CFT compliance program, promoting a strong compliance culture and three lines of defense, and ensuring the Bank operates in accordance with all applicable legislation
- **Sustainability:** Overseeing and approving the Bank's sustainability strategy to ensure that business risks and opportunities associated with ESG are adequately managed, strengthening the Bank's resilience and operational processes, while harnessing opportunities to support the transition to a net zero economy
- **Major transactions:** Approval of major capital investments and projects, due to materiality or size, including acquisitions, mergers, disposals, and material contracts not in the ordinary course of business
- **Board Committees and other appointments:** Establishing Board Committees to assist in carrying out its responsibilities and implementing corresponding terms of reference and membership to those Board Committees; conducting annual evaluations of the effectiveness of the Board, individual Directors, and Board Committees; and ensuring that the Executive Management's collective knowledge and expertise remain appropriate for the Bank
- **Succession planning:** Appointment or removal, as well as actively engaging in succession planning for key members of senior management
- **Executive Management performance:** Establishment of a fit and proper process for the identification, assessment and selection of Executive Management, and oversight of the performance of Executive Management to ensure that it is consistent with Board-approved strategic objectives and policies and aligned with the Bank's values, risk appetite and risk culture
- **Remuneration framework:** Determining the remuneration policies for Directors and Executive Management, establishing and approving the share incentive plans and other remuneration schemes that are consistent with long-term strategic objectives, prudent risk-taking, and financial soundness of the Bank
- **Delegation of authority:** Approving clear policies and procedures for the delegation of authority to the Executive Management, monitoring duties and responsibilities delegated to the Board Committees, Management Committees, and the Executive Management
- **Governance:** Ensuring effective control of the Bank, while respecting the independent legal and governance responsibilities of each function in the Bank, and providing independent oversight of the Corporate Governance Framework whilst maintaining a strong control culture
- **Sharia governance:** Establishing, reviewing and approving a sound and effective Sharia Governance Framework with mechanisms and functionalities to ensure effective and independent Sharia oversight, as per CBUAE requirements and the UAE's Higher Sharia Authority (HSA); promoting a corporate culture that reflects the importance of Sharia compliance, and strengthening the knowledge and understanding of Islamic financing

Board oversight of risk management

Effective risk management is one of the key fundamental principles of the Bank's Corporate Governance Framework (manual). The Board has the overall responsibility for setting the Bank's risk appetite and ensuring that all risks are effectively and efficiently managed within the approved parameters. The Board seeks to promote an on-going risk dialogue with Executive Management, maintains appropriate relationships with its Committees to sustain effective risk oversight, and ensures appropriate resources to support risk management systems. Risk management remains the responsibility of the Board. The BRCC has been delegated the responsibility to ensure that the Board fulfills its duties in relation to risk management and compliance through managing, overseeing, monitoring, and reviewing all risks and compliance controls. The BRCC advises the Board on the Bank's overall risk appetite, tolerance and strategy, considering the bank's long-term interests, risk exposures and ability to manage risk effectively. Furthermore, the BRCC works closely with the Executive Management to develop and implement the overall risk strategy, as appropriate, to relevant sectors and client types. Additionally, the BRCC conducts periodic meetings specifically to review the effectiveness of the Bank's risk management and internal control systems and to review the risks identified and progress of actions taken to mitigate them. Following the review, progress and actions are reported to the Board, and any revisions in the Bank Risk Governance Framework are approved by the Board.

Summary of monitoring and controls for insider trading activities

1. Controls and monitoring mechanisms

UAB has implemented robust controls to prevent market abuse and conflicts of interest, particularly during blackout periods. These controls include:

Blackout periods:

- Regular blackout periods commence 15 days before each quarter-end and expire upon the publication of financial results
- Special blackout periods are applied during specific corporate events involving Material Non-Public Information (MNPI) Monitoring trading activity:
 - o The Compliance Department actively monitors the trading activities of UAB insiders in UAB shares on a quarterly basis
 - o Any trades executed during blackout periods are immediately flagged and reported to senior management and the Board Audit Committee (BAC)

2. Reporting and oversight

The Compliance Department ensures that all insiders trading activities in UAB shares are reviewed and reported to senior management and the BAC for information and further action, if required. This process ensures transparency and adherence to regulatory requirements.

Further responsibilities of the BRCC include:

- Reviewing the results of the stress tests conducted and the UAB stress-testing methodology
- Ensuring that the Bank's risk governance approach is supported by prudent risk-taking at all levels
- Ensuring that the Bank has appropriate operational risk management strategies, policies, and processes to identify, assess, evaluate, monitor, report, control, or mitigate operation risk on a timely basis
- Ensuring timely disclosure to the CBUAE of any significant deviation from the Board-approved operation risk appetite statement, policies, or procedures, as well as any material operational risks that have not been adequately addressed

The duties and responsibilities of the BRCC are facilitated by the support of various Bank Management Committees, including, the Management Risk Committee (RC) and the Assets and Liabilities Committee (ALCO). The Board, together with the Executive Management, recognizes the importance of ensuring that UAB's workplace culture is aligned with the Bank's purpose, values and strategy. The Board continuously cultivates and reinforces a strong compliance culture by creating an environment where employees at all levels are empowered to confront improper behavior, raise grievances and suggest better ways to pursue the Bank's strategic objectives. This has been achieved through the implementation of various policies, including the Code of Conduct Policy, the Employee Grievance Policy and the Whistleblowing Policy.

Board oversight of financial reporting and internal controls

Oversight of financial reporting and integrity of UAB's financial disclosures are also responsibilities of the Board. To this end, the Board ensures that independent Risk, Compliance and Internal Audit Departments are in place, alongside a framework of robust internal controls. The Board has established the BAC to ensure that the Board fulfils its responsibilities in relation to oversight of the financial reporting and disclosure processes. This includes monitoring UAB's accounting policies, principles and judgements. In matters of financial reporting, the Board maintains ultimate responsibility for the accuracy and completeness of the Bank's financial statements and the contents of the annual report.

The Board Audit Committee evaluates the objectivity and effectiveness of UAB's financial reporting and disclosure processes, including review of accounting policies, principles and judgements. Additionally, the BAC ensured the Bank adheres to CBUAE and SCA regulatory requirements. Furthermore, the BAC assists the Board in discharging its responsibilities for oversight of an effective internal control environment, which includes approving the annual Internal Audit Plan, and monitoring the effectiveness of the Internal Audit Department. The BAC also evaluates measures taken to address identified deficiencies. The Internal Audit Department reports directly to the BAC on all internal audit-related matters. This reporting structure fosters independence and reinforces the Internal Audit Department's ability to monitor and evaluate the effectiveness of the Bank's controls and processes. Similarly, the Bank's Compliance Department reports directly to the BRCC on the Bank's compliance with regulatory requirements and guidelines, AML/CFT, sanctions and counter proliferation financing standards, and any suspicious activity. The BAC oversees the implementation of the Whistleblowing Policy, which provides internal and external stakeholders, a safe, anonymous channel to submit any concerns on potential irregularities in the Bank's activities. The BAC ensures that proper arrangements are available to allow anonymous independent and fair investigation of such irregularities, with protection in place to safeguard whistleblowers from any adverse consequences resulting from their reports. Through these controls, the BAC maintains a culture of transparency, integrity, and accountability within UAB.

Governance & Bank Structure Oversight

The Bank has implemented a robust corporate governance framework across all Bank functions to ensure comprehensive oversight and consistent application of sound governance principles. Adopting the applicable regulatory requirements and following the best practices in corporate governance are key elements of UAB's sustained track record of healthy financial and operational performance. It is the cornerstone of our Bank's growth strategy and ambition for the future. It ensures that our organization follows the processes and relevant controls, regular monitoring and adequate oversight are embedded. UAB is committed to continuously reviewing and enhancing our corporate governance approach to ensure we remain at the forefront of best practices, adapting to changes as per the regulatory expectations and the targeted markets that we serve.

The UAB's Governance Framework ensures adequate Board oversight over the risks inherent to our business. It focuses on the separation of the Board of Directors, the Executive Management's duties and responsibilities, the effectiveness of the Board and Management Committees, role of the external and internal auditors, and the transparency, accuracy and timely disclosure of information. In addition, it aids cooperation with supervisory and regulatory authorities to ensure full compliance with applicable regulations. UAB has a strong Board with extensive corporate leadership experience, diverse skill sets, a disciplined approach to governance and a deep understanding of the market and banking industry. The Bank also benefits from an experienced and committed Executive Management team, with a strong track record of operational excellence and embedding a compliance culture across the organization. We understand this approach reinforces the trust and confidence in our shareholders, customers, partners and the community we serve.

Diversity & Inclusion across the Bank

Gender diversity and inclusion across the Bank

UAB places high value on diversity and inclusion across the organization and is committed to ensuring fairness, respect and equality for all employees, regardless of race, religion, gender, or age. The Bank's employee base comprises over 31 nationalities with women representing 40% of employees, reflecting UAB's aim to nurture an inclusive culture of mutual respect, where diversity is embraced and all individuals feel valued and empowered to achieve their career ambitions.

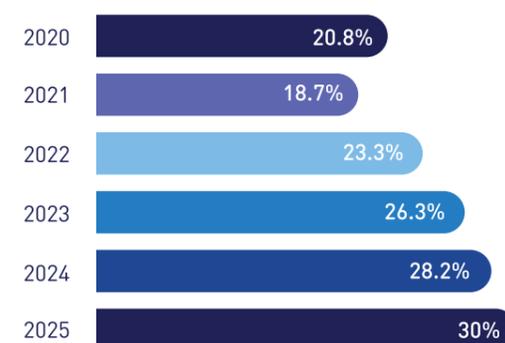
Percentage of new female employees in the workforce: 41% females among new recruits in 2025

Emiratization developments in 2025

A key pillar of UAB's talent strategy is its Emiratization agenda, which directly supports the nation's vision by building a strong and sustainable pipeline of local talents. Through structured Emiratization programs, leadership development initiatives and accelerated career pathways, the Bank actively develops national capabilities and prepare future leaders to assume critical and senior role across the organization

Our Emiratization ratio increased in 2025 to 30% from a 5-year average of 23% (2020 - 2024). The latter was achieved by having a strategic focus on recruiting and retaining UAE National talents.

Emiratization Ratio (%)



Board Effectiveness & Evaluation

The Board undertakes a formal and rigorous annual evaluation to assess its collective performance, the individual contributions of Directors, and the effectiveness of Board Committees in fulfilling their respective mandates. This evaluation process, guided by CBUAE & SCA regulatory requirements, is considered essential for the continuous development of the Board. By actively participating in its structuring, evaluation and review of its outcomes, the Board seeks to identify both achievements and areas for improvement. This fair and well-managed evaluation process reinforces trust among Directors, between the Board and Senior Management, and promotes alignment with the Bank's stakeholders. The evaluation includes a specific review of the responsibilities and performance of the Chairman and the Chairs of each Board Committee, assessing the efficiency of meeting conduct, facilitation of debate, discussion, decision-making, and external representation of the Bank to the public, regulators and other counterparties. The Board Committees are evaluated on effectiveness in discharging their responsibilities, diligence, and responsiveness to the Board. Additionally, each Director conducts an annual self-evaluation, assessing the ability to carry out the duties and responsibilities as stated in the respective committee charters.

To ensure a robust and independent evaluation of the Board's performance, an external consultant is appointed at least once every five years to independently conduct a performance evaluation. The results of this evaluation are presented to the GRC as an actionable plan, with the Committee actively monitoring to ensure effective implementation. Subsequent to the Committee's review, the independent external consultant briefs the Board of Directors on the results. The Board Secretary supports Directors and the GRC throughout the evaluation process. Additionally, an internal board evaluation assessment undertakes in line with the CBUAE and SCA's applicable corporate governance regulations. This end-to-end Board evaluation process is been driven by Head of Corporate Governance Function at UAB, the responsible unit for Board governance and compliance with applicable regulatory requirements and mandates.

Board Oversight of Conflict of Interest and Related-party Transactions

Conflict of interest

The Board of Directors has established and maintains a comprehensive framework to identify and manage conflicts of interest across the organization, including among the Bank's employees and Directors. This framework implements effective controls designed to prevent any adverse impact on the Bank, its shareholders and other stakeholders.

Employee conflict of interest

Employees must adhere to a Code of Conduct that mandates avoiding conflicts of interest between themselves, the Bank, customers, and suppliers. If an employee outside interests' conflict with the Bank, they must promptly inform their line manager. In such cases, the transaction or account management should be assigned to another employee. Prior approval from Bank Compliance may be necessary for specific transactions in certain instances. Employees are also obligated to periodically disclose personal interests, including dealings with third parties related to the Bank.

Corporate Governance (continued)

Director conflict of interest

The Board has implemented a Bank's Conflict of Interest Policy to ensure that any actual, potential, or perceived conflicts involving Directors are managed in the best interests of the Bank and its stakeholders. Directors are expected to avoid any activities that could create a conflict of interest, and they should promptly disclose any such matters to the Board and the Bank Board Secretary. Directors are required to disclose their interests and relationships on appointment and provide updates on an annual basis. Any transactions in which a Director or related party may have a potential interest are meticulously reviewed and require approval by the Board. Directors with an interest in a particular transaction are prohibited from participating in discussions of, or voting on, that transaction. The Board Secretariat function has established and maintains, a register that records Directors' conflicts of interests and related party transactions, which contains relevant details of all declarations of interests made by the Directors. The GRC reviews entries to the Register of Conflicts of Interests on an annual basis.

Definition of related party

The Bank and its Controlling Shareholder's Members of the Board and Senior Management (and their First-Degree Relatives) and persons with control, joint control or significant influence over the Bank (and their First-Degree Relatives).

Related Party Transactions in 2025

(AED'000)	Shareholders	Directors	Other related entities of Shareholders and Directors	Key Management Personnel	Total
Balances as at 31 December 2025					
Financial assets	7,824	1,309	89,406	18,166	116,705
Financial liabilities	95,744	16,189	218,111	10,287	340,332
Capital notes	550,875	-			550,875
Contingent liabilities	7,618	4	35,213		42,835
Transactions for the year ended 31 December 2025					
Interest income and other income	1,464	95	20,568	739	22,866
Interest expense and other expenses	9	776	5,911	252	6,948
Coupons paid on capital notes	44,401				44,401
Directors' remuneration		20,850			20,850
Compensation to key management personnel				32,566	32,566

Related Party Transactions

UAB has implemented a comprehensive Related Party Transactions Policy, which outlines the procedures for identifying, evaluating, monitoring, and reporting the Bank's exposures to related parties. In the ordinary course of business, the Bank engages in transactions with various entities, including the major shareholder, related entities, associates, funds under management, directors, executive management, and persons with control, joint control or significant influence over the Bank. These transactions are entered into in the ordinary course of business at agreed upon interest and commission rates.

To ensure transparency and accountability, all Directors must disclose their related parties, transactions, and potential conflicts on appointment and subsequently on a quarterly basis. The Board Secretariat function maintains a register that records Director conflicts of interest and related party transactions. The declarations of interests made by Directors is reviewed quarterly by the GRC. As a result of written declarations of interests submitted by each Director, the Board ensures that any external commitments do not conflict with the Director's duties and responsibilities. In instances where conflicts may arise, the Board remains sufficiently informed, with policies and procedures in place to mitigate any associated risks.

Board Remuneration

Board remuneration policy

The Bank's Board remuneration policy is designed to reflect the responsibilities and time commitment of the Directors, considering existing industry standards. Accordingly, the key principle of the Board remuneration structure is to be commensurate with the Bank's strategic and operational objectives, ensuring that Directors are appropriately compensated. In line with the CBUAE Corporate Governance Regulations read in conjunction with the SCA Corporate Governance Regulations and the UAB Board Remuneration Policy, Directors are compensated only with fixed remuneration without any incentive-based compensation linked to the performance of the Bank. Thus, UAB's Board remuneration is comprised of 2 components, namely: the amount payable to Directors for their service on the (1) Board, and (2) Board Committees. The GRC is responsible for proposing Directors' remuneration to the Board, which, if endorsed, is subsequently submitted for approval by the Bank's Shareholders at the AGM. In its annual review of the Directors' remuneration, the GRC considers the following factors, amongst others:

- Operational and business complexity of the Bank and its growth strategy
- Increased regulatory requirements impacting the duties and responsibilities of the Board
- Expected time commitment from Directors to execute their respective duties
- Additional duties that may be required from Directors other than what is ordinarily expected
- Continuous emerging challenges in the banking industry

Any proposed adjustments to Board remuneration are considered by the GRC prior to obtaining the necessary approvals from the Board and/or shareholders.

Board remuneration paid in 2025 for 2024

The Board total remuneration, paid in 2025, for the year ended 31 December 2024 amounted to AED18.1 million. UAB's Directors were not recommended for any additional allowances, salaries or fees, bonuses, long-term or other incentive schemes. Additionally, Directors do not receive any pension benefits from UAB.

2025 proposed Board remuneration

The total proposed Board remuneration for the year ending 31 December 2025, to be paid in 2026, is approximately AED 20.9 million, subject to final approval by shareholders at the AGM to be held in 2026.

Board Member	Director's Remuneration (AED'000)	Attendance Fees (AED'000)
H.H. Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi	2,000	0
Mr. Omar Hussain Al Fardan	1,750	60
H.E. Sheikh Abdullah Bin Ali Bin Jabor Al Thani	1,750	40
Mr. Ahmed Mohamad Bakheet Khalfan	1,750	240
H.E. Ms. Najla Al Midfaa	1,750	110
Mr. Fahad Abdulrahman Badar	1,750	240
Mr. Joseph Abraham*	1,167	180
H.E. Dr. Mohamed Omar Abdulla	1,750	50
Mr. Nureddin S. Sehweil	1,750	230
Ms. Asma Alqaseer	1,750	60
H.E. Khaled Al Huraimel	1,750	60
Mr. Stephen Moss**	583	80
TOTAL	19,500	1,350

* Director's remuneration pro-rated based on last day in August 2025

** Director's remuneration pro-rated based on joining date of September 2025

Corporate Governance (continued)

Board & Board Committees Activities (board meetings and attendance)

During 2025, the Board remained focused on guiding UAB's strategic direction, and its Committees regularly discussed topics that are fundamental to the direction of UAB, including business performance, long-term planning, strategy, Governance, ESG, digital transformation, Compliance, risk appetite and management, succession planning and human resources.

Board activities, meetings and attendance in 2025

Meeting	Date	Agenda
UAB Board of Directors Meeting #1-2025	4th February 2025	FY 2024 & AGM agenda approvals
UAB Board of Directors Meeting #2-2025	28th April 2025	Q1 financials and other matters "Board committees charters approvals"
UAB Board of Directors Meeting #3-2025 By circulation	17th July 2025	H1 2025 approval
UAB Board of Directors Meeting #4-2025	27th October 2025	Q3 Financials approvals and other matters
UAB Board of Directors Meeting #5-2025	24th November 2025	Normal agenda matters & Board Training
UAB Board of Directors Meeting #6-2025	15th December 2025	Normal matters & approvals

No.	Meeting Date	Number of Attendees	Number of Members Represented by Proxy	Names of Absent Members
1	4th February 2025	11	NA	NA
2	28th April 2025	11	NA	NA
3	17th July 2025 (By circulation)	11	NA	NA
4	27th October 2025	11	NA	NA
5	24th November 2025	9	1-Sh. Abdulla proxy to Mr. Omar	Mr. Ahmed Khalfan
6	15th December 2025	11	NA	NA

Further, there were 47 resolutions been approved by circulation most of them were credit files.

Board Committees

Board Committees memberships, activities, meetings and attendance in 2025

Governance & Remuneration Committee (GRC)

Committee Members:

- Mr. Omar Al Fardan - Chairman
- Ms. Najla Al Midfaa - Member
- Mr. Ahmed Khalfan - Member
- Mr. Stephen Moss - Member

Meets at least 4 times per year

Committee remit

Board Governance & Remuneration Committee ("GRC") acts on behalf of the Board on all matters related to governance, remuneration, nomination and strategic plans, except for those powers and actions that are restricted to the Board on the basis of legal provisions or the Articles.

The GRC is responsible for supporting the Board in overseeing the remuneration scheme, in order to ensure that the subject remuneration is appropriate and consistent with the Bank's culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirements.

GRC shall provide recommendations to the Board for new Board and Senior Management members. GRC will also provide support and directions to the Board in terms of strategic and budgetary initiatives, plans and decisions.

Committee Attendance:

Meeting Date	No. of attendees	Name of absent member	Additional comments
2nd February 2025	4	-	-
24th April 2025	4	-	-
16th July 2025	4	-	-
11th September 2025	3	Ms. Najla Al Midfaa	-
29th September 2025	4	-	-
19th November 2025	4	-	-

There were 16 matters addressed by circulation in 2025.

Board Credit Committee (BCC)

Committee members:

- Mr. Nureddin Sehweil Member - Chairman
- Mr. Ahmed Khalfan - Member
- Mr. Fahad Abdulrahman Badar - Member
- Mr. Stephen Moss - Member

Ad hoc to approve credit files

Committee remit

The Board Credit Committee (BCC) has the responsibility to establish credit strategy and monitor the overall credit process within the Bank for maintaining a diversified portfolio, avoiding undesired risk concentrations, improving the overall asset quality of the portfolio, and complying with Credit Policy and regulatory guidelines.

Corporate Governance (continued)

Committee Attendance:

Meeting Date	No. of attendees	Name of absent member	Additional comments
8th January 2025	3	Mr. Joseph Abraham proxy to Mr. Fahad Badar	-
20th January 2025	4	-	-
3rd February 2025	4	-	-
20th February 2025	3	Mr. Joseph Abraham proxy to Mr. Fahad Badar	-
10th March 2025	4	-	-
25th March 2025	4	-	-
14th April 2025	4	-	-
1st May 2025	4	-	-
19th May 2025	3	Mr. Ahmed Khalfan	-
17th June 2025	4	-	-
1st July 2025	4	-	-
17th July 2025	4	-	-
28th August 2025	4	--	-
11th September 2025	4	-	-
30th September 2025	3	Mr. Stepen Moss proxy to Mr. Fahad Badar	-
13th October 2025	4	-	-
30th October 2025	4	-	-
20th November 2025	4	-	-
9th December 2025	4	-	-

There were 19 matters addressed by circulation in 2025.

Board Risk & Compliance Committee (BRCC)

Committee members:

- H.E. Dr. Mohamed Omar Abdulla - Chairman
- Sheikh Abdullah Bin Jabor Al Thani - Member
- Mr. Fahad Abdulrahman Badar - Member
- Mr. Nureddin Sehweil - Member

Meets at least 4 times per year

Committee remit

The Board Risk & Compliance Committee (BRCC) has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, and policies for enhancing the Bank's risk and compliance management framework to best practices standards. This includes, but is not limited to, ensuring effective control structures and the monitoring of aggregate risk exposures (including but not limited to credit, market, liquidity, operational, and legal). Additionally, the BRCC is accountable for fostering a culture of compliance, including financial crime compliance matters and overseeing adherence to relevant regulatory requirements, ethical standards, and internal policies.

Committee Attendance:

Meeting Date	No. of attendees	Name of absent member	Additional comments
12th February 2025	4	-	-
21st May 2025	3	Mr. Nurreddin proxy to Mr. Mohammed Omar	-
18th August 2025	4	-	-
12th November 2025	3	Sh. Abdulla proxy to Mr. Fahad Badar	-
24th July 2025	Joint meeting BAC-BRCC	-	-

There were 19 matters addressed by circulation in 2025.

Board Audit Committee (BAC)

Committee members:

- Ms. Asma Alqaseer - Chairlady
- H.E. Ms. Najla Al Midfaa - Member
- H.E. Khaled Al Huraimel - Member
- Mr. Stephen Moss - Member

Meets at least 4 times per year

Committee remit

The Board Audit Committee (BAC) is responsible for monitoring, reviewing and reporting to the Board on the formal arrangements relating to the financial and narrative reporting of the Bank, internal controls, compliance, internal and external audit processes.

The internal audit function has a direct reporting line to the BAC.

Committee Attendance:

Meeting Date	No. of attendees	Name of absent member	Additional comments
4th February 2025	4	-	FY 2024 Approval
28th April 2025	4	-	Q1 2025 Approval
16th July 2025 (by Circulation)	4	-	H1 2025 Approval
21st July 2025	4	-	IAD Deep Dive
21st October 2025	3	Mr. Stephen Moss proxy to Ms. Asma Alqaseer	Q3 Approval
16th December 2025	4	-	IAD Deep Dive

There were 2 matters addressed by circulation in 2025

Annual BAC Report (for the year ended 31 December 2025)

The Board Audit Committee (BAC) is pleased to present its Annual Report for 2025 issued pursuant to Article 61 of the SCA Corporate Governance Regulations, highlighting the key activities of the BAC during the 2025 financial year.

Significant matters considered regarding the financial statements

In 2025, the BAC conducted 5 meetings in line with BAC charter, thereby enhancing the governance, control and oversight over bank's financial operations including the preparation of financial statements; selection of appropriate accounting policies; review the work of internal audit; assessment of the effectiveness of external audit and oversight of internal control environment of the bank. This broadly includes, but not limited to, the review of following matters:

- Review and approve UAB's annual and quarterly financial statements and discussion with management and external auditors over key changes in the financial position and the operational performance of the bank including comparison with the other UAE banks.
- Review of the key financial, asset quality, liquidity and capital ratios and assess the reasons for major variations.
- Discuss the overall strategy of bank's income growth including non-funded income as well as the impact of interest rates movement on the bank's operational results.
- Review of ECL calculations in light of IFRS9 and analysis of stage wise exposure and provision coverage.
- Analyze key factors impacting the impairment charge for the year including the stage-wise coverage and movement of exposures between various stages.
- Review of any change in accounting policy, implemented at the bank during the year and its impact.
- Review of funding sources of the bank including assessing the impact of additional funding sources and the proceed of rights issue planned during the year and its impact on bank's financial statements.
- Review the related parties' transactions and balances.
- Review of bank's capital & equity structure, accumulated losses from the past and ability to resume dividend payments and its impact on the equity and capital ratios.
- Review the implementation of a comprehensive ICFR structure at the bank.
- Review of CRMS requirements mandated by the CBUAE and their impact on UAB financials.
- Bank's overall compliance with the disclosure and presentation requirements of bank's quarterly and annual financial statements.

In addition to the review of financial statements, the BAC also deals with the matters relating to the external auditor of the bank including the following:

- Review the appointment, qualification and performance of external auditors and making recommendations to the board for their appointment/reappointment.
- Review of audit plan presented by the external auditors including identification of key risk areas and adequacy of plan to address them in their audit work.
- Ensure, evaluate and seek confirmation of independence requirements of the external auditors.
- Conduct regular meetings with external auditors, review the work performed by them and their reports.

Evaluation of the independence and effectiveness of the external auditor

On annual basis, the BAC reviews the audit plan presented by the external auditors and approves it. As part of this review, the BAC ensures that external auditors are independent and there is no conflict of interest in their role as the external auditor of the bank.

Recommendation on external auditor appointment

PricewaterhouseCoopers is the current external auditors of the bank and they were appointed as external auditors for the year 2025 by the shareholders in their general assembly meeting dated 6th March 2025. The next shareholders general assembly meeting scheduled to be held on 3rd March 2026 will be appointing the Bank's external auditors for the year 2026 and determine their remuneration based on the recommendation of UAB's board of directors.

Independence of external auditor in non-audit services

According to Finance Policy approved by Board Risk and Compliance Committee, external auditor is prohibited from providing services explicitly stated in the policy that are construed to have a potential conflict of interest. Further, any engagement with external auditor other than related to statutory audit of financials needs to be tabled in BAC for approval/ratification.

Oversight of internal controls and risk management

On quarterly basis, the Board Audit Committee oversees the effectiveness of Internal Control and Risk Management systems in the Bank through Internal Audit reports published during that quarter.

Review of internal audit reports

The BAC packs include all High Risk and Medium Risk issues specifically highlighted for the committee discussion, in addition to tabling of each of the report published by Internal Audit. Further and details discussions materialize around all High-Risk issues and the potential root causes that are identified for such high-risk issues.

Monitoring of remedial actions to address weaknesses in the control environment

In its responsibility to oversee and monitor the remedial measures taken to address identified deficiencies in the control environment, the BAC has reviewed the implementation of remedial actions, including adherence to set timelines, accountability measures, and regular progress reviews to ensure timely and effective resolution of identified deficiencies. Additionally, the BAC evaluated whether those remedial actions are sufficient to avoid recurrences. There aren't any past due Internal Audit observations as of 31st Dec 2025.

Oversight of related party transactions

The bank carries out transactions in the ordinary course of business with parties which are related. These related parties may include significant shareholders, directors, key management personnel of the bank and companies over which such shareholders and directors have the ability to exercise control or significant influence either directly or indirectly. On annual basis, the BAC reviews the list of all related parties of the bank; a summary of all transactions concluded with those related parties during the year; and the outstanding balances arising out of transactions relating to such related parties as at the end of the year to ensure that all such transactions with related parties are conducted on an arms' length basis and are adequately disclosed in the audited financial statements of the bank.


Ms. Asma Alqaseer – Chairlady of BAC

External Auditor fees

External auditor's fees

Name of audit firm for the period (January 1, 2025 – December 31, 2025)	PricewaterhouseCoopers (PWC)
Audit Partner	Jigesh Shah
Number of years served as an external auditor for the Bank	1
Total fees for auditing and reviewing the financial statements of 2025	AED 1,490,000 (excluding VAT and OPE) consists of following deliverables: - Quarterly review report (Q1, Q2, Q3) - Annual audit report for the year ending 31 December 2025 - Annual BRF returns AUP report - Quarterly XBRL returns AUP report - Pillar III return AUP report - Management letter - ICFR report
Fees and costs of services other than auditing and reviewing the financial statements for 2025	AED 55,088 (excluding VAT and OPE) for: - Arabic translation and formatting of financial statements
Any other services	Nil

Corporate Governance (continued)

Audit of annual financial statements

This mainly relates to the audit/review of the consolidated financial statements of UAB including disclosures presented in notes to the consolidated financial statements. Audit fees also relate to review of internal control over financial reporting. Audit fees are those billed, or expected to be billed, for audit services related to each financial year.

Management Committees

The Board level committees are further supplemented by key management committees to ensure comprehensive risk management and governance. The Bank has ten Management Level Committees that report regularly to the Board, or the relevant Board committee as follows:

Management Committee (MANCOM)

Management Committee (MANCOM) assists the Board, Board committees and CEO in fulfilling its responsibilities towards setting and execution of overall strategy of the Bank and ensuring that the Bank's values are embedded in its day-to-day activities to ensure sustained growth, profitability and commensurate returns for its stakeholders.

Duties and Responsibilities of MANCOM

Bank Strategy

- Discuss and recommend Bank's strategy, strategic priorities and business plan;
- Monitor implementation of the strategic plan of the bank, as approved by the Board through ensuring proper & timely deployment of resources in terms of manpower and technology;
- Decide on the establishment of branches, agencies or subsidiary companies as well as establishment and winding up of branch or subsidiary companies as per the strategy of the Bank;
- Receive and discuss the periodic reports from the CFO regarding the financial performance of the Bank and the progress in achieving the annual targets;
- Review the overall portfolio quality of the UAB; and
- Discuss issues relating to the organization structure of the Bank and take decision or provide recommendations as appropriate.

Budgeting

- Discuss and recommend the annual budget for the Bank;
- Monitor overall performance of the entity and recommend solutions to align performance expectations wherever necessary;
- Approve Key Performance Indicators ("KPIs") for the bank and each business unit;
- Review, and approve activities of Operating / Capital Expenditure within its delegated authority.

Capital Management

- Approve the principles and targets relating to the Bank's capital management and send to Board for ratification;
- Discuss and recommend to the Board an increase / decrease in the Bank's share capital;
- Discuss and recommend increase in Tier 1 capital, and the issue of repurchase or repayment of Tier 2 and Tier 3 capital (if applicable);
- Review and recommend final dividend payment
- Review overall capital adequacy for all material risks in accordance with approved risk management methodologies;
- Monitor the capital position of the Bank, and the capital management activities undertaken by the Bank to ensure that capital levels are maintained in accordance with regulatory requirements and management directives. Review & recommend changes in the methodology with capital planning;
- Review guidelines for stress testing, monitor stress test results and recommend appropriate remedial actions for the same.
- Review, manage and activate contingency funding planning.

Corporate Governance and Risk Appetite

- Endorsing the Corporate Governance Framework and Risk Appetite Framework (RAF) of the Bank;
- Ensuring the alignment of business plans in line with the approved risk appetite of the Bank and maintaining an oversight of the implementation of RAF;
- Ensuring that the Bank's reward program is aligned with the RAF to facilitate adherence to risk appetite;
- Incorporating risk appetite in its strategic discussions including decisions regarding mergers, acquisitions, and growth in business lines or products.

Consumer Protection

- Establish a review process to ensure that all new products, services, activities, actions, changes, events, or any other situations are evaluated for compliance with the Consumer Protection Regulation and accompanying Standards.
- Ensure financial product and service design, business operations, premises and processes are made suitable and accessible to Consumers across different vulnerable groups;
- Serve as positive role models in demonstrating the types of behavior expected by the principles set out in the Regulation. Positive behavior and actions should be aligned to the Consumer Protection Regulation and the accompanying Standards and reinforced by regular communication between Senior Management and Staff.
- Ensure that competent frontline staff, independent control, and assurance functions are in place and annually evaluate their effectiveness.
- Implement an effective complaint management, resolution, analysis, and reporting process.
- Ensure that competent frontline staff, independent control, and assurance functions are in place and annually evaluate their effectiveness.
- Establish a staff performance evaluation and remuneration system to promote and incentivize treating consumers fairly.
- Establish comprehensive financial product and/or services approval processes.
- Ensure accessibility to branches and ATMs by People of Determination
- Ensure that independent control and assurance functions of Risk, Compliance, and Audit are appropriately resourced to effectively execute the Consumer Protection regulatory framework and its supervisory requirements.
- Implement corrective actions when non-compliance is identified and take steps to prevent future non-compliance.

Other issues

- Obtain information and where necessary, take decisions on all other matters presented for discussion by the Chairman, and on matters submitted to it by lower-level authorities in accordance with the delegated authorities;
- Review or discuss on an annual basis, Bank's policies and procedures for support departments

Corporate Governance (continued)

Management Committees

To assist in fulfilling its responsibilities, the MANCOM has established specialized management committees with mandates such as credit, risk, capital expenditure, compliance, and sustainability. The table below summarizes the established management committees, their respective mandates, and the number of meetings held throughout the year. Furthermore, the MANCOM has throughout 2025, approved various frameworks and associated policies.

Committee	No. of meetings held in 2025	Responsibilities of the Committee
Management Committee (MANCOM)	17	Management Committee (MANCOM) assists the Board, Board committees and CEO in fulfilling its responsibilities towards setting and execution of overall strategy of the Bank and ensuring that the Bank's values are embedded in its day-to-day activities to ensure sustained growth, profitability and commensurate returns for its stakeholders.
Asset and Liability Committee (ALCO)	12	Asset Liability Committee (ALCO) assists the Board in fulfilling its responsibility towards ensuring a strong and stable balance sheet and to oversee Bank's Asset and Liability Management (ALM) strategies. The objective of ALCO will also be to maintain vigilant oversight of liquidity risk and interest rate risk with the primary goal of achieving optimal return while ensuring adequate levels of liquidity within an effective risk control framework.
Credit Portfolio Committee (CPC)	4	The Credit Portfolio Committee (CPC) is responsible for developing and establishing credit strategy, credit policies, setting risk acceptance criteria for underwriting and monitoring the portfolio to ensure it remains within acceptable risk levels and address any emerging credit issues or trends. The CPC works in conjunction with and assists the Board and BCC to manage credit strategy, policies, and procedures.
Credit Committee (CC)	11	The Credit Committee (CC) is responsible for making credit-related decisions. The CC is charged with: <ul style="list-style-type: none"> a. Reviewing and approving loan proposals, taking into account factors such as the borrower's creditworthiness, repayment capacity, and collateral. b. Ensuring compliance with credit policies and procedures as part of ongoing underwriting process.

Committee	No. of meetings held in 2025	Responsibilities of the Committee
Risk Committee (RC)	5	The Risk Committee (RC) assists the Board and Board Risk and Compliance Committee ("BRCC") towards ensuring a sound risk profile of the Bank and instilling a culture of risk optimized decision making through implementation of comprehensive and integrated risk framework, embedding a strong internal control mechanism and ensuring compliance with all applicable regulatory requirements (including Higher Sharia Authority regulations).
Compliance Committee	4	The Compliance Committee assists the Board and the BRCC towards ensuring a strong compliance culture and adherence to all applicable compliance requirements.
Business Technology Steering Committee (BTSC)	7	The Business Technology Steering Committee ("BTSC") assists the Board in fulfilling its responsibilities pertaining to outlining and execution of overall IT strategy and maintain oversight on all IT and Non-IT initiatives, associated budgets, expenditures and service operation status.
Human Capital Committee (HCC)	3	The Human Capital Committee ("HCC") assists the Governance and Remuneration Committee (GRC) in fulfilling its responsibilities relating to the outline and monitor matters related to the Bank's people strategy which includes Emiratization strategy, performance and rewards, talent acquisition, management and succession planning, learning & development, HCM policies & procedures, people risk, corporate governance and statutory matters etc.
Charity Committee	5 resolutions by circulation	The Charity Committee assists the Board and Internal Sharia Supervisory Committee (ISSC) in fulfilling its responsibilities in managing activities pertaining to Charity.

Delegation of authority

The applicable regulations confer the authority for the overall management of the Bank to the Board of Directors. Accordingly, the Board of Directors has appointed the Board Chairman through a board resolution. The Chairman exercises his authorities in accordance with the powers vested in him under the Bank's Articles of Association and any resolutions of the Board of Directors. The Chairman has issued a duly notarized power of attorney to the CEO to manage the Bank's day-to-day activities. In line with the CEO's power of attorney, the CEO holds authority to sub-delegate specific powers to any officer in the Bank.

In 2025, the bank-wide Delegation of Authority Policy matrix has been reviewed, updated and approved by the Board of directors to streamline the Bank's delegations and authorities.

Corporate Governance (continued)

Senior Management Compensation

The Bank's compensation policies and practices aim to provide a total reward offering that recognizes and rewards performance aligned to the Bank's business strategy, within a sound risk management and governance framework that clearly emphasizes 'how' goals are achieved in addition to 'what' is achieved.

From a Bank perspective, for the 2025 performance year, 14 Senior Management have been identified as those responsible and accountable to the Board of Directors for the sound and prudent day-to-day management of the Bank and as key staff responsible for the oversight of UAB's key business lines. In line with UAE regulatory requirements, variable remuneration awarded to Senior Management under the discretionary annual bonus scheme is comprised of cash bonuses, paid after the end of the performance year, and deferred awards, granted under the terms and conditions of the relevant plan rules. For the year 2025, total compensation awarded to Senior Management amounted AED 31 million. The following table includes information on fixed and variable remuneration for the financial year:

Position	Total Compensation in AED '000	
Chief Executive Officer		
Head of Corporate Banking		
Chief Financial Officer		
Chief Risk Officer		
Chief Information Officer		
Head of Financial Markets		
Chief Human Capital Officer		
Chief Audit Executive		
Chief Compliance Officer		
Head of Personal Banking		
Chief Credit Officer		
Chief Operating Officer		
Head of Islamic Banking		
Chief Legal Officer		
	Particulars	AED'000
	Salaries and other short-term benefits	31,637
	Employees' end of service benefits	929
	Total compensation to key management personnel	32,566

Shareholder engagement and disclosure

Investor Relations (IR)

UAB is committed to high standards of transparency and enhancing its disclosures regularly to reflect local and international best practices. The IR Department continues to deliver on its commitment to proactive engagement and effective communication with the Bank's shareholders and potential investors by ensuring timely dissemination of financial and non-financial information through various forums and channels including regular market updates through quarterly results and press releases, and year-end results through a comprehensive Annual Report.

Reflecting the importance of effective internal communications across the organization, we ensure all employees are kept aware of relevant developments. These include UAB's financial performance and strategic direction, objectives, updates on ESG and other relevant information. Further details on UAB's announcements to the ADX during the year 2025 are available on our dedicated IR section in UAB website at www.uab.ae or on ADX website at www.adx.ae

UAB has a dedicated Investor Relations section on its corporate website which makes available the following information for all existing and potential investors:

- Material disclosures
- Interim and annual financial reports
- Presentations, management discussion and analysis reports
- Updated Credit ratings
- Sustainability reports

Investor Relations (IR) contact details:

Mr. Abhishek Kumat

Head of Investor Relations, Strategy & ESG

Direct telephone: +971-6-5075784

Email: ir@uab.ae

Share Price Information

UAB's share price on ADX at the end of each month during the year 2025 and performance versus ADX FTSE15 & ADX Financials Index:

Year	Month	High	Low	Close	Adjusted Close ¹	Value (AED '000)	Volume ('000)	#Trades	Change (AED) ²	% Change (UAB) ²	% Change (ADX FTSE15)	% Change (ADX Financials)
2024	Dec			1.37	1.25							
2025	Jan	1.50	1.30	1.44	1.32	6,988	5,159	344	0.07	5.6	3.2	2.3
2025	Feb	1.50	1.33	1.41	1.29	122,715	81,897	165	[0.03]	[2.3]	0.1	0.1
2025	Mar	1.52	1.38	1.45	1.33	3,385	2,295	48	0.04	3.1	[2.6]	[1.8]
2025	Apr	1.47	1.40	1.40	1.28	440	306	11	[0.05]	[3.8]	3.4	3.0
2025	May	1.35	1.25	1.25	1.14	109	86	9	[0.14]	[10.9]	2.4	1.7
2025	June	1.35	1.25	1.25	1.25	1,121	832	11	0.11	9.6	3.8	2.6
2025	July	1.32	1.01	1.32	1.32	6,129	5,112	75	0.07	5.6	5.4	4.4
2025	Aug	1.32	1.10	1.20	1.20	1,239	1,062	78	[0.12]	[9.1]	[3.7]	[2.9]
2025	Sep	1.24	1.15	1.22	1.22	16,612	14,021	76	0.02	7.1	[0.8]	[1.2]
2025	Oct	1.30	1.18	1.25	1.25	25,088	20,521	85	0.03	2.5	1.3	1.4
2025	Nov	1.18	1.07	1.18	1.18	1,154	979	25	[0.07]	[5.6]	[4.4]	[2.2]
2025	Dec	1.32	1.18	1.30	1.30	179,159	137,809	158	0.12	10.2	3.3	2.1
2025	FY / Total	1.52	1.01	1.30	1.30	364,140	270,079	1,085	0.05	4.0	11.2	9.4

¹ Adjusted Close share prices reflect the impact of dilution in share price as a result of the rights issue completed during the year. Closing share prices have been adjusted prior to 23 June, 2025 [ex-rights date]

² Change (AED) and % Change (UAB) have been calculated based on Adjusted Close share price

Corporate Governance (continued)

Shareholder Ownership Structure

UAB's major shareholders as at 31 December 2025

Investor Name (Arabic)	Investor Name (English)	# of shares owned	Holding percentage (%)
البنك التجاري ش.م.ع.ق	The Commercial Bank (P.S.Q.C)	1,234,754,020	39.91%
شركة الماجد للاستثمارات (ذ.م.م)	Al Majid Investment Company (L.L.C)	333,681,142	10.79%
الشيخ محمد بن فيصل بن سلطان القاسمي	Sheikh Mohammed bin Faisal bin Sultan Al Qassimi	309,200,095	9.99%
الشيخ فيصل بن سلطان بن سالم القاسمي	Sheikh Faisal bin Sultan bin Salem Al Qassimi	229,515,634	7.42%

UAB's shareholding distribution by Citizenship as at 31 December 2025

Shares category	Company	Individual	Grand Total
UAE	577,750,878	1,278,685,842	1,856,436,720
GCC (excluding UAE)	1,234,756,528	7,461	1,234,763,989
Foreign	1,060,143	1,565,122	2,625,265
Grand Total	1,813,567,549	1,280,258,425	3,093,825,974

UAB's distribution of shareholding as at 31 December 2025

# of shares held	Count	Total shares	% of Total issued shares
5,000,000 or more	36	3,031,790,840	97.99%
500,000 to less than 5,000,000	33	51,011,666	1.65%
50,000 to less than 500,000	58	9,898,881	0.32%
Less than 50,000	132	1,124,587	0.04%
Total	259	3,093,825,974	100.00%

Annual General Assembly Meeting

The UAB annual general assembly's allow shareholders and their representatives (by virtue of proxies) to choose whether to attend physically, or to fully participate virtually, including voting on agenda items via an online platform. UAB held its AGM on 6th March 2025 with an attendance rate of 67.34% by shareholders. During the 2025 AGM, shareholders were able to fully exercise all their rights to attend and participate in meetings in real time and duly passed following ordinary and special resolutions:

Matters tabled for approval at the 2025 AGM	Resolution type
Consider and approve the Report of the Board of Directors on the Bank's activities and financial position for the year ended 31 December 2024.	Ordinary
Consider and approve the Auditor's Report on the Bank's financial position for the year ended 31 December 2024.	Ordinary
Consider and approve the Bank's Balance Sheet and Profit and Loss Account for the year ended 31 December 2024.	Ordinary
Consider and approve the Board of Director's recommendation not to distribute dividends, whether in cash or bonus shares, for the year 2024.	Ordinary
Consider and approve the Board of Director's recommendation to distribute any remuneration to the Board of Directors for 2024.	Ordinary
Consider, review and approve the Board of Director's recommendations to distribute the annual bonus to eligible employees for the year 2024.	Ordinary
Discharge the members of the Board of Directors of the Bank from liability for their work during the fiscal year ended 31/12/2024 or to dismiss them and pursue them, as the case may be.	Ordinary
Discharge the Bank's auditors for the year ended 31 December 2024 or dismiss them and file a liability lawsuit against them, as the case may be.	Ordinary
Appoint the Bank's auditors for the year ending 31 December 2025 and determine their fees.	Ordinary
Authorize the Bank's elected Board members to participate in business in competition with the Bank as per Article (152) of the Commercial Companies Law No. 32 of 2021.	Ordinary
Consider and approve the Annual Report of the Internal Sharia Supervisory Committee.	Ordinary
To consider and approve the increase of the issued share capital of the Bank from AED 2,062,550,649 (two billion sixty two million five hundred fifty thousand six hundred forty nine dirhams) up to AED 3,093,825,974 (three billion ninety-three million eight hundred twenty five thousand nine hundred seventy-four dirhams) by increasing the share capital of the Bank with an amount of up to AED 1,031,275,325 (one billion thirty one million two hundred seventy five thousand three hundred twenty five dirhams) by issuing up to 1,031,275,325 (one billion thirty one million two hundred seventy five thousand three hundred twenty five dirhams) new shares with a nominal value of 1 AED per share.	Special
To amend article 5 of the Bank's Articles of Association.	Special
To authorize the Board of Directors of the Bank to take necessary decisions and actions required to raise new capital through rights issue to the existing shareholders by issuing up to 1,031,275,325 (one billion thirty-one million two hundred seventy-five thousand three hundred twenty-five) new shares at the nominal value of AED 1 (one dirham) per share including the right to limit the capital increase of the Bank to the amount which has been actually subscribed for.	Special
To authorize any member of the board of directors of the Bank individually to take all necessary steps to increase the Bank's share capital, represent the Bank, sign, conclude and submit documents, contracts, agreements and letters related to increasing the share capital, amend the Bank's Articles of Association to increase the share capital, and complete all procedures and deal with all governmental bodies, including without limitation to the Department of Economic Development, the Securities and Commodities Authority, and the Abu Dhabi Securities Exchange.	Special

The above-mentioned resolutions were appropriately disclosed to the ADX, and SCA, and can be retrieved on the ADX website and on UAB's website.

Corporate Governance (continued)

Islamic Banking and Sharia Governance

United Arab Bank (UAB) offers Sharia-compliant products and services through Islamic Banking, an Islamic window licensed by the CBUAE. This business unit applies a robust Sharia governance mechanism to ensure that all products and services offered are duly accredited and in line with Sharia principles and the CBUAE Higher Sharia Authority ("HSA") guidelines and regulations.

In line with the CBUAE Sharia Governance Standards, the Islamic window has established its Sharia Governance Framework (SGF). In 2023, Islamic Banking revised and updated its Sharia Governance Framework in accordance with the requirements set out in the CBUAE Sharia Governance Standards. The SGF outlines the reporting framework, accountability, responsibilities of all relevant stakeholders involved. It is based on the three lines of defense approach. While the business acts as the first line of defense, an independent and separate Sharia Control Department (SCD), led by the Head of Sharia Control, is the second line of defense, which oversees Sharia governance. A separate and independent Internal Sharia Audit Department (ISAD), led by the Head of Internal Sharia Audit, represents the third line of defense, undertaking the Sharia audit of Islamic products and services offered by UAB's Islamic Banking. The Internal Sharia Audit Department submits the Sharia audit reports to the ISSC and BAC. To ensure complete independence from the business, heads of Sharia Control and Internal Sharia Audit report to the ISSC and the Board of its committees in relation to promotion, bonus, performance appraisal and removal.

Internal Sharia Supervisory Committee (ISSC)

Islamic Banking is governed by the Internal Sharia Supervisory Committee ("ISSC") comprising independent Sharia scholars. Members of the ISSC are appointed by the shareholders in the AGM, upon nomination by the Board and approval from the CBUAE HSA. Islamic Banking has well-established policies, procedures and controls that are approved by the ISSC and facilitate business activities in a manner that is Sharia-compliant.

The ISSC operates in accordance with the resolutions, standards and guidelines issued by the CBUAE HSA, and undertakes supervision of all Sharia-compliant businesses, activities, products and services. The ISSC has an approved charter that covers the framework for referring matters to the ISSC, issuance of fatwas and the decision-making process. The fatwas and resolutions issued by the ISSC are binding upon Islamic Banking.

The ISSC issues an annual report on its activities, including assurance that Islamic Banking consistently complied with the Sharia principles and agreed fatwas, and outlining any instances of non-compliance. The report is approved by the CBUAE HSA and is also presented to the General Assembly in its AGM. In 2025, four meetings were held by the ISSC with 100% attendance in which various Sharia guidelines, approvals and resolutions were issued covering various business groups and product segments across the Bank.

The ISSC comprises of the following respected Sharia scholars:



Sheikh Dr. Moosa Tariq Khoory
Chairman and Executive Member of the ISSC

Sheikh Dr. Moosa Tariq Khoory serves as a Director of Economic Policies and Strategies at The Executive Council of Dubai Government. He was previously Senior Vice President – Group Head of Internal Shariah Audit at a local bank, where he also served as Secretary of the Zakat Committee. Sheikh Dr. Moosa Khoory is currently a member of various Sharia boards and committees in a number of Islamic banks, Takaful companies and a financial market entity in the UAE. He is also the Founder of the 'Sharia Professionals Association'. He is the former Chairman of the Internal Sharia Audit Committee (ISAC) at UAE's Banks Federation (UBF), and a former member of AAOIFI's Governance and Ethics Board and AAOIFI's Education Board. He is also an Islamic financial arbitrator and a member in a couple of schools' Board of Governors and universities' Consultancy Councils in the UAE. He holds a PhD in Islamic Finance from Durham University, and dual Master's degrees in Islamic Law & Legal Theory from University of Sharjah and Masters in International Business Law from Paris 2 University.



Sheikh Dr. Aziz bin Farhan Al Enezi
Member of the ISSC

Sheikh Dr. Aziz Al Enezi was born in Saudi Arabia in 1967. He is a PhD holder in Islamic Jurisprudence from King Saud University in Riyadh. He is also a member of Sharjah Permanent Board of Fatwa, Sharia consultant for Awqaf Department in Sharjah, member of Supreme Board of Promulgation of Awqaf Law in Sharjah, Chairman of the Arbitration Board of Sharjah Institute for Holy Quran and Sunna, Chairman of the Academic and Da'wah Board at Sheikh Hamdan Heritage Center in Dubai, and Sharjah Electricity & Water "Rahma" Committee. He is also an associate lecturer at Sharia College, University of Sharjah, Al Qasimia University of Sharjah, Dar Al Ber of Dubai, and Sharjah Police Academy. He is an author of many books such as: Conclusion of Disposal of Ill-Gotten Funds, Provisions of Occupation and Its Effects in Islamic Jurisprudence, Issues of Scholarly Consensus related to Will and Inheritance, and many other books besides several books being under printing.



Sheikh Mohd Bahroddin Badri
Member of the ISSC

Sheikh Mohd Bahroddin Badri is Principal Consultant and Head of Shariah Advisory at ISRA Consulting, INCEIF, leading his team to provide Shariah advisory services to various stakeholders in Islamic finance. He has been involved in numerous Shariah consultancy projects across the globe including Europe, South America, Middle East, North Africa, Central Asia, Southeast Asia, and Oceania. Prior to joining ISRA-INCEIF in 2012, he served as an academic at the International Islamic University Malaysia (IIUM) for nearly a decade. He holds a Master's degree in Shariah (Economics) from the University of Malaya and a Bachelor's degree in Islamic Revealed Knowledge and Heritage (Fiqh and Usul al-Fiqh) from IIUM. He is a Fellow of AAOIFI Certified Shariah Adviser and Auditor (CSAA) and ASAS Certified Shariah Advisor (CSA). He is also the Chairman of the Shariah Advisory Committee of MBSB Bank Berhad, Chairman of Shariah Committee Swiss Re (Retakaful), Deputy Chairman of Shariah Supervision Committee of Siraj Finance Abu Dhabi UAE and Shariah Committee Member of KOPSYA. Previously, he was the Deputy Chairman of Shariah Committee of Citibank Malaysia and Shariah Committee Member of Citibank Labuan. His notable contributions to the Islamic finance industry include developing Shariah-related Policy Guidelines (Shariah Standards) and Shariah-compliant Schemes issued by the Malaysian regulators and co-authoring two textbooks on Islamic finance: "Islamic Financial System: Principles & Operations" (2nd Ed) and "Sukuk: Principles and Practices" He has also spoken and participated in various international conferences worldwide, including Turkiye, Canada, Morocco, Oman, Indonesia, Brunei, and Singapore, among others, to spur the development of Islamic finance globally.



Syah Nazrin Hashim
Head of Sharia Control and Secretary to the ISSC

Syah Nazrin holds a Bachelor's degree in Shariah from Yarmouk University, Jordan and was also conferred with dual Master's degrees in Islamic Jurisprudence and its Legal Theory (Fiqh and Usul Fiqh) and Masters of Laws (LLM) from International Islamic University in Malaysia under the Central Bank of Malaysia's Scholarship Award.

He is a Certified Shariah Advisor and Auditor by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as well as a Shariah professional banker with over 13 years of global banking experience. He currently holds the position of the Head of Sharia Control and the Secretary to the Internal Sharia Supervisory Committee (ISSC) of United Arab Bank (UAB). He is also a member of Association of Shariah Advisors in Islamic Finance (ASAS) and had successfully completed the Certified Qualification in Islamic Finance (CQIF) from Islamic Banking & Finance Institute Malaysia (IBFIM). Prior to joining UAB, he worked in the world's largest Islamic banks, Al Rajhi Bank and Dubai Islamic Bank (DIB).

Annual Report of the Internal Sharia Supervisory Committee

Pursuant to requirements stipulated in the relevant laws, regulations and standards ("the Regulatory Requirements"), the Internal Sharia Supervisory Committee of the Institution ("ISSC") presents to you the ISSC's Annual Report regarding Sharia-compliant businesses and operations of the Institution for the financial year ending on 31 December 2025 ("Financial Year").

1. Responsibility of the ISSC

In accordance with the Regulatory Requirements and the ISSC's charter, the ISSC's responsibility is stipulated as to:

- a. undertake Sharia supervision of all businesses, activities, products, services, contracts, documents and business charters of the Institution; and the Institution's policies, accounting standards, operations and activities in general, memorandum of association, charter, financial statements, allocation of expenditures and costs, and distribution of profits between holders of investment accounts and shareholders ("Institution's Activities") and issue Sharia resolutions in this regard, and
- b. determine Sharia parameters necessary for the Institution's Activities, and the Institution's compliance with Sharia within the framework of the rules, principles, and standards set by the Higher Sharia Authority ("HSA") to ascertain compliance of the Institution with Sharia.

The senior management is responsible for compliance of the Institution with Sharia in accordance with the HSA's resolutions, fatwas, and opinions, and the ISSC's resolutions within the framework of the rules, principles, and standards set by the HSA ("Compliance with Sharia") in all Institution's Activities, and the Board bears the ultimate responsibility in this regard.

2. Sharia Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Sharia Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Sharia requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities without exception.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Sharia supervision of the Institution's Activities by reviewing those Activities, and monitoring them through Internal Sharia Control Department and Internal Sharia Audit Department in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

- a. Convening four (4) meetings during the year.
- b. Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.
- c. Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.
- d. Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
- e. Supervision through Internal Sharia Control Department and Internal Sharia Audit Department of the Institution's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- f. Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by Internal Sharia Control Department and Internal Sharia Audit Department – and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
- g. Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- h. Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with Sharia.

The ISSC sought to obtain all information and interpretations deemed necessary in order to reach a reasonable degree of certainty that the Institution is compliant with Sharia.

4. Independence of the ISSC

The ISSC acknowledges that it has carried out all of its duties independently and with the support and cooperation of the senior management and the Board of the Institution. The ISSC received the required assistance to access all documents and data, and to discuss all amendments and Sharia requirements.

5. The ISSC's Opinion on the Sharia Compliance Status of the Institution

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Sharia, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Sharia, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard. It is noteworthy to mention that no Zakat obligations on the Islamic Banking since all Islamic Assets are being financed by Islamic depositors and there is no contribution from United Arab Bank shareholders.

The ISSC formed its opinion, as outlined above, exclusively on the basis of information perused by the ISSC during the financial year.

Signatures of members of the Internal Sharia Supervisory Committee of the United Arab Bank:

Sheikh Dr. Moosa Tariq Khoory
Chairman & Executive Member

Sheikh Dr. Aziz Farhan AlEnezi
Member

Sheikh Mohd Bahroddin Badri
Member

Corporate Governance (continued)

UAB ESG framework

UAB Sustainability (ESG) Frameworks and Standards

UAB is committed to align its Sustainability (ESG) framework with leading global and regional sustainability frameworks, including:

- Global Reporting Initiative (GRI) Standards
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Abu Dhabi Securities Exchange (ADX) ESG Disclosure Guidelines
- IFRS S1 and S2 climate and sustainability disclosure standards
- Alignment with UAE Vision 2031 and UAE Net Zero 2050 initiatives

Key Strategic Pillars of our Sustainability Management Approach

• Corporate Governance

Bank-wide governance model via a CEO-chaired Sustainability Committee with senior executives from businesses, control and enablement functions. The Committee's chartered mandate covers ESG strategy integration, policy oversight, KPI tracking, and regulatory alignment (CBUAE, ADX; informed by IFRS S1/S2 and TCFD). This structure ensures issues escalate to the Board and that ESG is addressed within the same frameworks that govern capital, credit, liquidity and operations. External engagement spans regulators, customers, investors, suppliers, NGOs and industry associations, with clear mechanisms to capture feedback and inform policy, risk, and disclosure.

• Responsible Banking

The Bank integrates ESG into core banking through priority topics that include Sustainable Finance, Customer Experience, Data Privacy & Cybersecurity, and Financial Crime Prevention and which are assessed on an ongoing basis via a Double Materiality Assessment exercise. These priorities are reviewed under the Bank's governance to ensure responsible growth and regulatory readiness.

• Workforce

The Bank prioritizes a capable, inclusive, and accountable workforce aligned to its ESG strategy, focused on enabling consistent policy adoption, data quality, and coordinated delivery across the Bank.

• Social Impact

The Bank invests in community programs aligned with national priorities—youth, health, inclusion, and culture—mobilizing employees through volunteering and partnerships.

• Environment

The Bank remains committed to environmental sustainability by reducing its carbon emissions and aligning its initiatives and programs with the UAE's Net Zero by 2050 initiatives.

Governance & ESG Priorities

ESG Governance Overview

UAB has implemented a clear and structured ESG governance model to ensure accountability, transparency, and strategic alignment across all levels of the organization. This governance framework integrates sustainability into the bank's corporate strategy, enterprise risk management, and stakeholder engagement processes. The framework is supported by a formal Sustainability Committee, chaired by the Chief Executive Officer and composed of senior leadership across key business and support functions.

• Committee Mandate and Scope

The Sustainability Committee is the primary governance body responsible for overseeing all ESG-related strategies, initiatives, policies, and performance tracking across the bank. It operates under the delegated authority of the Management Committee (ManCom) and which in turn reports to the Board Governance and Remuneration Committee. The Committee's mandate is formalized through the Sustainability Committee Charter (Version 1, January 2024), which defines its structure, scope, and operating protocols. This multi-layered structure — Board, ManCom, and Sustainability Committee — reflects international governance standards and ensures that ESG priorities are systematically embedded into UAB's strategic and operational decision-making.

The Committee's responsibilities include advising ManCom on the integration of sustainability principles into the bank's long-term strategy and annual business plans. Its role is to ensure that ESG risks and opportunities are appropriately identified, assessed, and managed across all business units. The Committee's role is to also review performance against the set ESG KPIs, overseeing ESG-related policy development, and ensuring alignment with regulatory requirements and international best practices.

• Culture, Training, and Best Practices

A critical component of the Committee's role is to foster a sustainability-oriented culture within UAB. This includes guiding internal awareness and training programs, facilitating cross-departmental coordination on ESG topics, and monitoring the effectiveness of implementation.

• Committee Composition and Operations

UAB's governance framework ensures that sustainability is embedded across all levels of the Bank. Ultimate accountability rests with the Board of Directors, which receives updates and escalations on ESG matters through the Management Committee (ManCom). This ensures that sustainability risks and opportunities are considered in line with UAB's overall corporate strategy and risk appetite.

The Sustainability Committee, chaired by the Chief Executive Officer and comprising senior executives from key business and control functions, is the central coordinating body for ESG. The Head of Corporate Banking serves as Vice-Chair, while the Head of Investor Relations, Strategy & ESG acts as Secretary, ensuring effective organisation of meetings and secure digital archiving of all decisions and follow-ups. The Head of Corporate Governance serves as a permanent invitee.

The Committee meets at least twice annually, with provisions for urgent matters to be approved by circulation. Minutes and resolutions are documented, circulated, and reviewed to maintain transparency and accountability. The Charter is reviewed once every two years, or earlier in response to regulatory or strategic developments, ensuring continued alignment with best practice.

Stakeholder Engagement (who & how)

At United Arab Bank (UAB), stakeholder engagement is a fundamental pillar of our ESG strategy. Our engagement framework ensures that feedback from stakeholders informs our materiality assessments, ESG strategy, risk management processes, product innovation, and reporting practices.

UAB maps and categorizes stakeholders based on influence, interest, and impact across our operations and sustainability agenda. Our approach combines regular consultations, targeted feedback mechanisms, and structured communication channels to ensure that we capture both strategic and operational inputs.

External Stakeholders

- Regulators
- Customers
- Investors & Shareholders
- Supplies & Vendors
- Communities & NGOs
- Industry Associations

Internal Stakeholders

- Board of Directors (BoD)
- Sustainability Committee (SC)
- Investor Relations (IR), Strategy & ESG
- Businesses & Support department ESG coordinators
- All staff

Corporate Governance (continued)

Double Materiality Assessment (DMA)

United Arab Bank (UAB) applies a double materiality lens to identify and prioritize Environmental, Social, and Governance (ESG) topics that are critical to both business performance and stakeholder impact. This approach ensures that UAB evaluates not only how ESG factors influence its financial outcomes (financial materiality) but also how the bank's operations affect society and the environment (impact materiality).

The methodology is aligned with global ESG reporting standards—GRI, SASB, and TCFD—and reflects UAE-specific expectations, including the Abu Dhabi Securities Exchange (ADX) ESG Disclosure Guidance and the Central Bank of the UAE (CBUAE) Principles for Effective Climate Risk Management. It also incorporates references to emerging global standards such as IFRS S1 and S2 and considers alignment with UAE Vision 2031 and Net Zero 2050 targets.

ESG Priorities & Initiatives

As an outcome of the DMA, the bank has currently prioritized the following topics to be addressed as part its sustainability commitments:

1. Sustainable Finance
2. Customer Experience
3. Risk Assessment and Management
4. Corporate Governance, Compliance & Code of Conduct
5. Financial Crime Prevention:
6. Data Privacy and Cyber Security
7. Emiratization
8. Employee Wellbeing & Workplace Health and Safety
9. Climate Change

For more information on UAB's sustainability initiatives and disclosures, please refer to the Overview of Sustainability @ UAB section in this Annual Report.

Internal Controls

Risk Management

CRO's statement

In 2025, Risk Management continued to play an active role towards further strengthening of balance sheet (capital, liquidity and asset quality) while adhering to all applicable regulatory compliance norms towards enabling sustainable growth.

Scope of Risk Management

UAB's risk management strategy includes comprehensive enterprise-wide risk and compliance risk frameworks, which are fully aligned with Bank's Vision to drive consistent value for all stakeholders. The key strategic imperatives that drive risk management strategy include the following:

- **Sound Fundamentals and Strong Risk Bearing Capacity:** Maintaining strong financial and operational fundamentals serves as a foundation for effective risk management and supports risk bearing capacity.
- **Strategic Alignment and Enduring Partnership with Business Lines:** A risk management approach that is strategically aligned with business goals ensures a close partnership between risk management and business units to effectively manage risks.
- **Prudent Deployment of Capital, Liquidity and Provisioning:** Efficient deployment of capital, liquidity, and provisioning supports sustainable growth and minimizes risks.
- **Comprehensive and Integrated Corporate & Risk Governance Framework:** A robust corporate and risk governance framework ensures effective risk management, independent oversight, and accountability.
- **Resilient Risk Infrastructure and Strong Risk Culture:** A strong risk infrastructure and culture promotes transparency, accountability, and a proactive approach to risk management.

Comprehensive Risk Management Framework

The scope of risk management includes all material financial and non-financial risks viz. strategic and reputation risk, regulatory risk, capital risk, credit risk, credit concentration risk, market/ investment risk, liquidity and interest rate risk, operational, fraud and business continuity risk, IT and information security risk, conduct risk, people risk, ESG risk, model risk, Shariah non-compliance risk, displaced commercial risk, rate of return risk, and equity investment risk etc. The framework comprises end to end risk management from origination and assessment of risks to ongoing monitoring, control, review, and reporting of risks. This is complemented by an active oversight through Board and Management level committees, sub-committees and authorities.

Strong Governance and Operating Model

The Bank has a strong governance framework in place to ensure that its risk management framework is effective and that risks are managed in a controlled and transparent manner. This includes committees at Board and Management levels, clear policies and procedures, regular reporting and monitoring, and independent oversight from internal and external stakeholders.

a) Corporate Governance Framework

UAB has institutionalized a comprehensive and sound corporate governance framework which facilitates effective decision making and builds a strong relationship with stakeholders through a transparent structure that supports high quality disclosures.

Board Level Committees

The Board of Directors are ultimately responsible for identifying and controlling risks; however, there are separate Board sub-committees responsible for managing and monitoring risks, namely Board Credit Committee (BCC), Governance and Remuneration Committee (GRC), Board Risk & Compliance Committee (BRCC), Board Audit Committee (BAC). Joint meetings between BAC and BRCC are also held to ensure effective coordination and collaboration between the two committees in managing risks. This joint meeting enhances the overall risk management framework by providing a platform for robust discussions and effective decision-making in matters relating to risk management.

Management Level Committees

The Board level committees are further supplemented by management committees to ensure comprehensive risk management and governance. These committees include Management Committee, Asset Liability Committee, Credit Portfolio Committee, Credit Committee, Risk Committee, Compliance Committee, Business Technology Steering Committee, Human Capital Committee, and Charity Committee. The Bank also has various management subcommittees to assist management committees and senior management in discharging their duties and responsibilities.

b) Risk Management Framework (Three Lines of Defense)

UAB's risk management framework is built on three lines of defense, which work together to ensure that risks are effectively identified, assessed, monitored, and controlled:

- The First line of defense is the business units and support functions, which are responsible for identifying, assessing, and managing risks in its day-to-day activities.
- The Second line of defense consists of Risk management, Compliance, Credit, Legal, Shariah Control and Finance functions which provides oversight and support to the business units in managing risks.
- The Third line of defense is the internal audit function (including Shariah Audit), which independently assesses the effectiveness of the Bank's risk management framework and provides recommendations for improvement.

As part of the three lines of defense, the Board and Management committees are further supplemented by functions who are responsible for day-to-day monitoring of risks. The risk management framework, processes and methodologies are periodically benchmarked against industry best practices and regulations

For further details on Risk Management's progress on strategic risk imperatives, principal emerging risks, their oversight and mitigation, please refer to the Risk Management section in the Annual Report.

Compliance

CCO's statement

In 2025, the Compliance function continued to strengthen the Bank's regulatory compliance and governance framework, with a focus on enhancing regulatory adherence, conduct standards. In line with the Central Bank of the UAE requirements and applicable regulatory guidance, emphasis was placed on reinforcing AML/CFT controls, regulatory reporting and internal control effectiveness. Ongoing monitoring, staff awareness and supervisory engagement supported the Bank's commitment to prudent operations and sustainable growth within the evolving regulatory environment. Zsombor Brommer was appointed as Chief Compliance Officer at UAB in September 2022.

Compliance, Regulatory Framework and Supervisory Oversight (2025)

The Bank is committed to complying with all applicable laws, regulations, standards, and supervisory requirements issued by the Central Bank of the UAE ("CBUAE"), as well as relevant regulations issued by the Securities and Commodities Authority, where applicable. This commitment is embedded within the Bank's governance framework (manual) and supports its objectives of maintaining market integrity, fair treatment of customers, and effective risk management.

The Bank recognizes that failure to comply with applicable regulatory requirements may result in regulatory, financial, and reputational risks. Accordingly, the Bank maintains a robust compliance program designed to identify, assess, monitor, and manage compliance risks across its activities, products, services, and jurisdiction of operation. The program is subject to periodic reviews to ensure continued alignment with regulatory expectations and the Bank's risk profile.

Compliance Function, Independence and Governance

The Compliance function operates as an independent second line of defense in accordance with the CBUAE Corporate Governance and Compliance related Regulations. The function supports the Board and Senior Management in establishing and maintaining an effective compliance control environment and in overseeing material compliance, including but not limited to AML/CFT, FATCA/CRS and Conduct risks.

The independence of the Compliance function is maintained through unrestricted access to information, systems, records, and personnel across the Bank. The Chief Compliance Officer ("CCO") directly reports to the Board Risk and Compliance Committee, with a dotted line reporting to the Chief Executive Officer, enabling timely escalation, independent challenge, and effective oversight of compliance matters.

The CCO provides regular and structured reporting to Senior Management and the Board on compliance risks, the Annual Compliance Plan, regulatory developments, supervisory interactions, remediation activities, and the overall effectiveness of the compliance program.

Compliance Risk Appetite and Conduct Risk Management

During 2025, the Bank enhanced its Compliance Risk Appetite Framework to further clarify risk tolerance levels, escalation thresholds, and accountability arrangements, in line with CBUAE expectations. The framework articulates the Bank's approach to managing compliance risks and reinforces its intolerance for material regulatory breaches, financial crime, bribery and corruption, and internal fraud.

The Bank also completed a comprehensive review and enhancement of its Conduct Risk Framework to ensure alignment with regulatory requirements and sound industry practice.

Financial Crime Compliance Oversight

The Bank maintains a Financial Crime Compliance framework designed to mitigate the risk of the Bank being used to facilitate financial crime. As part of this framework, governance and oversight of the Foreign Account Policies, procedures, and controls relating to AML/CFT were reviewed and enhanced to support effective customer classification, due diligence, monitoring, and reporting. The Bank maintains ongoing oversight of FATCA and CRS compliance through periodic monitoring, quality assurance activities, and management reporting to ensure adherence to applicable regulatory and reporting requirements.

FATCA and CRS Oversight

Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) programs were significantly strengthened during 2025. Policies, procedures, controls and systems relating to FATCA and CRS were reviewed and enhanced to support effective customer classification, due diligence, monitoring, and reporting. The Bank maintains ongoing oversight of FATCA and CRS compliance through periodic monitoring, quality assurance activities, and management reporting to ensure adherence to applicable regulatory and reporting requirements.

Regulatory Change Management and Regulatory Obligations Oversight

In recognition of the evolving regulatory landscape, the Bank maintains a regulatory change management and regulatory obligations oversight framework designed to identify, assess, implement, and monitor regulatory requirements issued by the CBUAE and other relevant authorities. Regulatory obligations are tracked and assigned to accountable owners, with implementation progress and compliance status subject to oversight by the Compliance function. This framework supports timely implementation of new and amended regulations and ongoing compliance with existing requirements. The Bank received an award for the implementation of an AI driven GRC application.

Supervisory Engagement and Remediation

During 2025, the Bank engaged with the Central Bank of the UAE through supervisory reviews, thematic examinations, and follow-up assessments. Under the oversight of the Board, Senior Management ensured that observations and recommendations arising from supervisory engagements are being addressed through defined remediation plans. Progress against remediation actions are being monitored, as well as considering continuous implementation of enhancements to governance arrangements, policies, processes, and controls where required.

People, Systems and Compliance Culture

Throughout 2025, the Bank was committed to invest in the capacity and effectiveness of the Compliance function through targeted resourcing, capability development, and systems enhancements.

The Board and Senior Management continue to promote a strong compliance culture across the Bank, setting the appropriate tone from the top and reinforcing accountability at all levels. Ongoing training and awareness programs support employees in understanding their regulatory obligations and their role in managing compliance risks and protecting the integrity of the Financial Market, our Customers, the interest of our Shareholders and the Bank's reputation.

At an industry level, the Bank continues to play an active role with regards to collaboration with the UAE Banks' Federation (UBF) as a member bank and membership of important advisory committees of the UBF, working on important initiatives, proposals and priorities.

Details of Violations in 2025

The Bank is committed to comply with all applicable laws and regulations and has a strong governance in place to identify, manage and address any regulatory breach, violation or instance of non-compliance. The Bank was not subject to any penalties in 2025.

Key activities and events in 2025

- Fitch (Ratings) upgraded UAB's viability ratings to 'bb-' and affirmed long-term ratings at 'BBB+' with a 'Stable' outlook (Mar 2025)
- Capital Intelligence (Ratings) upgraded UAB's Core Financial Strength to 'bb+' from 'bb', and affirmed Long-term Foreign Currency Rating at 'BBB+' with a 'Stable' outlook (July 2025)
- UAB successfully completed its capital raise of AED 1.03 billion through a Rights Issue (August 2025)
- Resignation of Mr. Joseph Abraham as a CBQ-nominated Board member on UAB's board (August 2025); replaced by appointment of Mr. Stephen Moss as CBQ's nominee (September 2025)
- Moody's (Ratings) upgraded UAB's credit ratings to 'Baa2' and assigned a 'Stable' outlook (Sep 2025)
- Launch of UAB's new brand identity, unveiled during the Bank's 50th anniversary celebration (Oct 2025)
- UAB successfully concludes AED 1.0 billion, 2-year Senior Unsecured Dual Tranche Term Loan (Dec 2025)

Corporate Governance (continued)

Cash and in-kind contributions to community development and environmental initiatives in 2025

UAB continues to demonstrate its commitment toward community developments and environmental initiatives with contributions of AED 148 thousand in 2025.

Key projects in 2025

Operations & PMO Projects

The Chief Operating Officer (COO) provides executive oversight over the Bank's operations, trade services, and administration, ensuring the effective execution of approved initiatives in line with the Bank's strategic objectives and goals. In 2025, following key initiatives have been delivered in COO's area.

1. Operations

- a. Robotic process automation for multiple processes.
- b. Records Management System went live digitizing document retention for seamless retrieval.
- c. Rhoon platform launched in line with CBUAE directive
- d. Payment maestro platform launched to comply with ISO20022 swift mandate
- e. Complete Aani enablement in retail channels covering instant payments & overlay services.
- f. Digital onboarding for individuals via portal for walk-in customers by branches and employees by HCM.
- g. FATCA & CRS automation in BPM

2. Trade Finance

- a. Vessel tracking tool

3. Administration and Facilities Management

- a. Master Control Room for unified access control management and monitoring of all onsite and offsite offices and ATMs
- b. Ticketing tool in ManageEngine related to Physical Security
- c. 8th and 10th floor renovation in Head office tower.
- d. Eco-friendly disposal system aligned to ESG objectives
- e. Multiple branches renovated
- f. Three new branches
- g. New CEO office setup

Revamped all branches as part of rebranding program

Information Technology Projects

#	Project Name	Description
1	Vessel Tracking	Implementation of a real-time vessel tracking solution to enhance trade finance monitoring, improve shipment visibility, and strengthen risk mitigation and regulatory compliance.
2	Moody's Model Risk Management	Deployment of Moody's Model Risk Management framework to strengthen governance, validation, and lifecycle management of financial and risk models in line with regulatory expectations.
3	Moody's ESG Scorecard	Implementation of Moody's ESG Scorecard to assess environmental, social, and governance risks, supporting sustainable finance initiatives and regulatory reporting.
4	Personal Mobile Banking V2	Revamp of Personal mobile banking application with new & enhanced functionality, improved customer experience and strengthened security controls.
5	Islamic Covered Cards	Launch of Shariah-compliant world & platinum covered card, enabling Islamic banking customers to access card services aligned with Shariah principles.
6	Records Management System (RMS)	Centralized Records Management System to ensure secure document storage, efficient retrieval, defined retention, and regulatory compliance.
7	Rhoon Platform	Successful implementation of the Rhoon platform align to Central Bank requirements along with supporting digital workflows and improve operational efficiency across business units.
8	Corporate Digital Onboarding	Deployment of a digital onboarding solution for corporate customers, enabling faster account opening with enhanced KYC, AML, and compliance checks.
9	Falcon AI Scoring for Credit Card	Implementation of AI-based Falcon scoring to enhance credit card fraud detection, transaction monitoring, and risk assessment.
10	Master Control Room Project Completion	Establishment of a centralized IT Master Control Room to enable real-time monitoring of systems, applications, and critical services.
11	Gurukul SIEM Platform	Implementation of Gurukul SIEM platform to enhance security monitoring, threat detection, and centralized log management across the IT environment.
12	All Microsoft 365 Functionalities	Full rollout of Microsoft 365 services to enable secure collaboration, productivity enhancement, and modern workplace capabilities.
13	Corporate Mobile App	Launch of the corporate mobile application to provide enhanced digital services and improved experience for corporate customers.
14	Qualco SCF Platform	Implementation of Qualco Supply Chain Finance platform to enhance trade finance offerings and improve supplier financing capabilities.
15	Commercial Card	Launch of commercial card solutions to support corporate expense management and business payment requirements.
16	First Electronic Banking Unit - (EBU)	Introduction of First EBU Branch in Festival Plaza Mall to provide Human less and Self Service Driven Banking services to enhance enterprise banking operations and service delivery.
17	Fineksus PayGate Maestro Platform	Implementation of Fineksus PayGate Maestro platform to comply with ISO 20022 MT to MX migration and enhance payment processing capabilities.
18	Moody's Asset Liability Management (ALM)	Deployment of Moody's ALM solution to strengthen balance sheet management, liquidity monitoring, and interest rate risk analysis.

Corporate Governance (continued)

#	Project Name	Description
19	Moody's IFRS Module	Implementation of Moody's IFRS module to support IFRS-compliant financial reporting and regulatory disclosures.
20	New Data Center Migration to MoroHub Dubai	Successful migration of the primary data center to MoroHub Dubai, enhancing resilience, security, and compliance with regulatory requirements.
21	Risk Based Authentication (RBA)	Implementation of Risk-Based Authentication to strengthen customer authentication and reduce fraud risk across digital channels.
22	SAP Rise Recognition & Compensation Module	Deployment of SAP Rise Recognition & Compensation module to enhance HR processes related to employee performance and rewards.
23	SironOne Upgrade	Upgrade of Siron Embargo, Siron AML, and Siron KYC systems to the latest version, strengthening compliance, sanctions screening, and AML capabilities.
24	Corporate WiFi	Implementation of secure corporate Wi-Fi infrastructure to support business operations and enhance workplace connectivity.
25	New Privileged Access Management Platform	Deployment of a Privileged Access Management (PAM) platform to strengthen access controls, monitoring, and security of privileged accounts.
26	Newgen Digital Onboarding	Newgen digital onboarding solution to streamline customer onboarding with enhanced automation and compliance checks with Paper less processing.
27	Full UAB Rebranding	Successful execution of full UAB rebranding across digital platforms, Branches, applications, and customer touchpoints.
28	SAP SuccessFactors Mobile	Launch of SAP SuccessFactors mobile application to enhance employee self-service and HR accessibility.
29	New Card Personalization Vendor	Onboarding of a new card personalization vendor to enhance card issuance efficiency, quality, and service resilience.

Signatures:

Chairman of the Board	Audit Committee Chairlady	Board Governance & Remuneration Committee Chairman
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Date: 20 February 2026

Date: 20 February 2026

Date: 20 February 2026



BUSINESS PERFORMANCE & OPERATIONAL REVIEW



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Chief Financial Officer's Review



The Bank remains committed to its growth strategy, building further upon the robust foundation established to date, while remaining agile and resilient to deliver superior and sustainable returns to its shareholders and enhanced value to all stakeholders.

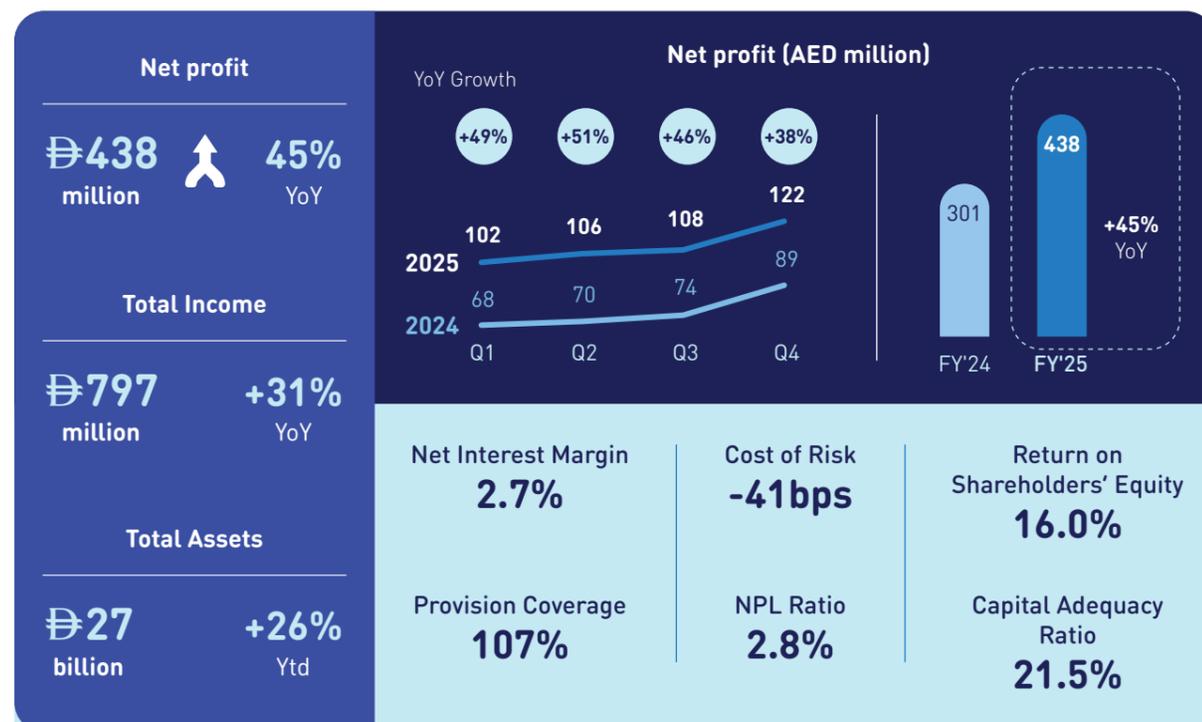


The Bank posted a stellar growth of 45% in net profit of AED 438 million for FY 2025, compared to AED 301 million for the same period last year. Earnings per share (EPS) increased to AED 0.18 per share for FY 2025 as compared to AED 0.15 per share for FY 2024, despite an enlarged share base.

The strong growth in net profit reflects the successful execution of strategy into results with significant growth in total assets across both, loans, advances and Islamic financing, and the investment book, disciplined expense management and prudent risk practices.

The Board of Directors has recommended a cash dividend payout of 25% of the net profit, amounting to AED 0.035 per share or 3.5% of issued capital for the year financial year ended 31 December 2025. The proposed dividend is subject to shareholders' approval at the next General Assembly meeting.

Key highlights (FY 2025): Consecutive growth in net profit for last 8 quarters



Robust operational performance drives strong growth in net profit

- Operating income in FY 2025 increased to AED 797 million, up 31% year-on-year (YoY), driven by higher non-interest and net interest income, which rose by 56% and 24%, respectively.
- Net interest income (NII) grew by 24% YoY, on the back of loan growth in FY 2025 as well as improvement in asset yields. Balance sheet continues to be managed efficiently with effective liquidity management by deploying in high-quality liquid assets to enhance yields. Net interest margin (NIM) was stable year-on-year at 2.7% for FY 2025, despite lower interest rates.
- Non-interest income increased significantly by 56% YoY in FY 2025 driven by the Bank's strategic focus to enhance cross-sell and FX income, realised investment gains and property-related gains in Q1 2025.
- The Bank remained disciplined in its discretionary spending, and focused on ensuring that all approved investments and spends across people, products and systems, contribute to enhancing productivity and efficiency. Operating expenses grew 15% yoy in FY 2025 reflecting these investments as well as non-discretionary regulatory driven expenses. Cost-to-income ratio improved to 46% in FY 2025 from 52% in the comparative prior year period.
- Persistent efforts to resolve non-performing loans resulted in successful realisation of strong recoveries throughout the year, leading to a net reversal in impairment charges of AED 51 million in FY 2025. This translated into a cost of risk (on loans and advances) of -41bps for FY 2025. The Bank continues to prudently manage risk and maintain focus on asset quality, even as it witnesses strong asset growth.

Robust fundamentals and strong customer-led growth remain key drivers of our sustainable and profitable growth

- Total assets increased by 26% Year-To-Date (Ytd) to AED 27.0 billion, driven by increase in lending book and high-quality investments.
- Investments portfolio grew 31% Ytd to AED 7.9 billion, as liquidity was efficiently deployed in high-quality assets to support yield enhancement.
- Net loans, advances and Islamic financing increased by 26% Ytd to AED 14.6 billion. Gross Islamic financing portfolio (across corporate and personal banking) grew by 89% Ytd, increasing its share of total lending to 16% from 10% at the beginning of the year. Year-to-date growth in lending was primarily led by large and mid-sized corporates in real estate and services, FI (financial institution) clients and retail mortgages.

- Customer deposits grew by 31% Ytd to AED 17.8 billion driven by strategic initiatives across Cash Management, Corporate Finance and Personal Banking towards enhancing CASA, optimising funding costs and building a solid deposit base to drive sustainable asset growth. CASA deposits increased by 42% Ytd to AED 6.5 billion, and represents 36% of total deposits.
- Liquidity and funding metrics remained strong and well within regulatory requirements, with eligible liquid asset ratio (ELAR) at 17% and advances to stable resources ratio (ASRR) at 70%. A new 2-year senior unsecured dual tranche term loan facility of AED 1.0 billion was also successfully concluded during the last quarter enhancing the Bank's ability to support clients' needs while advancing its strategic growth objectives. The Bank remains focused on rationalising and optimising its funding costs through a judicious mix of deposits from customers, short- and medium-term borrowings, in line with asset growth.
- Asset quality metrics remain healthy with gross NPL ratio at 2.8% and provision coverage of 107% (183% including collaterals) as of December-end 2025, as compared to 3.9% and 139% at December-end 2024, respectively.
- Total Equity increased by 58% Ytd to AED 4.0 billion, boosted by the successful completion of a AED 1.03 billion capital raise via a rights issue in the third quarter. As a result, capital adequacy ratios significantly strengthened with CET1, Tier1 and CAR ratio at 17.4%, 20.3% and 21.5% respectively as of December-end 2025 (post proposed dividend), compared to 12.7%, 16.2% and 17.4% at the beginning of the year. The new capital has not only strengthened the Bank's capital position further to remain resilient to any adverse macro-financial shocks, but also enabled future asset growth towards achieving its strategic and financial goals.
- Return on shareholders' equity was at 16.0% and return on assets was 1.8% for FY 2025.

UAB is currently rated investment-grade by Moody's (Baa2/P-2/Stable), Fitch (BBB+/F2/Stable) and Capital Intelligence (BBB+/A2/Stable). In 2025, Moody's upgraded the Bank's ratings to 'Baa2' citing continued progress in implementing the new strategy, and stronger credit metrics across asset quality, profitability, and solvency. While affirming their issuer-level ratings earlier in the year, both Fitch and Capital Intelligence have also recognised the improvement in UAB's financial and credit profile, by a one-notch upgrade in their assigned Viability Ratings (VR) and Core Financial Strength (CFS), respectively.

The Bank remains committed to its growth strategy, building further upon the robust foundation established to date, while remaining agile and resilient to deliver superior and sustainable returns to its shareholders and enhanced value to all stakeholders.

Abdul Haleem Sheikh
Chief Financial Officer

Corporate Banking

Solid performance drives business momentum

In 2025, Corporate Banking (CB) delivered a strong performance supported by disciplined balance sheet expansion, diversified income growth, and continued progress in client and digital transformation.

The business recorded a profit (before tax) of AED 326 million, reflecting a 54% year-on-year (YoY) growth, driven by sustained business momentum and significant recoveries. Operating profit increased by 51% YoY, supported by 31% growth in revenues, which reached AED 473 million. Cost management remained disciplined, with expense growth well below revenue growth, resulting in positive operating leverage and significant reduction in cost-to-income ratio. Corporate Banking contributed 59% of the Bank's total operating income and 68% of profit before tax in 2025, reinforcing its pivotal role in the Bank's financial performance.

The business capitalised on strong macroeconomic conditions and a constructive credit environment, benefiting from robust recoveries and successful resolution of legacy exposures. The loan book expanded by 21% year-on-year, with increased disbursements across key sectors including financial institutions, real estate, services and manufacturing. Client-led momentum also drove a 36% increase in total deposits, supported by a strong 50% rise in CASA balances, a testament to improved relationship depth and trust.

Corporate Finance segment generated the bulk of new assets, driven by consistent origination of primary and secondary transactions, including the successful execution of the Bank's first lead-arranged deal for a GRE (government related entity) client in collaboration with a partner bank.

CB Sales & Solutions onboarded over 300 new-to-bank clients during the year, benefitting from sustained mid-market activity and the continued expansion of family-owned businesses and offices, and drove the demand for trade finance and transaction banking solutions. Stable, low-cost CASA deposits supported balance sheet resilience and margin sustainability. The segment onboarded significantly contributed to the higher FX revenues generated, reinforcing its role as a key income and funding engine for the Bank.

The Financial Institutions segment focused on balanced growth across assets and liabilities amid a competitive pricing environment, achieving a strong double-digit growth in assets. During the year, the segment successfully led the raising of a AED 1 billion medium-term loan facility for the Bank, complementing deposits and trade loans mobilised across the year. The segment also continued to expand its ESG-linked asset portfolio, with approximately AED 750 million in sustainability-linked loans and investments.

The Contracting segment expanded in line with the UAE's buoyant real estate and infrastructure environment, with growth primarily driven by non-funded construction finance facilities. The Bank maintained a disciplined risk approach, supporting creditworthy contractors engaged with established developers and paymasters on financially sound projects.

Enhancing client experience

Enhancing client experience and accelerating digital adoption remained key priorities. By the end of year, over 80% of active clients were enabled on the CB's online banking platforms, while enhanced cash management and trade solutions deepened client engagement and increased share of wallet.

During the year, the CB also established a Central Services Unit to standardise processes and improve operational efficiency, alongside simplifying contract documentation and key banking forms. Additional process enhancements, including the implementation of email indemnity and streamlined transaction processing, contributed to reduced turnaround times and will further strengthen service delivery as they are fully implemented in 2026.

Strategic priorities for 2026 and beyond

As CB enters 2026, its strategic focus remains on strengthening the core franchise, accelerating sustainable balance sheet growth, and enhancing profitability through diversified income streams, while maintaining a disciplined approach to risk management and capital deployment. CB will continue to scale priority business segments, deepen client relationships, and leverage digital and analytical capabilities to support long-term value creation.

The expansion of the Commercial Banking segment within CB will be a central growth driver, contributing to both balance sheet growth and profitability through a focus on mid-sized and well-priced lending opportunities with strong risk-adjusted returns. CB will endeavour to further diversify its asset base across sectors and geographies, with particular emphasis on infrastructure-related businesses and non-real estate contracting clients, while expanding stable, low-cost funding through enhanced cash management and liquidity solutions.

In parallel, the business will advance the rollout of a comprehensive Virtual Account Management solution to support CASA growth and fee-based income. An end-to-end digital journey for all CB clients will improve operational efficiency, enhance client experience, and generate recurring transaction-led revenues, while reinforcing the stability of its funding base.

Maintaining strong asset quality will remain a key priority, with disciplined portfolio growth supported by enhanced analytical capabilities to optimise risk-adjusted returns and further reduce concentration risks.

CB, along with other business segments, intends to explore selective high-profile sponsorships and increased participation in key industry exhibitions and forums to enhance brand visibility, supporting business development and stakeholder engagement.

Overall, WB's outlook for 2026 remains cautiously optimistic, underpinned by a clear strategic direction, a strengthened operating platform, and a continued focus on prudent risk management, positioning it well to contribute significantly to the Bank's sustainable growth and return targets.

Profit Before Tax

₹326 million
up 54% yoy

Operating Income

₹473 million
up 31% yoy

Contribution to Operating Income

59%

Loans, Advances & Islamic Financing

₹11.6 billion
up 21% yoy

Customer Deposits (including Islamic Deposits)

₹14.8 billion
up 36% yoy

Corporate Banking's vision is to be the first-choice bank for corporate clients, fostering strong relationships with large and prominent family offices, local corporates, multinationals, governmental organizations, and financial institutions. Through dedicated teams across Abu Dhabi, Dubai, Sharjah, and Northern Emirates, Corporate Banking provides bespoke financial advice and solutions supported by Treasury & Capital Markets (TCM), Transaction Banking, and Islamic Banking specialists.

Corporate Banking product suite includes short-term working capital solutions, overdrafts, term loans, project and structured finance, commercial mortgages, syndications, trade finance, cash management services, and treasury services, delivered seamlessly through online and in-person channels.

Treasury & Capital Markets

Enhancing Returns, Optimising Liquidity, and Supporting Franchise Growth

In 2025, Treasury & Capital Markets (TCM) delivered another year of solid performance, marked by strong core income growth and enhanced balance sheet optimisation.

Operating income increased by 29% year-on-year to AED 244 million, contributing 31% of the Bank's total operating income. Growth was primarily driven by higher net interest income from a well-positioned investment portfolio, along with an increase in FX and trading income across client and proprietary activities. Proactive cost management supported profitability, with profit before tax rising to AED 157 million, reflecting a net 45% year-on-year growth despite market volatility and competitive pressures.

A key driver of TCM's performance was the continued expansion and active management of the Bank's high-quality and liquid investment portfolio, which grew by 31% year-on-year. This aligns with the Bank's broader strategy of enhancing liquidity deployment efficiency and achieving superior risk-adjusted returns through disciplined yield management.

Strengthening Collaboration and Cross-Sell

Throughout the year, TCM played a critical enabling role across the Bank's franchise, particularly through deeper collaboration with Corporate and Personal Banking teams. Relationship Managers were actively supported through targeted product training and awareness sessions, aimed at expanding their understanding of treasury solutions and enhancing cross-sell effectiveness. These initiatives successfully led to greater penetration of deposit and FX products across client segments.

Prudent Liquidity Management

Aligned with the Bank's strategic growth plan, TCM played a pivotal role in managing liquidity and acted as a key driver of funding initiatives through strategic customer deposits, money-market activities, repo transactions, and the successful execution of the club loan deal. TCM also ensured the prudent and effective deployment of excess liquidity into liquid assets, reinforcing the Bank's liquidity position and strengthening overall balance-sheet resilience.

Strategic Priorities for 2026 and Beyond

Looking ahead, TCM remains focused on enhancing its contribution to the Bank's revenue diversification, particularly by increasing non-interest income through an expanded suite of treasury products. The business aims to:

- Further optimise funding costs and rationalise the liabilities mix
- Launch new and innovative solutions across deposits, derivatives, and structured products

Profit Before Tax

₹157 million
up 45% yoy

Operating Income

₹244 million
up 29% yoy

Contribution to Operating Income

31%

Investments Portfolio (UAB)

₹7.9 billion
up 31% yoy

- Increase the share of CASA deposits through targeted campaigns
- Strengthen management of the investment portfolio and excess liquidity to maximise yield within prudent risk parameters

To support these objectives and further enhance operational agility, a comprehensive system upgrade is planned, which will significantly improve product delivery, client servicing capabilities, and risk management frameworks.

Treasury & Capital Markets (TCM) continues to act as a strategic enabler of growth across the Bank's businesses, supporting Corporate and Personal Banking through tailored funding, risk management, and investment solutions. With a disciplined approach to balance sheet management and a strong focus on innovation and collaboration, TCM remains a key pillar of UAB's sustained performance and resilience in an evolving operating environment.

Treasury & Capital Markets (TCM) supports the Corporate and Personal Banking franchises by delivering foreign exchange and risk management solutions to corporate and institutional clients. TCM also manages the Bank's fixed income investment portfolio, contributing stable interest income while overseeing liquidity management and interest rate risk exposures across the balance sheet.



Personal Banking

Expanding reach and elevating customer experience

In 2025, Personal Banking (PB) focused on executing its strategic priorities of expanding the customer base, enhancing service delivery, and strengthening distribution channels to provide an exceptional customer experience. The business concentrated on offering competitive personal and home loan solutions to meet evolving customer needs, while also introducing new credit card propositions designed to deliver market-leading benefits. Digital transformation was a key focus, with the launch of a new mobile banking application that offered superior user experience, end-to-end account opening in just a few minutes, and access to over 80 services. The branch and ATM network were further enhanced through the renovation of our two branches in Dubai, while three new branches will be opened in early 2026 in prime mall locations. These new branches will focus on acquiring new customers and generating business, thereby strengthening UAB's market presence and service accessibility.

Robust profitability led by strong asset growth

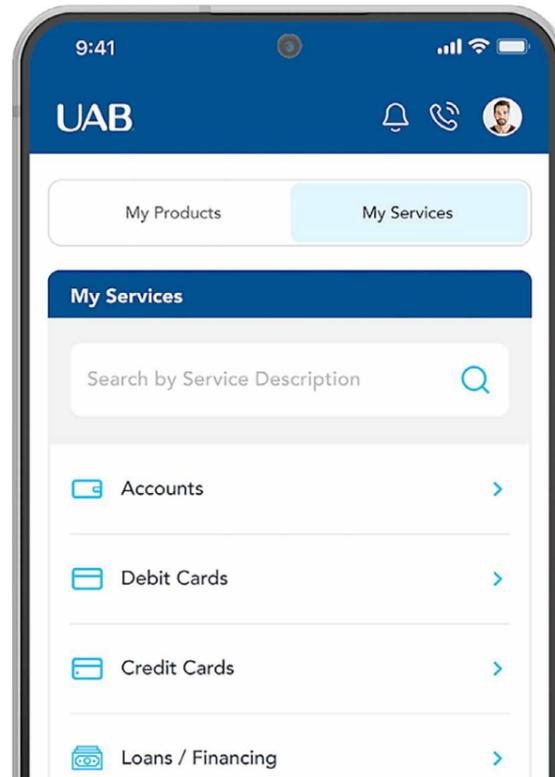
Personal Banking delivered strong financial performance in FY 2025, with total income increasing by 45% compared to FY 2024. This growth was driven by a 36% year-on-year increase in net interest income and a 93% rise in fees and other non-interest income, reflecting higher sales volumes and portfolio growth in mortgages and personal loans (with salary transfer). The strategic targeting of mortgage segments contributed to positive net interest income for the portfolio, while pricing optimization for the credit card portfolio maintained competitiveness and customer value, supporting sustainable revenue growth. Personal Banking assets grew 48% year-on-year to AED 3.1 billion as of 31 December 2025, led by mortgages and personal Loans, which increased by 48% and 53% respectively. Average CASA balances rose by 15% over the prior year, and total deposits increased 13% in FY 2025 to reach AED 3.0 billion.

Personal Banking at UAB is driven by its vision to be the preferred bank for families, guided by the principles of simplicity, convenience, transparency and sustainable growth. It aims to offer exceptional customer experiences across all channels with enhanced digital capabilities, focusing on select high-impact products and propositions to meet customer needs effectively.

Customer experience and engagement initiatives

Several initiatives were undertaken during the year to enhance customer experience and operational efficiency. Simplified forms were introduced for account opening, personal loans, mortgages, and funds transfers to reduce the effort required from customers. ATM functionality was also improved, allowing withdrawals in multiple denominations, as well as enabling immediate cheque clearing, providing greater convenience and flexibility. The Bank also undertook a comprehensive transformation of its credit and debit card offerings, launching modern designs aligned with UAB's refreshed visual identity. Two new credit cards with enhanced benefits, including Entertainer offers, cashback, and movie rewards, were introduced, alongside a Gold Limited Edition card catering to premium customer segments.

Digitalization continued to be a priority, with over 80 services made available on the mobile banking application, including certificates and letters such as IBAN verification. New journeys for term deposits, both Islamic and conventional, were released through the mobile app to facilitate seamless digital investments. A major project was initiated to digitize personal loans, mortgages, and credit card journeys, aimed at delivering end-to-end digital experiences and reducing turnaround times, with a planned go-live in 2026. These initiatives will not only enhance operational efficiency but shall also contribute to sustainability by reducing reliance on paper-based processes.



Strategic priorities for 2026 and beyond

Looking ahead to 2026 and beyond, Personal Banking will focus on introducing new products such as virtual assets and equities, while continuing to enrich its card propositions through loyalty programs and strategic partnerships. New services will include revamped remittance journeys and further digitalization of low-value branch transactions, along with continued modernization of the branch network, including the renovation of our existing branches under a modern branch concept. Premium Banking offerings will also be strengthened.

The business will leverage the mobile app as a key channel for customer acquisition and implement end-to-end digital journeys for loans, cards, and account opening, complemented by real-time credit card issuance and digital signatures to enhance convenience and speed. Overall, these priorities reflect Personal Banking's continued commitment to delivering a seamless, secure, and differentiated banking experience. By combining innovative product offerings, advanced digital capabilities, and a modernized physical presence, the business will continue to enhance service quality, deepen customer relationships.



Key figures:

Loans, advances and Islamic financing

₹3.1 billion
up 48% yoy

Customer deposits

₹3.0 billion
up 13% yoy

Operating Income

₹79 million
up 45% yoy

Contribution to Operating Income

10%

Islamic Banking

In 2025, Islamic Banking's performance was underpinned by strong momentum in asset growth, improved deposit mobilization, and enhanced income generated activities. The business benefitted from increased focus on new business development, strengthened collaboration with internal stakeholders and pro-active engagement with clients to secure competitive commercial terms. These drivers, combined with disciplined portfolio management, introduction of Sharia-compliant products and targeted expansion across priority segments, positioned Islamic Banking for sustained growth and improved financial contribution throughout the year.

Strong double-digit growth across revenue and assets

The business recorded a double-digit revenue growth of 25% in FY 2025 over the prior year. This was driven by strong growth in Islamic financing provided, stronger CASA mobilisation, and incremental fee income generated from new business.

Total Islamic assets grew by 30% in FY 2025 led by sharp and targeted focus on origination efforts, enhanced coordination with Corporate Banking team, and successful negotiation of enhanced competitive commercial terms with clients. Gross Islamic financing now contributes 16% of the Bank's total loans, advances and Islamic financing as of 31 December 2025, up from 10% at the end of previous year.

Key initiatives and milestones

- Launched Islamic Escrow product with multiple profit payment options. This product will aid Islamic Banking in increasing its share of the overall market escrow accounts for real estate developers.
- Developed and launched Islamic trade finance products, including Islamic Letters of Credit (L/C) and Islamic Letters of Guarantee (L/G), expanding the Bank's Sharia-compliant offerings for corporate clients.

- Revamped Corporate Ijarah and Commodity Murabaha / Tawarruq product programmes by updating product documentation and structures to align with Sharia requirements, applicable regulatory standards, and prevailing market best practices, while enhancing clarity, robustness, and commercial viability.
- Revised the Mudarabah profit distribution parameters in alignment with Higher Sharia Authority guidelines, and the restructuring of Islamic credit cards from Qard-al-Hassan to a profit-covered credit card model. These enhancements were supported by comprehensive end-to-end testing and successful market launch, strengthening Sharia compliance, product robustness, and overall customer experience in line with established market best practices.
- Successfully launched Online Banking and Mobile App for Islamic Banking customers and enabled digital onboarding of customers in Branches.

Strategic priorities for 2026 and beyond

Looking ahead, Islamic Banking will focus on expanding both its asset and deposit base to enhance market share and strengthen the overall scale of operations. Key priorities include deepening penetration across existing client segments whilst introducing a broader suite of Sharia-compliant tailored products for each market segment. Market diversification opportunities across the GCC region would also be explored to capture cross-border growth and improve portfolio resilience. Enhancement of existing customer offerings and introduction of more digital channels across client journey mediums is also a strategic priority for 2026. These efforts would be supported by continued alignment with customer facing business units, targeted balance sheet optimization, and disciplined execution of transactions in order to reinforce Islamic Banking's competitive positioning and long-term competitiveness.

UAB offers Sharia-compliant products and services through Islamic Banking, an Islamic window licensed by the CBUAE. This business unit applies a robust Sharia governance mechanism to ensure that all products and services offered are duly accredited and in line with Sharia principles and the CBUAE Higher Sharia Authority ("HSA") guidelines and regulations.

It is well supported by the Bank's other business segments namely Corporate Banking, Treasury & Capital Markets and Personal Banking segments.

Islamic Banking aims to be the preferred partner for its customers for Sharia compliant products and services. It caters to the needs of corporate, institutional and retail customers with a wide range of tailored and off-the-shelf products and services.

Gross Islamic Financing

₹2.4 billion
up 89% yoy

16% contribution to UAB's total loans, advances & Islamic financing

Islamic Customer Deposits

₹2.6 billion
up 25% yoy

15% contribution to UAB's total customer deposits



Risk Management

In 2025, Risk Management continued to play an active role towards further strengthening of balance sheet (capital, liquidity and asset quality) while adhering to all applicable regulatory compliance norms towards enabling sustainable growth.

Scope of Risk Management

UAB's risk management strategy includes comprehensive enterprise-wide risk and compliance risk frameworks, which are fully aligned with Bank's Vision to drive consistent value for all stakeholders. The key strategic imperatives that drive risk management strategy include the following:

- **Sound Fundamentals and Strong Risk Bearing Capacity:** Maintaining strong financial and operational fundamentals serves as a foundation for effective risk management and supports risk bearing capacity.
- **Strategic Alignment and Enduring Partnership with Business Lines:** A risk management approach that is strategically aligned with business goals ensures a close partnership between risk management and business units to effectively manage risks.
- **Prudent Deployment of Capital, Liquidity and Provisioning:** Efficient deployment of capital, liquidity, and provisioning supports sustainable growth and minimizes risks.
- **Comprehensive and Integrated Corporate & Risk Governance Framework:** A robust corporate and risk governance framework ensures effective risk management, independent oversight, and accountability.

- **Resilient Risk Infrastructure and Strong Risk Culture:** A strong risk infrastructure and culture promotes transparency, accountability, and a proactive approach to risk management.

Comprehensive Enterprise Risk Management Framework

The scope of risk management includes all material financial and non-financial risks viz. strategic and reputation risk, regulatory risk, capital risk, credit risk, credit concentration risk, market/ investment risk, liquidity and interest rate risk, operational, fraud and business continuity risk, IT and information security risk, conduct risk, people risk, ESG risk, model risk, Shariah non-compliance risk, displaced commercial risk, rate of return risk, and equity investment risk etc. The framework comprises end to end risk management from origination and assessment of risks to ongoing monitoring, control, review, and reporting of risks. This is complemented by an active oversight through Board and Management level committees, sub-committees and authorities.



Strong Governance and Operating Model

The Bank has a strong governance framework in place to ensure that its risk management framework is effective and that risks are managed in a controlled and transparent manner. This includes committees at Board and Management levels, clear policies and procedures, regular reporting and monitoring, and independent oversight from internal and external stakeholders.

Corporate Governance Framework

UAB has institutionalized a comprehensive and sound corporate governance framework which facilitates effective decision making and builds a strong relationship with stakeholders through a transparent structure that supports high quality disclosures.

Board Level Committees

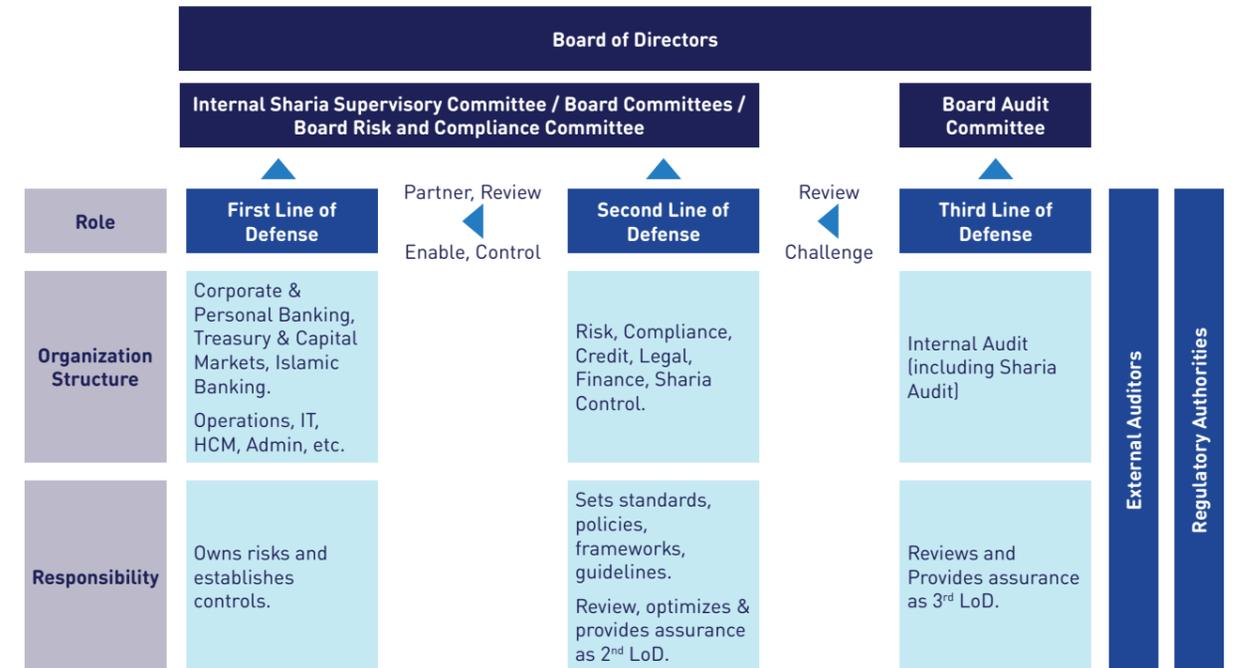
The Board of Directors are ultimately responsible for identifying and controlling risks; however, there are separate Board sub-committees responsible for managing and monitoring risks, namely Board Credit

Committee (BCC), Governance and Remuneration Committee (GRC), Board Risk & Compliance Committee (BRCC), Board Audit Committee (BAC). Joint meetings between BAC and BRCC are also held to ensure effective coordination and collaboration between the two committees in managing risks. This joint meeting enhances the overall risk management framework by providing a platform for robust discussions and effective decision-making in matters relating to risk management.

Management Level Committees

The Board level committees are further supplemented by management committees to ensure comprehensive risk management and governance. These committees include Management Committee, Asset Liability Committee, Credit Portfolio Committee, Credit Committee, Risk Committee, Compliance Committee, Business Technology Steering Committee, Human Capital Committee, and Charity Committee. The Bank also has various management subcommittees to assist management committees and senior management in discharging their duties and responsibilities.

Risk Management Framework (Three Lines of Defence):



The Bank's risk management framework is built on three lines of defence, which work together to ensure that risks are effectively identified, assessed, monitored, and controlled:

- The First line of defence is the business units and support functions, which are responsible for identifying, assessing, and managing risks in its day-to-day activities.
- The Second line of defence consists of Risk management, Compliance, Credit, Legal, Shariah Control and Finance functions which provides oversight and support to the business units in managing risks.
- The Third line of defence is the internal audit function (including Shariah Audit), which

independently assesses the effectiveness of the Bank's risk management framework and provides recommendations for improvement.

As part of the three lines of defence, the Board and Management committees are further supplemented by functions who are responsible for day-to-day monitoring of risks. The risk management framework, processes and methodologies are periodically benchmarked against industry best practices and regulations

For more details on the Board-level, Management-level committees and sub-committees, please refer to the Corporate Governance section in this report.

Risk Management (continued)

Key attributes and strategic risk imperatives accomplished in FY 2025:

- **Stringent risk appetite alignment and adherence** – Strict adherence to risk appetite metrics and thresholds across all material financial and non-financial risks. Risk appetite alignment and amendments is done on a proactive basis in line with the Bank’s strategy and regulatory requirements.
- **Strong Governance** – Robust risk governance structure consisting of frameworks, processes and methodologies that is periodically benchmarked and aligned against best practices and regulations.
- **Integration of Technology** – Driving operational accuracy and efficiency through integration of technology into processes has been a key strategic priority. UAB has invested in advanced systems to identify, measure, control and support the management of credit risk, capital risk, market risk, liquidity risk and other material financial risks.
- **Information security governance and fraud risk controls** – UAB has made continuous efforts and investment in strengthening cyber risk controls and fraud prevention in view of evolving threats.
- **Operational resilience** - UAB operates an integrated operational risk management framework encompassing people, processes, systems and embedded across all units and fortified through enhanced controls across products, processes, frameworks and conduct risk implementation,
- **Business Continuity** - Deployment of a resilient infrastructure for Business Continuity Management which is supported by a robust Disaster recovery framework.
- **Model Risk Governance** – Establishing governance across the model lifecycle encompassing development, validation, approval, implementation and performance monitoring of all the models.
- **Sustainability and ESG Risk Framework** - Comprehensive ESG Risk Governance Framework is in the development phase, alongside the ongoing integration of an ESG risk calculator into the credit underwriting workflows. Climate stress test and Financial Stability Unit (FSU) stress testing exercise conducted and ESG risk included in the annual ICAAP exercise
- **Building a proactive risk management culture** – A proactive risk culture is embedded through risk training and awareness, mandatory trainings, circulation and awareness of regulations and tone from the top of leading by example.
- **Robust portfolio management and reporting** - Monitoring of portfolio to ensure adherence to established guidelines and limits. UAB maintains a comprehensive risk reporting framework which provides all the critical risk information that arises from various risk streams and business units across the Bank to the Board, senior management and the management committees.



Risk landscape: Oversight and Mitigation

UAB remains committed to maintaining a forward-looking approach towards risk management as the risk landscape continues to evolve rapidly characterized by technological advancement, regulatory change, geopolitical uncertainty and shifting market and consumer expectations. Key emerging risks and areas of focus for FY 2026 can be summarized as follows:

Capital Risk:

- Rights Issue of AED 1.03 B completed in FY 2025 has strengthened UAB’s capital ratios.
- Macroeconomic risks and evolving regulatory and supervisory requirements (including alignment with Basel III reforms) necessitate close monitoring of capital resilience. UAB ensures that appropriate level of capital is maintained through benchmarking and monitoring of capital risk ratios against risk appetite and regulatory thresholds on a quarterly basis and through regular review of policies, frameworks and risk appetite metrics.
- Regulatory capital adequacy reporting/assessment, Pillar I and Pillar III reporting and the ICAAP and Stress testing exercise is conducted in line with regulatory guidelines by the Central Bank of the UAE.

Investment and Market Risk:

- Sensitivity to quantum and timing of global rate cuts poses a key challenge in the management of investment risk.
- UAB follows a prudent business with risk appetite metrics and thresholds taking into consideration macroeconomic and market conditions.
- Limits for Investment and Market Risk are closely monitored by independent units. Policies, frameworks and procedures governing investment and market risk measurement coupled with monitoring and internal controls ensure risk control and oversight.

Technology, Cybersecurity and Fraud Risk:

- The increasing digitization and automation of banking services has heightened the probability of cyber threats, fraud incidents, data breaches and technology failures.
- UAB recognizes cybersecurity as an evolving risk and continues to invest and strengthen its information security defense framework through layered security controls, enhanced monitoring capabilities, regular vulnerability assessments and ongoing staff awareness programs and training.
- UAB has set up a robust fraud prevention program comprising of AI Risk scoring models, process and system enhancements for detection of suspicious transactions.

Liquidity and Interest Rate Risk:

- Emerging headwinds from lower policy rates to ease funding costs and margin compression is anticipated.

- UAB manages these risks through a strong Asset and Liability Management (ALM) framework, regular stress and scenario analysis, diversification in funding sources and maintenance of adequate liquidity buffers in line with regulatory requirements.

Credit Risk and Portfolio Quality:

- UAE growth outlook remains resilient however macroeconomic uncertainty, oil prices outlook and geopolitical developments may impact portfolio quality in certain segments.
- UAB actively manages credit risk through prudent underwriting standards, sector concentration limits, and early warning indicators including proactive stressed accounts managements through appropriate restructuring and recovery strategies.

ESG and Climate-Related Financial Risk:

- Growing focus on environmental, social and governance (ESG) considerations from regulatory perspective. Physical climate shocks and transition policies are now treated as core financial-stability risks
- UAB is integrating ESG considerations into credit assessments, sector policies and risk reporting, while aligning disclosures with evolving regulatory and market expectations. Bank has established a Sustainability Committee to guide and oversee the sustainability strategy.

Operational Resilience and Business Continuity:

- Operational disruptions arising from system outages, third-party failures or external events remain a key consideration.
- UAB continues to enhance its operational resilience by strengthening business continuity and disaster recovery plans, conducting regular testing, and improving oversight of critical service providers.

Data Governance and Model Risk:

- Comprehensive data management framework is fundamental to effective model risk management.
- UAB has enhanced its data governance framework through defined ownership, data quality controls and oversight of risk models to ensure accuracy, reliability and transparency.

Regulatory and Compliance Risk:

- UAE regulatory environment continues to evolve, particularly in areas such as anti-money laundering, consumer protection, data privacy and sustainable finance.
- UAB maintains a robust compliance framework supported by a risk based approach, investments in Smartreg technology and automation in regulatory monitoring, enhanced transaction monitoring tools and regular bank wide training programs.

Our Technology Journey

Enabling Digital Transformation and Operational Resilience

In 2025, United Arab Bank (the Bank) continued to advance its technology and digital transformation agenda, strengthening its ability to deliver secure, and customer-centric services. The year was marked by continued investment in digital channels, infrastructure modernization, cybersecurity, and governance frameworks, ensuring technology remains a strong enabler of business growth, operational resilience, and regulatory compliance in an increasingly digital banking environment.

Key Digital Achievements in 2025

In 2025, the Bank made significant progress in advancing its digital transformation agenda, strengthening its internal capabilities while enhancing customer and client experiences across retail and corporate banking.

The launch of the new Personal Banking Mobile Application represented a major milestone in UAB's customer-facing digital capabilities. The enhanced platform delivered improved user experience, higher levels of customer engagement, and access to new digital products and services, providing deeper integration across digital and physical channels.

The Bank also digitised the customer onboarding journey in branches, enabling faster and more efficient account opening while preserving a personalised, relationship-led experience. The digital in-branch onboarding process reduced manual intervention, improved data accuracy, and strengthened compliance, allowing frontline teams to focus more on advisory and value-added customer interactions.

UAB successfully introduced an end-to-end digital corporate onboarding journey, significantly improving speed, transparency, and efficiency for corporate and institutional clients. The Bank also rolled out multiple enhancements to its Corporate Online Banking Portal, introducing new features that improved usability, functionality, and client control. Additionally, the Bank introduced a digital Supply Chain Finance (SCF) offering, providing corporate clients and their supply chain partners with streamlined access to working capital solutions.

Internally, a key focus area during the year was employee engagement and digital talent enablement. The Bank enhanced workforce engagement and talent management through the enrichment of its Human Capital Management platform and an integrated mobile application, enabling more efficient collaboration, performance tracking, and engagement. In parallel, UAB launched a fully digital staff account opening journey, simplifying onboarding processes, reducing turnaround times, and improving the overall employee experience.

Enterprise Architecture and Digital Transformation

During the year, the Bank advanced its technology strategy by defining a business-aligned target state application architecture. This provided enhanced visibility across the enterprise technology landscape and established clear linkages between applications and business capabilities.

The approach enables informed decision-making on technology investments and is governed through the Business Technology Steering Committee. Ongoing investments continue to prioritise regulatory compliance and risk mitigation while accelerating the delivery of digitally enabled services in a cost-effective manner.

Operational Stability and Resilience

The Bank's Information Technology (IT) function remained focused on maintaining a stable, efficient, and resilient operating environment while addressing near-term challenges.

Operational stability was maintained throughout the year, with no material business disruptions and high availability across critical platforms. The operating model was strengthened through targeted hiring to rebuild core technical capabilities and mitigate service-level pressures. Service continuity risks were reduced through structured knowledge-retention initiatives, including the development of technical run books and cross-training programs.

Cost optimisation initiatives included transitioning development activities in-house, reducing vendor dependency and delivering sustainable efficiencies. Looking ahead, the function is transitioning towards a proactive, data-driven operating model through the planned deployment of real-time dashboards and monitoring tools.

Technology Infrastructure and Security

During the year, the Bank made significant progress in infrastructure modernization, data center migration, and cybersecurity enhancement. These initiatives improved operational efficiency, strengthened regulatory compliance, and enhanced business continuity capabilities.

A key milestone was the successful migration of core IT infrastructure from the Head Office Data Center to MoroHub Data Center in Dubai – a top tier certified secure hosting environment data center ensuring maximum uptime (99.98%) and enhanced security for our operations. Infrastructure optimization included server consolidation, migration of databases into high-availability clusters, and the adoption of Nutanix hyper-converged infrastructure to reduce legacy dependencies.



Modern application hosting capabilities were strengthened through container platforms such as OpenShift and NKP. End-user computing, collaboration platforms, enterprise monitoring, and patch management systems were upgraded to improve productivity, system reliability, and vulnerability remediation.

Security enhancements included the implementation of advanced Privileged Access Management solutions, encrypted communication systems using secure data & voice communications and the successful deployment of Zscaler to establish a Zero Trust security architecture. This replaced legacy remote access solutions and enabled secure, identity-driven access for on-premises and remote users, significantly strengthening the Bank's cybersecurity posture.

IT Governance, Control and Compliance

During the year, the Bank established a dedicated IT Governance function to strengthen technology controls, regulatory compliance, and operational oversight. The function serves as a central enabler for structured governance, risk management, and alignment with the Bank's strategic objectives.

Initial efforts focused on establishing a strong governance baseline through enhanced IT policies, clarified roles and responsibilities, and alignment with Central Bank of the UAE (CBUAE) regulations and recognized frameworks such as ITIL (Information Technology Infrastructure Library) and COBIT (Control Objectives for Information & Related Technology). Control processes were strengthened across change management, compliance monitoring, and audit coordination, supported by governance dashboards that provide enhanced visibility into risk indicators and service performance.

The roadmap includes increased automation of risk assessments, compliance reporting, and key risk indicators, enabling data-driven governance. Ongoing optimization initiatives focus on enhancing governance maturity through periodic gap assessments, improved configuration and asset visibility, and bank-wide awareness programs.

Through continued investment in digital innovation, infrastructure modernization, cybersecurity, and governance, the Bank has strengthened its technology foundation to support sustainable growth, operational resilience, and regulatory compliance. The Bank remains focused on delivering secure, efficient, and customer-centric digital experiences while ensuring that technology continues to enable long-term value creation.

Our People

UAB is committed to attracting, developing and retaining top talents, recognizing that its people are the cornerstone of the Bank's long-term success and sustainability. The Bank is dedicated to fostering a supportive, and engaging work environment that enables continuous learning, career progression and employee engagement.

UAB invests strategically in its employees through targeted learning and development programmes, flexible work arrangement and competitive compensation packages. The Bank also places a strong emphasis on building diverse, inclusive and merit-based workplace, where employees feel valued, respected and empowered to perform at their best.

A key pillar of UAB's talent strategy is its Emiratization agenda, which directly supports the nation's vision by building a strong and sustainable pipeline of local talents. Through structured Emiratization programmes, leadership development initiatives and accelerated career pathways, the Bank actively develops national capabilities and prepare future leaders to assume critical and senior role across the organization.

Beyond its internal initiatives, UAB plays an active role in the wider community, by supporting education, employability and career development opportunities. The Bank collaborates with local universities and academic institutions to offer internships, graduate programmes and early career opportunities, contributing to the development of the next generation of financial leaders in the region.

UAB's holistic approach to talent attraction, retention and Emiratization is a key enabler of its long-term growth and resilience. The Bank remains committed to invest in its people, strengthening UAE National talents' pipeline and create a positive workplace culture that support both business objectives and the broader national agenda.

Reward & Recognition

UAB views Reward & Recognition as a strategic investment in employee engagement and performance. The Bank's Reward & Recognition framework is designed to acknowledge exceptional contributions beyond day-to-day responsibilities, reinforce desired behaviors and align employee efforts with the Bank's values and strategic priorities.

By combining non-monetary recognition with targeted monetary awards, UAB fosters a culture of appreciation, motivation and accountability which directly contribute to higher engagement and performance levels.

To recognize our high-achieving employees, the Bank allocates AED 500,000 for its Reward and Recognition initiatives annually such as the Spot Award, Employee of the Quarter Award, Team of the Year Award, and CEO Award.

Driving People Development

UAB Human Capital Management (HCM) training team oversees defining the Talent development framework every year, in line with the strategic priorities and values in UAB's Annual Business and Strategic Plan. This framework enables the team in implementing a structured roadmap to ensure consistency and improve learning agility while governing the learning process for all parties involved [Trainee, trainer, coach, mentor, supervisor, assessor, and learning and development].

Individual development plans are established based on the framework and are identified through the learning and development needs analysis. Our performance review process is the main tool used to recognize and plan learning and development. The HCM training team will review the plans, expectations, and results with senior management while direct managers are in charge of ensuring that individuals' training requirements are met.

To ensure the effectiveness of our training, we perform a pre- and post-assessment for technical skills programmes, extract a report, determine the effectiveness of the training, and define improvements if needed. Further, we collect feedback from participants to evaluate their satisfaction and analyse how the training is helping with their career advancement path. Various assessment methods are used such as exercises, role play, and case studies.

We conducted 14 training programs for the senior management on a wide range of topics:

- Regulatory programs on compliance (AML/CTF, Sanctions, KYC FATCA, Personal Trading & Insider Information, Whistle-Blowing, and Conflict of Interest)
- Information Security Training (PII (personally identifiable information), PCI DSS (payment card industry data security standard), Acceptable Use Policy, Reporting Incidents, Data Leakage Prevention, Data Classification and Phishing Attacks)
- Risk Management, Fraud Risk Management, Operational Risk Management & Business Continuity Management
- Sharia Fundamentals
- Consumer Protection Regulation
- Anti Bribery & Corruption

Learning & Development Programmes

Programme	Description	Number of Beneficiaries
Linkedin Learning	Behavioral & Technical Programs	155 staff attended 746 programs
Third Party Training	Technical & Behavioral Program, Conferences / workshops/ seminars	118 staff attended 163 programs
EIF Training Program	Technical & Behavioral Program, Pathway Programs	490 staff attended 154 programs
UAB Programs (Regulatory + Soft Skills)	Regulatory Required Programs, Technical Awareness , Behavioral Training	490 staff attended 46 programs

Diversity, Inclusion, and Emiratization

UAB believes that diversity and inclusion spur innovation and foster a dynamic work culture where people can learn from each other and thrive on their differences. Our continued focus on hiring Emirati talents (30% of all 2025 hires) reflects our efforts on promoting Emiratization, as well as our efforts to create a more diverse and inclusive culture.

Gender Equality

As we continue promoting diversity and inclusion within our Bank, we also encourage increasing female employee participation and development to occupy leadership positions in the Bank.

In line with the UAE Central Bank Corporate Governance Regulations and Standards, UAB is working on improving the gender balance by developing a conscious hiring process based on our gender balance goals. Accordingly in 2025, and in line with the percentage in 2024 as well, 41% of our newly hired employees were females. Additionally, in 2025, female employees were provided with an average of 1 day more training hours than male employees. Our median male compensation to median female compensation is a healthy 110% in 2025 as compared to a 5-year average of 120% (2020 - 2024).

Emiratization

United Arab Bank envisions a future where UAE Nationals are well represented at all levels of the bank's workforce, from entry level positions to senior management roles. UAB recognizes its responsibility to employ UAE Nationals in various roles. Therefore, UAB aims to ensure success for UAE Nationals wishing to pursue a career in the financial services industry. The biggest resource of the nation is the growing youth who will eventually be the future leaders of this fine country. It is our core belief that the development of UAE National talent will accelerate growth and ensure continued achievements.

Our ultimate goal is to identify, assess, develop and provide opportunities to those UAE Nationals who exhibit outstanding talent through our Emiratization program. It is vitally important to the success of the Bank to have the pipeline of future leaders from the region, which can be developed through our extensive training and development programs.

Besides meeting the regulatory requirements, the emphasis is on offering career advancement opportunities to UAE Nationals. Efforts are made to ensure that UAE Nationals are given every possible opportunity for career progression and filling management positions in the business.

Our Emiratization ratio increased in 2025 to 30% from a 5-year average of 23% (2020 - 2024). The latter was achieved by having a strategic focus on recruiting and retaining UAE National talents through the following efforts:

- The Bank aims to attract UAE National talents from reputable educational institutions as high potential candidates by participation at local career fairs and job fairs, and collaboration with different universities and colleges to build our employer brand and showcase our culture and values.
- Enrolment and Participation on Nafis platforms, through posting jobs, reviewing applications, hiring through the platform and availing the advantages of Nafis pension funds, to support Emiratization initiatives in the bank.
- Actively seeking out UAE National candidates for open positions and attract UAE National talents through targeted recruitment campaigns, partnerships with educational institutions, and participation in job fairs and career events.
- Giving priority to UAE National employees for internal vacancies as part of developing their overall domain skills that is essential for future leadership roles.
- Placing Emiratization as a key pillar in the people quadrant of the senior management Balanced Scorecard.
- Investing in the training and development of the UAE National employees through, on job training, mentorship, leadership development, job rotation and career pathing.

Our People (continued)

- Creating a culture of inclusion and engagement that makes UAE National employees feel valued and connected to the organization through regular communication from senior leadership, opportunities for employees to provide feedback and suggestions, being engaged in the Emiratization events and activities such as, career fair, National day, and HCM events.
 - Emphasizing a culture of work-life balance to support the well-being and retention of UAE National employees through flexible work arrangements, remote work options, and promoting the importance of taking regular breaks and vacations.
 - Offering opportunities for fresh graduate UAE Nationals through Tomouh program, which is uniquely designed program to equip them in the relevant disciplines within the financial services industry. A blend of in-depth technical qualifications and critical career integration workshops will set them up for success and ensure their seamless integration in to teams and culture. Purpose of the program is for them to become the pipeline of the future leaders in the banking sector.
 - Offering competitive compensation by offering competitive UAE National allowance compensation package that aligns with the market.
- Furthermore, to support the advancement of their careers in the Bank, we offer a variety of training programmes dedicated to Emirati employees and customised to their career development needs.

Training Programmes for UAE Nationals					
Programme	Description & Activities conducted under the program in 2024	2022	2023	2024	2025
Leadership	Leadership and Management Skills Program	21	21	38	12
Mandatory / Regulatory	Mandatory / Regulatory programs on Operational Risk Awareness, Fraud Risk Awareness, Anti-bribery and Corruption	66	66	121	109
Industry specific	Shipping Documentations & Trade Frauds, Fraud Prevention, RCSA & KRI , Security [Awareness, Code of Conduct	48	48	120	127
Technical skills	FATCA / CRS , Risk Adjusted Return on Capital (RAROC), Credit Risk, Money Market, Counterfeit Currencies and Document Verification	64	64	118	127
Soft Skills	Emotional Intelligence, Critical Thinking & Decision Making, Time Management, Art of Networking, Presentation Skills, Communication Skills, Public Speaking skills	72	72	42	66
Fresh Graduate Program	Certified Banking Operations CBO, Specialization Pathway boot camps, International Professional Certification	17	34	17	17
Certification Program	CITF, CFE, ICA Diploma in Compliance, Certificate in: HR, Treasury & Compliance	6	19	6	16

Workplace Health & Safety

Helping our employees maintain and lead healthy lives is important for our Bank as we believe their well-being directly impacts their productivity and success. In line with the latter, UAB conducts different initiatives to raise awareness about critical health issues such as Breast Cancer and engages its employees in different physical activities where they can bring their families to spend quality time together and bond with others.

In 2025, we delivered the following initiatives:

Date	Activity	Activity description	No. of Participants
08/07/2025	Health & Wellness	General Health Screenings, Ophthalmology check-ups, Dental examinations, Dietitian Consultations, Skin Analysis, and Vitamin Sampling	207
24/07/2025	Health & Wellness	Health Checkup Day	188
09/10/2025	Health & Wellness	Flu - Vaccination Day	155
30/10/2025	Cancer Awareness	Breast Cancer Awareness Webinar	65
02/09/2025	Health Talk	Ergonomics in the workplace and common work related musculoskeletal Disorders	112
13/11/2025	Health Talk	Men's Health Awareness Webinar	176
01/05/2025	CSR	UAB Blood Donation	45
19/03/2025	CSR	UAB Giving Back: Dubai Club of People of Determination	37
25/09/2025	CSR	AlNoor Training Center for People of Determination Visit	20



Other Controller and Enabler Functions

Compliance

The Compliance function operates as an independent second line of defence in accordance with the CBUAE Corporate Governance and Compliance Risk Management Regulations. The function supports the Board and Senior Management in establishing and maintaining an effective compliance control environment and in overseeing material compliance, including but not limited to AML/CFT and Conduct risks.

The independence of the Compliance function is maintained through unrestricted access to information, systems, records, and personnel across the Bank. The Chief Compliance Officer ("CCO") directly reports to the Board Risk and Compliance Committee, with a dotted line reporting to the Chief Executive Officer, enabling timely escalation, independent challenge, and effective oversight of compliance matters. The CCO provides regular and structured reporting to Senior Management and the Board on compliance risks, the Annual Compliance Plan, regulatory developments, supervisory interactions, remediation activities, and the overall effectiveness of the compliance framework.

During 2025, the Bank:

- implemented a new Customer Risk Rating Methodology, enhanced its Compliance Risk Appetite Framework to further clarify risk tolerance levels, escalation thresholds, and accountability arrangements, in line with the regulatory expectations. The framework articulates the Bank's approach to managing compliance risks and reinforces its intolerance for material regulatory breaches, financial crime, bribery and corruption;
- completed a comprehensive review and enhancement of its Conduct Risk Framework to ensure alignment with regulatory requirements and sound industry practice;
- strengthened the governance and oversight of the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS) programs;
- facilitated periodic refresher trainings to AML/CFT Team based on the new regulations, market trends and new typologies etc. including Workshops/Webinars/outreach sessions conducted by relevant authorities.

In recognition of the evolving regulatory landscape, the Bank maintains a regulatory change management and regulatory obligations oversight framework designed to identify, assess, implement, and monitor regulatory requirements issued by the CBUAE and other relevant authorities. The Bank received an award for the implementation of an AI (artificial intelligence) driven GRC (Governance and Regulatory Compliance) application.

Legal

The Legal Department is a Second Line of defense function and acts as an independent control and advisory unit within the Bank tasked with managing legal risks and ensuring that the Bank's operations are conducted in compliance with applicable laws, regulations, and contractual obligations. The Legal Department acts as the bank's legal counsel with the following strategic priorities:

- Providing strategic legal advisory support across all business lines, ensuring that the bank's activities are conducted within the framework of applicable UAE laws, regulations and international best practices.
- Safeguarding the bank's legal interests by identifying, assessing, and mitigating legal risks associated with products, services, transactions, and operational activities.
- Overseeing the development, review, and negotiation of contracts, ensuring clarity, enforceability, and alignment with the bank's commercial objectives.
- Managing litigation risk and dispute resolution, to protect the bank's rights and achieve efficient outcomes in asset recoveries and case dismissals.
- Ensuring the integrity of legal documentation frameworks, including standard agreements, policies, and templates used across the bank.
- Enhancing operational efficiency by streamlining legal processes and documentation standards.
- Optimizing external counsel engagement to ensure cost-effective, high-quality legal support for specialized matters.
- Reviewing and approving legal documentation to ensure enforceability, risk mitigation, and alignment with regulatory expectations.
- Implementing legal risk controls that safeguard the bank's reputation, financial stability, and regulatory standing.
- Collaborating closely with business units to structure transactions and solutions that meet customer needs while protecting the bank's interests.
- Accelerating business decision-making through timely legal input that enables product launches, partnerships, and customer transactions.
- Supporting business growth initiatives, including new product development, digital transformation, and market expansion, with timely and commercially focused legal advice.

Internal Audit

Internal Audit Department (IAD) is an independent function in the Bank that represents the Third Line of Defense. The purpose of Internal Audit is to strengthen UAB's ability to create, protect, sustain value and improve the effectiveness of the control and governance environment by providing the Board Audit Committee ("BAC") and the Senior Management with independent risk-based, and objective insight and foresight. IAD also provides value-added assurance and advisory services and support efficient and effective stakeholder management.

To ensure independence, the Chief Audit Executive reports to the Chairperson of the Board Audit Committee and is accountable for setting and reinforcing IAD's strategic direction, while ensuring that IAD has the necessary independence and authority to exercise judgement, express opinions and make recommendations. IAD continues to be free from interference by any element in the Bank, including in matters of audit selection, scope, procedures, frequency, timing or report content.

Internal Audit activities are governed by Board approved Internal Audit Charter that sets out the mandate, approach, authority and responsibility of IAD within the Bank. The Charter is compiled by taking into consideration the Global Internal Audit Standards, Topical Requirements and Global Guidance issued by the Institute of Internal Auditors (IIA) and the Information Systems Audit and Control Association (ISACA) as well as the Regulations and Standards issued by the Central Bank of the United Arab Emirates (CBUAE).

The scope of IAD activities covers, but is not limited to, inspections of evidence to provide independent assessments on the adequacy and effectiveness of risk management, control and governance processes within the Bank. In order to achieve this, a methodological risk assessment of the Bank and its activities is conducted at least once every year to formulate a risk based annual Audit Plan. In addition, the organizational risks are reviewed on a periodic basis to ensure that the audit plan continues to address key risks on a timely basis. The risk-based audit approach adopted at UAB is intended to give optimum audit coverage to all entities within the Bank within a 3 year window depending on the risk profile of these entities. Audits are executed in accordance with the Plan and the BAC approved Internal Audit Policies to form an opinion on the overall control environment. There is no aspect of the organisation which IAD is restricted from looking at as it delivers on its mandate.

Internal Audit uses data analytics tools to assess the control effectiveness as part of its audits. In addition, audit methodologies like Agile Auditing and Continuous Auditing are adapted in order to bring efficiency and effectiveness to the audit deliverables. Internal Audit has also implemented a Guest Auditor program to give exposure for subject matter experts from other functions in the bank on internal audit processes. This not only helps in enhancing the resource pool and support career progression but it also helps to spread the message of

controls and governance across the organization. Internal Audit function is staffed with a team of auditors who collectively possess the required skills to audit all areas of the Bank.

Client Experience & Complaints Management Unit (CEU)

The Client Experience and Complaints Management Unit (CEU) at United Arab Bank plays a central role in strengthening long-term customer loyalty by enhancing every interaction across the Bank's customer touchpoints. The core purpose of the CEU is to elevate customer satisfaction, reduce churn, and transform customers into brand advocates, thereby reinforcing UAB's commitment to relationship-led and personalised banking. The Unit's mission is to design, monitor, and continuously improve end-to-end customer journeys, ensuring consistency in experiences for every customer segment.

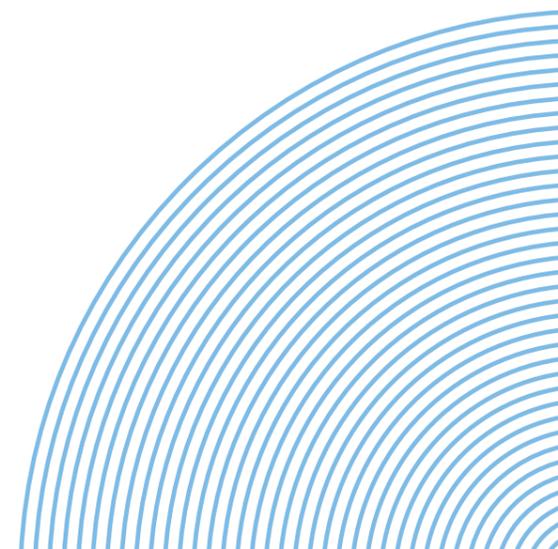
The scope of the CEU spans comprehensive customer journey mapping, acting as the Voice of the Customer (VOC), proactive issue and complaint management, and the operation of a 24/7 Contact Centre. The Unit also oversees customer data analysis, quality monitoring, and the implementation of enabling technologies to embed a customer-centric culture across the Bank. Through these capabilities, the CEU ensures that insights derived from customer feedback are translated into meaningful service improvements.

From a governance perspective, the CEU operates within a structured framework that defines clear reporting lines, monitoring processes, and accountability mechanisms. This governance model ensures that customer experience is managed strategically and consistently across all business lines and channels, aligning service delivery with regulatory expectations and UAB's broader strategic objectives.

In 2025, the CEU advanced several key initiatives, including the execution of Net Promoter Score (NPS) surveys across Personal Banking, Premium Banking, and Corporate Banking in collaboration with an external vendor. The Unit also participated in the UAE Banks Federation's 2025 CX Study Programme for Personal and Priority Banking segments, conducted in-house telephonic surveys for the Bank's top 50 Corporate Banking clients, and enhanced the Personal Banking's complaints dashboard in line with regulatory requirements. Additionally, new services were onboarded at the Contact Centre, including customer onboarding and structured reporting of unauthorised transactions.

Looking ahead to 2026, the CEU's strategic priorities include a comprehensive IVR revamp with migration to a cloud-based platform, integration with the UAB Mobile App, and the introduction of 360-degree customer view screens for Contact Centre agents. The Unit also plans to launch a robust shopping programme covering key customer touchpoints and to further strengthen corporate complaints dashboards, supporting continuous improvement in quality.

OVERVIEW OF SUSTAINABILITY @ UAB



Overview of Sustainability @ UAB

UAB Sustainability (ESG) Frameworks and Standards

UAB is committed to align its Sustainability (ESG) framework with leading global and regional sustainability frameworks, including:

- Global Reporting Initiative (GRI) Standards
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Abu Dhabi Securities Exchange (ADX) ESG Disclosure Guidelines
- IFRS S1 and S2 climate and sustainability disclosure standards
- Alignment with UAE Vision 2031 and UAE Net Zero 2050 initiatives

Key Strategic Pillars of our Sustainability Management Approach

• Corporate Governance

Bank-wide governance model via a CEO-chaired Sustainability Committee with senior executives from businesses, control and enablement functions. The Committee's chartered mandate covers ESG strategy integration, policy oversight, KPI tracking, and regulatory alignment (CBUAE, ADX; informed by IFRS S1/S2 and TCFD). This structure ensures issues escalate to the Board and that ESG is addressed within the same frameworks that govern capital, credit, liquidity and operations. External engagement spans regulators, customers, investors, suppliers, NGOs and industry associations, with clear mechanisms to capture feedback and inform policy, risk, and disclosure.

• Responsible Banking

The Bank integrates ESG into core banking through priority topics that include Sustainable Finance, Customer Experience, Data Privacy & Cybersecurity, and Financial Crime Prevention and which are assessed on an ongoing basis via a Double Materiality Assessment exercise. These priorities are reviewed under the Bank's governance to ensure responsible growth and regulatory readiness.

• Workforce

The Bank prioritises a capable, inclusive, and accountable workforce aligned to its ESG strategy, focused on enabling consistent policy adoption, data quality, and coordinated delivery across the Bank.

• Social Impact

The Bank invests in community programmes aligned with national priorities—youth, health, inclusion, and culture—mobilising employees through volunteering and partnerships.

• Environment

The Bank remains committed to environmental sustainability by reducing its carbon emissions and aligning its initiatives and programmes with the UAE's Net Zero by 2050 initiatives.

Governance & ESG Priorities

ESG Governance Overview

UAB has implemented a clear and structured ESG governance model to ensure accountability, transparency, and strategic alignment across all levels of the organization. This governance framework integrates sustainability into the bank's corporate strategy, enterprise risk management, and stakeholder engagement processes. The framework is supported by a formal Sustainability Committee, chaired by the Chief Executive Officer and composed of senior leadership across key business and support functions. It is the primary governance body responsible for overseeing all ESG-related strategies, initiatives, policies, and performance tracking across the bank and operates under the delegated authority of the Management Committee (ManCom), which in turn reports to the Board Governance and Remuneration Committee. The Committee's responsibilities include advising ManCom on the integration of sustainability principles into the bank's long-term strategy and annual business plans. It's role is to ensure that ESG risks and opportunities are appropriately identified, assessed, and managed across all business units. The Committee's role is to also review performance against the set ESG KPIs, overseeing ESG-related policy development, and ensuring alignment with regulatory requirements and international best practices. It also plays a vital role in fostering a sustainability-oriented culture within the Bank.

Stakeholder Engagement (who & how)

At United Arab Bank (UAB), stakeholder engagement is a fundamental pillar of our ESG strategy. Our engagement framework ensures that feedback from stakeholders informs our materiality assessments, ESG strategy, risk management processes, product innovation, and reporting practices.

UAB maps and categorizes stakeholders based on influence, interest, and impact across our operations and sustainability agenda. Our approach combines regular consultations, targeted feedback mechanisms, and structured communication channels to ensure that we capture both strategic and operational inputs.

External Stakeholders

- Regulators
- Customers
- Investors & Shareholders
- Supplies & Vendors
- Investor Relations (IR), Strategy & ESG
- Businesses & Support department ESG coordinators

Internal Stakeholders

- Communities & NGOs
- Industry Associations
- Board of Directors (BoD)
- Sustainability Committee (SC)
- All staff

Double Materiality Assessment (DMA)

United Arab Bank (UAB) applies a double materiality lens to identify and prioritise Environmental, Social, and Governance (ESG) topics that are critical to both business performance and stakeholder impact. This approach ensures that UAB evaluates not only how ESG factors influence its financial outcomes (financial materiality) but also how the bank's operations affect society and the environment (impact materiality).

The methodology is aligned with global ESG reporting standards—GRI, SASB, and TCFD—and reflects UAE-specific expectations, including the Abu Dhabi Securities Exchange (ADX) ESG Disclosure Guidance and the Central Bank of the UAE (CBUAE) Principles for Effective Climate Risk Management. It also incorporates references to emerging global standards such as IFRS S1 and S2 and considers alignment with UAE Vision 2031 and Net Zero 2050 targets.

ESG Priorities & Initiatives

As an outcome of the DMA, the bank has currently prioritized the following topics to be addressed as part its sustainability commitments, with KPIs and implementation of the initiatives under progress and expected to be disclosed in the 2025 Sustainability Report:

1. Sustainable Finance



- UAB is developing a Sustainable Finance Framework to align lending portfolios with ESG principles and international standards.
- The Bank is evaluating opportunities to expand the sustainable finance portfolio by launching new Green and ESG-linked retail products, while also enhancing existing offerings to meet growing client demand for sustainable investment and financing options.
- It aspires to support SMEs and corporates by offering tailored ESG advisory services, helping clients integrate sustainability into their operations and access sustainability-linked financing structures.

2. Customer Experience



- UAB is assessing avenues to enhance its customer experience. It aims to work towards modernising and expanding accessible, user-friendly digital channels to improve convenience and service delivery.
- The Bank is exploring opportunities to incorporate a customer feedback engine to systematically capture insights, act on feedback, and improve Net Promoter Score (NPS).
- UAB is committed to advancing financial literacy and engagement; empowering customers with better knowledge of financial products and responsible practices.
- The Bank will also explore avenues to further strengthen complaint resolution and SLA processes, aiming to improve response times, transparency, and overall customer satisfaction across all service channels.

3. Risk Assessment and Management



- UAB is in the process of conducting climate and transition risk stress tests across high-risk sectors, using scenario-based analysis to identify potential financial exposures and enhance long-term portfolio resilience.
- The Bank is evaluating the implementation of performing capital impact assessments on emissions, which may include feasibility studies for emissions-linked capital charges, to anticipate regulatory developments and align capital adequacy frameworks with sustainability goals.
- The Bank is committed to embedding sustainability into credit and business decisions through the rollout of our ESG scorecard, which it aims to complement by structured training sessions for credit officers and relationship managers to ensure consistent adoption across business lines.

4. Corporate Governance, Compliance & Code of Conduct



- UAB is committed to ensuring compliance with regulatory requirements. The Bank remains committed to ensure that its Board remains adequately represented in gender diversity and Emiratisation, as well as diverse skills and industry expertise.
- The Bank will continue to deliver annual code of conduct training for all board members and senior management, reinforcing ethical leadership and accountability.
- It will also look to conduct ethics training periodically, while incorporating ESG-linked incentives into senior management performance appraisals to align leadership behaviour with long-term sustainability goals.

Overview of Sustainability @ UAB (continued)

5. Financial Crime Prevention:



- UAB is committed to advancing compliance capabilities with enhanced systems and monitoring. Some of the initiatives that are being evaluated include an Integrated Financial Crime Compliance platform that leverages advanced analytics, AI/ML models, and real-time monitoring to proactively detect suspicious activity and strengthen compliance with global and UAE regulatory standards.
- The Bank is evaluating the introduction and enhancement of Risk-Based Customer Due Diligence (CDD), with stricter onboarding protocols for high-risk clients, continuous monitoring of transactions, and dynamic risk segmentation to strengthen the bank's defences.
- The Bank aspires to build awareness & enhance AML/CFT capabilities through potential initiatives such as continuous staff training, annual certification programs, role-specific workshops, and scenario-based simulations.
- It is also committed to reinforcing governance frameworks on anti-bribery and whistleblowing, through initiatives such as strengthening escalation channels, enabling secure anonymous reporting, and ensuring timely resolution through independent oversight and defined turnaround times.

6. Data Privacy and Cyber Security



- UAB is committed to enhancing data protection by assessing initiatives such as conducting regular vulnerability and penetration tests using industry best practices and external benchmarking to identify risks early and proactively remediate security gaps.
- The Bank is evaluating the enhancement of access control mechanisms, with bi-annual reviews to validate user permissions, minimise insider threats, and ensure compliance with evolving data privacy regulations.
- The Bank aspires to conduct annual red-team ethical hacking exercises that simulate real-world advanced threats, uncover critical vulnerabilities, and test the resilience of existing cybersecurity defences.
- It also remains committed to building a stronger culture of cybersecurity awareness. Some potential initiatives to support the imperative include the delivery of mandatory annual employee training programs on data protection, phishing prevention, and secure handling of sensitive information.

7. Emiratisation



UAB looks to scale its Emiratisation efforts by expanding initiatives that attract, develop, and retain Emirati talent across the bank.

- The Bank is committed to accelerating graduate trainee and career acceleration programs, providing structured learning, mentorship, and leadership development opportunities for young Emiratis.
- It is exploring opportunities to increase participation in national job fairs, strengthening its presence in talent acquisition events and building visibility as an employer of choice for Emiratis.
- The Bank remains driven to improving and maintaining high Emirati retention rates, with a focus on enhancing long-term career progression, engagement, and satisfaction of national employees.
- UAB is working towards conducting Emirati-focused engagement sessions annually, promoting inclusion and participation across key events, particularly those linked to Emiratisation objectives.

8. Employee Wellbeing & Workplace Health and Safety



- UAB continues to explore various programs designed to encourage employee participation in a suite of wellbeing initiatives covering physical, mental, and financial health.
- The Bank is committed to allocating a percentage of staff costs to learning and training development, supporting continuous upskilling and personal growth opportunities.
- It is also evaluating the enhancement of workplace safety standards and ergonomics, and will look to introducing regular safety audits, wellness-focused policies, and ergonomic improvements to ensure a healthier and more productive work environment.

9. Climate Change



- UAB is committed to reducing Scope 1 and Scope 2 emissions on an intensity basis (per employee) through energy efficiency measures, renewable energy adoption, and operational improvements.
- It also aims to explore options to offset some or all of the residual carbon emissions by purchasing certified, high-quality carbon credits to complement direct reduction efforts.
- The Bank aims to start calculating and tracking financed emissions, with the aim of building a robust measurement framework to capture portfolio-level climate impacts.
- It is committed to strengthening climate-related risk assessment by evaluating enhancements to stress testing, including increased frequency and granularity across vulnerable portfolios, to support improved risk management and regulatory alignment.

ADX ESG Disclosures - 2025

Environmental Metrics		
Metric	Calculation	UAB Performance
E1. Environmental Operation	E1.1) Does the bank follow an environmental policy?	The Bank does not currently follow an environmental policy or specific waste, water, energy or recycling policies. However, it undertakes various efforts to segregate waste being generated for recycling, as well as other initiatives to optimise energy and water consumption.
	E1.2) Does the bank follow specific waste, water, energy, and/or recycling policies?	
	E1.3) Does the bank use a recognized energy management system?	
E2. Water usage	E2.1) Total amount of water consumed	The bank consumed a total of 7,394 ('000) litres of water in 2025
	E2.2) Total amount of water reclaimed	The Bank currently does not have a water reclamation system implemented
E3. Waste Generation	E3.1) Total waste generated, per waste type	NA
	E3.2) Percentage of waste recycled, per waste type	100% of collected paper and plastic waste totaling 698kgs was certified as recyclable. This resulted in saving / offsetting 1,034kgs of CO2 in 2025
E4. Energy Usage	E4.1) Total amount of energy directly consumed	The Bank has directly consumed 466 GJ of energy in 2025. This has come from the use of petrol and diesel for vehicles and electricity generators.
	E4.2) Total amount of energy indirectly consumed	The Bank indirectly consumed 19,812 GJ energy in 2025, from the consumption of electricity generated at utilities.
E5. Energy Intensity	E5.1) Total direct energy usage per output scaling factor	The direct energy intensity of the bank is equal to 47 GJ per full-time employee.
E6. Energy Mix	E6.1) Percentage: Energy usage by generation type	The Bank primarily uses only electrical energy supplied by utilities. However, the Bank has generators which are used only for emergency purposes.
E7. GHG Emissions	E7.1) Total amount in CO2 equivalents, for Scope 1	The Bank's scope one emissions come from two sources - fuel used in owned and leased vehicles, and fuel used in electricity generators within UAB's facilities. The GHG emissions in 2025 for Scope 1 were 34.3 CO ₂ e metric tons.
	E7.2) Total amount in CO2 equivalents, for Scope 2, if applicable	The Bank's total emissions in CO ₂ equivalent under scope 2 is equal to 2,226 (tCO ₂ e)
	E7.3) Total amount in CO2 equivalents, for Scope 3, if applicable	The Bank's Scope 3 emissions amount to 1,287 tCO ₂ e from business travel, employee commute and paper consumption. Currently, the Bank does not calculate its Scope 3 financed emissions.
E8. Emissions Intensity	E8.1) Total GHG emissions per output scaling factor	The Bank's emissions (scope 1 + scope 2) intensity is equal to 5.2 tCO ₂ e per full-time employee
	E8.2) Total non-GHG emissions per output scaling factor	

Overview of Sustainability @ UAB (continued)

Environmental Metrics		
Metric	Calculation	UAB Performance
E9. Climate Strategy	E9.1) Describe the climate-related risks and opportunities that could reasonably be expected to affect your organisation's prospects. Also explain, for each climate-related risk your organisation has identified, whether your organisation considers the risk to be a climate-related physical risk or transition risk.	Climate-related risks are identified through continuous ESG oversight at both macro and transactional levels. At macro level, Bank assesses transition and physical climate risks in line with Central Bank guidance, while at micro level, climate risks are evaluated using ESG risk scorecard for new and existing lending facilities. Additionally, the Bank can be subject to additional reputational risks should it fail to appropriately integrate climate-related risks in its governance or fail to provide relevant regulatory disclosures in a consistent manner. Climate related opportunities include supporting clients transition efforts and expanding sustainable financing within the Bank's risk appetite and in alignment with the UAE's Net Zero by 2050 initiatives. The Bank could further look to expand and enhance its sustainable offerings for clients looking to manage their climate-risks. Opportunities also include new initiatives that can be adopted towards further digitalization, reduction of paper consumption, and other carbon compensation partnerships to lower operational costs and emissions.
	E9.2) Describe the current and anticipated impacts of climate-related risks and opportunities on your organisation's business model and value chain.	Climate-related risks primarily impact bank through risk assessment, portfolio composition, and client selection. Climate considerations are in process of being integrated into lending decisions, with potential longer-term impacts including gradual portfolio rebalancing toward more climate-resilient sectors. Additionally, digital transformation initiatives across the Bank may influence the choice of business partners and vendors, as well as across procurement activities with growing preference towards local suppliers to promote a circular economy.
	E9.3) How has your organisation responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including the plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation?	Bank is in process of enhancing its Strategic Planning & Framework Policy and establishing its ESG Risk Assessment policies along with other relevant policies to include and align climate-related risks and opportunities in its management aspects. Climate-related KPIs under consideration for formal adoption include reduction of Scope 1 and Scope 2 emissions on an annual basis as well as enhancing the facilitation of sustainable finance in alignment with UAE's Net Zero by 2050 initiatives.
	E9.4) What are the current effects (during the reporting period) of climate-related risks and opportunities on your organisation's financial position, financial performance and cash flows for the reporting period (current financial effects)?	The Bank endeavours to measure the effects of climate-related risks and opportunities on the financial position and performance in the near future post full integration of climate considerations across its strategic and operational decision-making processes.

Environmental Metrics		
Metric	Calculation	UAB Performance
E10. Climate Risks and Opportunities	E10.1) Describe the processes and policies your organisation uses to identify, assess, prioritise, and monitor climate-related risks, and the inputs and parameters used in these processes.	UAB identifies and monitors climate-related risks through periodic macro-level risk analysis and transaction-level ESG assessments aligned with regulatory guidance. These risks are integrated into credit approval review.
	E10.2) Whether and how does your organisation use climate-related scenario analysis to inform the identification of climate-related risks?	Bank currently considers climate risks through qualitative scenario assessments at sector and portfolio levels. The Bank continues to enhance its process and will consider more advanced climate scenario analysis as regulatory expectations and internal capabilities evolve.
E11. Climate Governance	E11.1) Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of climate-related risks and opportunities?	Both, the Sustainability Committee & Risk Committee, maintain an oversight of climate-risk risks and opportunities.
	E11.2) How does the body or individual consider climate-related risks and opportunities when overseeing your organisation's strategy?	Climate-related risks and opportunities are currently taken into consideration for sector allocation (of funds and capital) and exposure monitoring.
	E11.3) Are performance metrics related to climate targets included in remuneration policies? If so, how?	Sustainability-related KPIs form part of management performance scorecards which impact annual variable compensation assessment. Proposed sustainability-related KPIs include climate-related targets such as reducing carbon emissions as well as facilitating sustainable finance.
	E11.4) Has your organisation delegated the role of overseeing climate-related risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?	While Board of Directors are ultimately responsible for all sustainability related matters, the Sustainability Committee and Risk Committee are delegated with the responsibility to oversee and manage climate-related risks and opportunities on a day-to-day basis. Matters of significance and exceptions are escalated to the Board as appropriate.
E12. Climate Targets	E12.1) What are your organisation's climate-related targets, including baselines, interim milestones, and tracking mechanisms. Clarify alignment with national targets or global initiatives (e.g., SBTi, UAE Net Zero 2050).	Proposed climate-related targets include reducing annual Scope 1 and Scope 2 net carbon emissions as well as facilitating sustainable finance in alignment with UAE Net Zero 2025 initiatives.

Overview of Sustainability @ UAB (continued)

Social Metrics		
Metric	Calculation	UAB Performance
S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median full-time equivalent (FTE) total compensation	The ratio of the CEO's total compensation to median full-time equivalent (FTE) total compensation is equal to 1,270% (1,336% in 2024)
	S1.2) Does the bank report this metric in regulatory filings?	The Bank does report this metric whenever it is required by regulatory filings
S2. Gender Ratio	Ratio: median male compensation to median female compensation	The ratio of the median male compensation to median female compensation is equal to 110% (117% in 2024)
S3. Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	Year-over-Year change for Full Time Employees is 8% (2% in 2024)
	S3.2) Percentage: Year-over-year change for part-time employees	The bank does not employ part-time employees
	S3.3) Percentage: Year-over-year change for contractors/consultants	Year-over-Year change for Contractors is 3% (17% in 2024)
S4. Gender Diversity	S4.1) Percentage: Total bank headcount held by men and women	<ul style="list-style-type: none"> Percentage of full-time male employees in UAB is equal to 60% (62% in 2024) Percentage of full-time female employees is equal to 40% (38% in 2024)
	S4.2) Percentage: Entry- and mid-level positions held by men and women	<ul style="list-style-type: none"> Percentage of male employees in entry- and mid-level positions is equal to 59% (61% in 2024) Percentage of female employees in entry- and mid-level positions is equal to 41% (39% in 2024)
	S4.3) Percentage: Senior- and executive-level positions held by men and women	<ul style="list-style-type: none"> Percentage of male employees in senior- and executive-level positions is equal to 86% Percentage of female employees in senior- and executive-level positions is equal to 14
S5. Temporary Worker Ratio	S5.1) Percentage: Total bank headcount held by part-time employees	The bank does not employ any human capital under part-time contracts
	S5.2) Percentage: Total bank headcount held by contractors and/or consultants	The bank employs a total of 71 staff under a contractor's contract and no employees under a consultant's contract
S6. Nationalisation	Percentage of national employees	UAE National employees represent 30.0% of the total workforce profile of the Bank (28.2% in 2024)

Social Metrics		
Metric	Calculation	UAB Performance
S7. Non-Discrimination	Does the bank follow a non-discrimination policy?	The Bank follows a Code of Conduct for all employees, which includes clauses for anti-discrimination and harassment. All UAB employees are required to refrain from discrimination based on characteristics such as race, color, religion, gender, age, national origin, marital status, or disability, whether such individual is an employee, consultant, customer, or third party. Employees are required to create a professional workplace environment devoid of harassment, exploitation, and intimidation. Personal relationships should not compromise the execution of duties. Discrimination or mistreatment of any individual contradicts the bank's corporate values. Sexual harassment encompasses unwelcome requests or conduct of a sexual nature regardless of gender. This is strictly prohibited and contravention will lead to disciplinary actions including termination.
S8. Health, Safety & Wellbeing	Does the bank follow occupational health and/or health & safety policy?	Due to the nature of our industry, the employee injury rate is not a material topic. Nevertheless, health and safety guidelines are embedded in the Bank's Code of Conduct policy. Hence, while the bank does not follow any specific occupational health and/or global health & safety policy, it does have processes around trainings for fire emergencies, conducts emergency drills as per requirements from local emirate's Civil Defence and Fire Authorities. The Bank also arranges various Health and Well-being programmes through the year for all staff to enhance health awareness, including free medical checkups and consultations.
S9. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	No injuries were recorded in 2024
S9. Child & Forced labor	S9.1) Does the bank follow a child and/or forced labor policy?	The Bank does not follow a child and/or forced labor policy. Child labor is prohibited by the UAE law to which the Bank fully adheres to. However, the Bank is also working on creating and finalising a formal child and/or forced labour policy document.
S10. Human Rights	S10.1) Does the bank follow a human rights policy?	The Bank adheres to the United Arab Emirates regulations covering Human Rights. However, the Bank is working on creating and finalising a policy document covering Human Rights.
S12. Community Investment	Amount invested in the community, as a percentage of company revenues.	The Bank invested AED 148 thousand in 2025 across programmes and projects directed to foster culture, youth empowerment, good health and wellbeing, and for 'people of determination'

Overview of Sustainability @ UAB (continued)

Governance Metrics		
Metric	Calculation	UAB Performance
G1. Board Independence	G1.1) Does the company prohibit the CEO from serving as board chair?	The Bank does prohibit the CEO from serving as a board chair
	G1.2) Percentage: Total board seats occupied by independent board members	The percentage of the board seats occupied by independent members is equal to 36%, representing four out of eleven board members
G2. Board Diversity	G2.1) Percentage: Total board seats occupied by men and women	The Bank's total board seats are equal to 11, 18% (2) of which are occupied by women, and 82% (9) occupied by men
	G2.2) Percentage: Committee chairs occupied by men and women	The Bank's total committee chairs are equal to 16, representing four committees, 19% (3) of which are occupied by women and 81% (13) are occupied by men
G3. Supplier Code of Conduct	G3.1) Are your vendors or suppliers required to follow a code of conduct?	The Bank is in the process of updating its Procurement Policy to ensure all vendors and suppliers abide by the Bank's Code of Conduct and Anti-bribery and Corruption policies, as well as integrate ESG considerations in the due diligence and onboarding process.
	G3.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?	NA
G4. Ethics and Prevention of Corruption	G4.1) Does the bank follow an Ethics and/or Prevention of Corruption policy?	The Bank's Code of Conduct policy clearly outlines guidelines on Integrity & Ethics for all staff. The Bank also has put in place an Anti-bribery and Corruption Policy that provides a framework to ensure compliance with relevant and leading Anti-bribery and Corruption (ABC) regulations and standards. The policy applies to the Board of Directors and all UAB staff (incl second- and third-party staff) with zero tolerance towards bribery and corruption in any form. The policy also establishes the appropriate and effective processes and controls to prevent the misuse of UAB's products and services for any such unlawful purposes.
	G4.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?	The Bank mandates all employees to formally acknowledge the policy and also undergo training on ethics and anti-corruption on an annual basis.
G5. Data Privacy	G5.1) Does your company follow a data privacy policy?	UAB has a comprehensive Consumer Data Protection and Privacy Policy in place, outlining customer rights, data retention, and security measures
	G5.2) Has your company taken steps to comply with GDPR rules?	The Bank complies with the CBUAE customer protection regulations but is not required to adhere to GDPR at this time

Governance Metrics		
Metric	Calculation	UAB Performance
G6. Sustainability Strategy	G6.1) Describe the sustainability-related risks and opportunities that could reasonably be expected to affect your organisation's prospects.	Sustainability considerations influence the Bank's operating environment, risk profile and long-term value creation. These considerations span environmental, social and governance ("ESG") factors and are relevant across the Bank's strategy, operations, lending activities and stakeholder relationships.
	G6.2) Describe the current and anticipated impacts of sustainability-related risks and opportunities on your organisation's business model and value chain.	Sustainability-Related Risks a) Environmental risks Environmental factors, including climate change and resource efficiency, may affect the Bank both directly and indirectly. Physical climate events such as extreme heat or flooding can disrupt operations and impact the value of collateral underlying the Bank's lending portfolio. Transition risks arising from evolving regulations, market expectations and technological shifts towards a lower-carbon economy may affect customers operating in carbon-intensive or environmentally sensitive sectors, potentially increasing credit and concentration risks.
	G6.3) Describe how your organisation responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making.	b) Social risks Social factors, including workforce practices and customer protection are areas of interest and importance to the Bank's stakeholders. Failure to meet evolving customer expectations, manage conduct risks, or ensure fair and responsible lending practices could result in reputational damage, regulatory scrutiny or legal exposure. In addition, talent attraction and retention may be impacted if the Bank does not maintain a strong employee value proposition aligned with sustainability and wellbeing expectations.
	G6.4) Describe the current and anticipated effects (during the reporting period) of sustainability-related risks and opportunities on your organisation's business model, financial position, performance, and cash flows. How are these risks considered in financial planning (current financial effects)?	c) Governance and compliance risks Strengthening sustainability-related regulations, disclosure standards and supervisory expectations in the UAE and internationally present compliance and implementation risks. Inadequate governance oversight, data quality challenges or inconsistent ESG disclosures could affect stakeholder confidence and expose the Bank to reputational or regulatory risk. As sustainability considerations become more embedded in risk management and decision-making, the Bank must ensure appropriate controls, accountability and integration across its governance framework.
Sustainability-Related Opportunities		a) Growth in sustainable finance and responsible banking Sustainability presents opportunities to expand the Bank's product offerings through green and sustainable finance solutions, including environmentally friendly retail products and financing that supports customers' transition objectives. Increasing demand for such solutions provides opportunities to grow the Bank's balance sheet while supporting national sustainability priorities.

Overview of Sustainability @ UAB (continued)

Governance Metrics		
Metric	Calculation	UAB Performance
		<p>b) Alignment with UAE national priorities</p> <p>UAB's sustainability strategy aligns with the UAE's broader economic diversification and Net Zero ambitions. This alignment supports constructive engagement with regulators, government-related entities and institutional stakeholders, and positions the Bank to participate in future sustainability-linked initiatives and financing programmes.</p> <p>c) Enhanced risk management and portfolio resilience</p> <p>Integrating ESG considerations into credit assessment, portfolio monitoring and risk management frameworks enhances the Bank's ability to identify emerging risks early and improve long-term asset quality. Over time, this integration can support more resilient earnings and improved risk-adjusted returns.</p> <p>d) Operational efficiency and cost optimisation</p> <p>Sustainability initiatives such as digitalisation, energy efficiency, reduced paper usage and responsible procurement can deliver operational efficiencies, cost savings and a lower environmental footprint, while supporting business continuity and resilience.</p> <p>e) Reputation and stakeholder trust</p> <p>A clear and credible approach to sustainability strengthens the Bank's reputation with customers, employees, investors and the wider community. Transparent disclosures and sound governance enhance stakeholder confidence and support long-term franchise value.</p> <p>The Bank has undertaken a thorough and comprehensive Double Materiality Assessment (DMA) exercise to identify the topics of priority to all its stakeholders. The identification of these priority topics enables the Bank to assess various sustainability risks that need to be taken into consideration in any strategic decision-making process as well as day-to-day tasks. These are described in further detail in the beginning of this "ESG overview" section.</p>
G7. Sustainability Risks Management	<p>G7.1) Describe the processes and policies your organisation uses to identify, assess, prioritise, and monitor sustainability-related risks, and the inputs and parameters used in these processes.</p> <p>G7.2) How are the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities integrated into and informing your organisation's overall enterprise risk management process?</p>	<p>The Bank's proposed Sustainability Policy and ESG Risk Management policy will lay the groundwork for establishing the processes to identify, assess, prioritise and monitor sustainability-related risks, and the relevant inputs and parameters that should be used in the process. The policies will also provide a pathway to ensure sustainability-related risks and opportunities are integrated in the Bank's overall enterprise risk management framework.</p>

Governance Metrics		
Metric	Calculation	UAB Performance
G8. Sustainability Governance	<p>G8.1) Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of sustainability-related risks and opportunities?</p> <p>G8.2) How does the body or individual consider sustainability-related risks and opportunities when overseeing your organisation's strategy?</p> <p>G8.3) Are performance metrics related to these targets included in remuneration policies? If so, how?</p> <p>G8.4) Has your organisation delegated the role of overseeing sustainability-related risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?</p>	<p>Both, the Sustainability Committee & Risk Committee, maintain an oversight of sustainability-risk and opportunities.</p> <p>The Bank is in process to enhance its existing Strategic Planning & Framework policy to integrate consideration of sustainability-related risks and opportunities into its strategy planning, oversight and decision-making processes. Relevant ESG developments, regulatory expectations and emerging risks will be reviewed and incorporated into strategy discussions, risk appetite and capital allocation. Sustainability risks will be assessed alongside traditional risks categories, while opportunities such as sustainable finance and responsible banking initiatives will be evaluated within the strategic planning process. Progress shall be monitored through periodic management reporting to ensure alignment with the Bank's long-term objectives.</p> <p>Sustainability-related KPIs (and targets) form part of management performance scorecards which impact annual variable compensation assessment.</p> <p>While Board of Directors are ultimately responsible for all sustainability-related matters, the Sustainability Committee and Risk Committee are delegated with the responsibility to oversee and manage sustainability-related risks and opportunities on a day-to-day basis. Matters of significance and exceptions are to be escalated to the relevant Board committees as appropriate.</p>
G9. Sustainability Targets	G9.1) What metrics does your organisation use to measure and monitor each sustainability-related risk or opportunity identified above?	Currently, the Bank has set specific KPIs and targets with clear timelines against its identified ESG strategic priorities. These will be outlined in detail in the upcoming Sustainability Report for the year ended 2025
G10. Disclosure Practices	<p>G10.1) Does your company publish a sustainability report? Yes/No</p> <p>G10.2) Does your company publish a GRI, IFRS, CDP, SASB, IIRC, or UNGC based report?</p>	<p>Yes. UAB provides sustainability data in accordance with ADX ESG Disclosure standards, aligned with GRI, IR, SASB, CDP, SDGs, and UN GC.</p> <p>The Bank continues to align with global sustainability frameworks, ensuring transparency in reporting on SDG-related initiatives.</p> <p>The Bank's CSR department focuses on contributing to various SDGs. The Bank's contributions are highlighted in the "Our Social Impact" chapter of the Sustainability Report of the Bank (in respective year).</p>
G11. External Assurance	Are your sustainability disclosures assured or verified by a third-party audit firm?	The Bank has opted for an internal assurance process for all its sustainability reports

FINANCIAL SUMMARY



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Balance sheet					
(AED Million)	2021	2022	2023	2024	2025
Cash & Balances with UAE Central Bank	2,010	1,208	2,001	2,225	2,490
Due from banks, net	379	303	457	585	1,141
Loans, advances and Islamic financing receivables, net	8,213	7,604	9,357	11,526	14,554
Investments and Islamic financing, net	3,530	3,887	5,090	6,005	7,860
Property, equipment and capital work-in-progress	303	296	181	204	255
Customer acceptances	390	357	204	423	288
Other assets, net	355	426	358	493	412
TOTAL ASSETS	15,180	14,080	17,648	21,461	27,000
Due to banks	2,411	3,272	3,729	3,596	3,341
Customer deposits and Islamic customer deposits	10,406	8,569	10,238	13,577	17,809
Medium-term borrowings	-	-	735	735	1,000
Customer acceptances	390	357	204	423	288
Other liabilities	461	383	453	575	530
Equity	1,512	1,499	2,290	2,555	4,032
TOTAL LIABILITIES AND EQUITY	15,180	14,080	17,648	21,461	27,000

Income statement					
(AED Million)	2021	2022	2023	2024	2025
Interest income and income from Islamic financing products	478	584	922	1,193	1,291
Interest expense and distribution to Islamic depositors	(200)	(263)	(527)	(726)	(713)
Net interest income and income from Islamic financing products net of distribution to depositors	278	322	395	467	579
Net fee and commission income	47	67	77	91	102
Foreign exchange income	19	19	28	34	47
Other operating income	106	93	77	14	68
Total operating income	450	501	576	606	797
Employee benefit expenses	(141)	(146)	(181)	(205)	(228)
Depreciation and amortisation	(25)	(23)	(22)	(22)	(21)
Other operating expenses	(78)	(82)	(81)	(91)	(116)
Total operating expenses	(244)	(252)	(285)	(318)	(365)
Operating profit before impairment loss	206	249	292	288	431
Net impairment reversal / (loss)	(136)	(94)	(36)	43	51
Net profit before tax	70	155	255	331	482
Tax expense	-	-	-	(30)	(44)
Net profit	70	155	255	301	438
Earnings per share (AED)	0.03	0.08	0.12	0.15	0.18

Key ratios					
Percent (%)	2021	2022	2023	2024	2025
Net Interest Margin (NIM)	2.2	2.6	3.1	2.7	2.7
Cost-Income ratio	54.2	50.3	49.4	52.5	45.9
Cost of Risk (CoR) ¹	1.5	1.0	0.4	(0.5)	(0.4)
Return on Shareholders' Equity (RoSE) ²	4.7	10.3	15.8	16.1	16.0
Return on Assets (RoA)	0.5	1.1	1.6	1.5	1.8
Non-performing loans ratio (NPL) ³	11.6	8.2	5.0	3.9	2.8
Provision coverage ⁴	67.7	94.3	131.8	117.7	107.0
Provision coverage (incl collaterals)	127.3	162.8	200.1	171.5	183.3
Advances to Stable Resources ratio (ASRR)	80.7	86.9	75.7	75.5	69.8
Eligible Liquid Assets ratio (ELAR)	19.1	17.6	20.0	17.0	17.4
CASA% ⁵	29.8	36.0	36.5	33.6	36.3
Common Equity Tier 1 (CET1) ratio	12.6	13.3	13.5	12.7	17.4
Tier 1 ratio	12.6	13.3	17.8	16.3	20.3
Capital Adequacy ratio (CAR)	13.8	14.5	19.0	17.4	21.5

Notes:

1. Cost of risk (CoR) is defined as net impairment charges related to loans and advances and contingent liabilities as a percentage of average gross loans and advances
2. Return on Shareholders' Equity (RoSE) is defined as Net profit for the year as a percentage of average Shareholders' Equity; Shareholders' Equity is defined as Total Equity less Additional Tier 1 capital and Intangible assets
3. Non-performing loans ratio (NPL) is net of interest in suspense
4. Provision coverage includes ECL on loans, advances and Islamic financing and unfunded ECL
5. CASA% is defined as ratio of current and savings account balances to total customer deposits

Contact Us & other useful links



Sustainability (ESG) Reports
<https://www.uab.ae/Investor-Relations/Sustainability>



Integrated Reports (incl Corporate Governance reports)
<https://www.uab.ae/Discover-Us/Corporate-Governance/Corporate-Governance>



UAB Financial Reports
<https://www.uab.ae/Investor-Relations/Financial-Information/Financial-Highlights>

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For Reporting suspicious UAB Email or Website Activation and Support:
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United Arab Bank (P.J.S.C.) is licensed and regulated by the Central Bank of the UAE.



**We remain steadfast
in our focus on
delivering strong and
sustainable returns,
fostering innovation,
enhancing everyday banking
convenience, and upholding
the highest standards
of customer service
excellence.**

Directors' Report – Year ended 31 December 2025

On behalf of the Board of Directors of United Arab Bank (UAB), I am pleased to present to the shareholders of the Bank our Annual Report for the year ended 31 December 2025.

UAB posted a Net Profit (before tax) of AED 482 million for the financial year ended 2025, as compared to AED 331 million in 2024, representing an increase of 46% year-on-year. After setting aside accruals for corporate taxes, net profit after tax at AED 438 million, also increased by 45% year-on-year. This growth has been driven by strong business momentum, prudent risk management and diligent execution of our turnaround strategy.

The Bank's total assets increased by 26% to AED 27.0 billion as at 31 December 2025 compared to AED 21.5 billion as at 31 December 2024 driven by strong growth in loans, advances and Islamic financing, and investments book. This growth was well funded by a 31% year-on-year growth in customer deposits, including CASA growth of 42% in FY 2025.

Asset quality metrics have improved further with NPL ratio declining to 2.8% as at 31 December 2025 from 3.9% a year earlier, with coverage ratio at 107%. Capital position remains robust and well above regulatory requirements with CET1 ratio at 17.4% and total capital adequacy ratio at 21.5%.

The Board of Directors has recommended a cash dividend payout of 25% of the net profit, amounting to AED 0.035 per share or 3.5% of issued capital for the year financial year ended 31 December 2025.

The Board and the Management Team continues to focus on strengthening the Bank's multiple growth engines, across Wholesale Banking, Retail Banking and Treasury & Capital Markets businesses, to enhance its revenues and profitability, and leverage on the strong foundation that has been built.

The Board of Directors recommend the following appropriations for the year ended 31 December 2025:

	2025 AED'000	2024 AED'000
Accumulated Losses at 1 January	(155,172)	(334,904)
Net Profit for the year	437,857	300,960
Balance available for appropriation	282,685	(33,944)
Directors' remuneration	(20,850)	(16,625)
Coupon payable to Tier 1 instrument holders	(44,401)	(44,401)
Rights issue cost	(8,469)	-
Treasury shares	(214)	(10)
Transfer to Special Reserve	(43,786)	(30,096)
Transfer to Statutory Reserve	(43,786)	(30,096)
Retained earnings / accumulated Losses at 31 December	121,179	(155,172)

The audited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with relevant laws of the United Arab Emirates

On behalf of the Board of Directors whose unwavering commitment and guidance remain invaluable, my sincere appreciation goes to our valued customers and shareholders for their patronage, the top management and the employees for their commitment and dedication, and to the Central Bank of UAE for regulating and supporting the UAE banking sector.

In conclusion, we wish to express our appreciation to the President of the United Arab Emirates, His Highness Sheikh Mohammed Bin Zayed Al Nahyan for his leadership, vision and support. We also wish to thank His Highness Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai and Deputy Supreme Commander of the UAE Armed Forces and His Highness Sheikh Dr. Sultan Bin Mohammed Al Qassimi, Ruler of Sharjah for their support and guidance.

Mohammed bin Faisal Al Qassimi

Chairman

9 February 2026

UAB

البنك العربي المتحد
UNITED ARAB BANK



عاماً متحدون
years united

Financial Statements for the year ended 31 December 2025

The audited Financial Statements are subject to approval by CBUAE and Shareholders at the Annual General Meeting

uab.ae

United Arab Bank P.J.S.C.

Financial statements For the year ended 31 December 2025

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Independent auditor's report

To the Shareholders of United Arab Bank P.J.S.C.

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Arab Bank P.J.S.C. (the "Bank") as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Bank's financial statements comprise:

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

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 financial statements* section of our report.

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



Independent auditor’s report (continued)

To the Shareholders of United Arab Bank P.J.S.C.

Independence

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

Our audit approach

Overview

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report (continued)

To the Shareholders of United Arab Bank P.J.S.C.

Our audit approach (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Measurement of Expected Credit Losses (“ECL”) on loans and advances and Islamic financing receivables</p> <p>The Bank recognises ECL provisions on all financial assets including loans and advances and Islamic financing receivables.</p> <p>The ECL charge for the year ended 31 December 2025 for loans and advances and Islamic financing receivables amounted to AED 25 million (net of recoveries) and the allowance for ECL as at that date amounted to AED 429 million.</p> <p>The Bank exercises significant judgements and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default, forward looking adjustments and staging criteria for both funded and unfunded exposures subject to ECL. For defaulted exposures, the Bank exercises judgements to estimate the expected future cashflows related to individual exposures, including the value of collateral.</p> <p>The Bank's impairment policy under IFRS 9 Financial Instruments is presented in note 3.4.14 to the financial statements. We considered this as a key audit matter considering the exercise of significant judgments and estimates including use of forward-looking macroeconomic data and complex models, and as it has a material impact on the financial statements of the Bank.</p>	<p>We performed the following audit procedures on the ECL provision included in the Bank's financial statements for the year ended 31 December 2025.</p> <p>We tested on a sample basis the completeness and accuracy of the data used in the calculation of ECL provision. For a sample of exposures, we checked the appropriateness of the Bank's application of the staging criteria, including the basis for movement between the stages.</p> <p>We involved our internal expert for the testing of the ECL model to assess the following areas:</p> <ul style="list-style-type: none">• Evaluation of the appropriateness of the accounting policies adopted by the Bank based on the requirements of IFRS 9.• Reasonableness and appropriateness of the methodology and assumptions used in the calculation of various components of ECL modelling including the computation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for the models selected for testing.• Reasonableness of the key assumptions made in the models including assumptions used in assessing the definition of default, Significant Increase in Credit Risk (SICR), staging criteria and estimating macroeconomic scenarios.• For a sample of customers, testing the mathematical accuracy and appropriateness of discounting used in the ECL calculation.



Independent auditor's report (continued)

To the Shareholders of United Arab Bank P.J.S.C.

Our audit approach (continued)

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

Other information

The Directors are responsible for the other information. The other information comprises the Management Discussion and Analysis Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.



Independent auditor's report (continued)

To the Shareholders of United Arab Bank P.J.S.C

Other information (continued)

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors and those charged with governance for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.



Independent auditor's report (continued)

To the Shareholders of United Arab Bank P.J.S.C.

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

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

- Identify and assess the risks of material misstatement of the 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Independent auditor's report (continued)

To the Shareholders of United Arab Bank P.J.S.C.

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

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

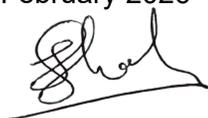
Further, as required by the UAE Federal Decree-Law No. (32) of 2021, as amended, we report that:

- (i) we have obtained all the information we considered necessary for the purposes of our audit;
- (ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended;
- (iii) the Bank has maintained proper books of account;
- (iv) the financial information included in the Management Discussion and Analysis Report is consistent with the books of account of the Bank;
- (v) the Bank has purchased or invested in shares during the year and the investments as at 31 December 2025 are disclosed in note 8 to the financial statements;
- (vi) note 24 to the financial statements discloses material related party transactions and the terms under which they were conducted;
- (vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Bank has contravened during the year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended, or in respect of the Bank, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2025; and
- (viii) note 36 to the financial statements discloses the social contributions made during the year ended 31 December 2025.

Further, as required by the UAE Federal Decree-Law No. (6) of 2025, we report that we have obtained all the information and explanations we considered necessary for the purpose of our audit.

PricewaterhouseCoopers Limited Partnership Sharjah Branch

9 February 2026



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

United Arab Bank P.J.S.C.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	As at 31 December	
		2025 AED '000	2024 AED '000
Assets			
Cash and balances with UAE Central Bank	5	2,489,611	2,225,224
Due from banks, net	6	1,141,048	585,146
Investments and Islamic instruments, net	8	7,860,419	6,004,981
Loans and advances and Islamic financing receivables, net	7	14,554,295	11,526,357
Customer acceptances		287,850	422,990
Other assets, net	10	412,058	492,575
Property, equipment and capital work-in-progress, net	9	254,695	204,207
TOTAL ASSETS		26,999,976	21,461,480
Liabilities and Equity			
Liabilities			
Due to banks	11	3,341,437	3,596,354
Customer deposits and Islamic customer deposits	12	17,808,581	13,577,035
Medium term borrowings	13	1,000,000	734,600
Customer acceptances		287,850	422,990
Other liabilities	14	530,453	579,016
Total liabilities		22,968,321	18,909,995
Shareholders' equity			
Share capital	15	3,093,826	2,062,550
Treasury shares		-	(3,008)
Tier 1 instrument	15	550,875	550,875
Special reserve	15	121,904	78,118
Statutory reserve	15	150,828	107,042
General reserve	15	9,311	9,311
Fair value reserve	15	(16,268)	(98,231)
Retained earnings/ (accumulated losses)		121,179	(155,172)
Total equity		4,031,655	2,551,485
TOTAL LIABILITIES AND EQUITY		26,999,976	21,461,480

To the best of our knowledge, the financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Bank as of, and for, the years presented herein.

The financial statements were approved by the Board of Directors on 9 February 2026 and signed on its behalf by:



HH Sheikh Mohammed Bin Faisal Bin Sultan Al Qassimi
Chairman



Shirish Bhide
Chief Executive Officer

The notes on pages 13 to 80 form an integral part of these financial statements.
The independent auditor's report on these financial statements is set out on pages 1 – 7.

United Arab Bank P.J.S.C.

STATEMENT OF INCOME

For the year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 AED'000	2024 AED'000
Interest income	16	1,128,429	1,074,673
Income from Islamic financing receivables	16	162,780	117,867
Total interest income and income from Islamic financing products		1,291,209	1,192,540
Interest expense	17	(614,288)	(612,705)
Distribution to Islamic depositors	17	(98,274)	(113,280)
Total interest expense and distribution to depositors		(712,562)	(725,985)
Net interest income and income from Islamic financing products net of distribution to depositors		578,647	466,555
Net fees and commission income	18	102,382	90,760
Foreign exchange income	19a	47,320	34,375
Other operating income	19b	68,194	14,113
Total operating income		796,543	605,803
Employee benefit expenses		(228,248)	(204,647)
Depreciation and amortization		(21,147)	(22,061)
Other operating expenses	20	(116,027)	(91,150)
Total operating expenses		(365,422)	(317,858)
Operating profit before impairment loss		431,121	287,945
Net impairment reversal	21	50,736	42,826
Profit for the year before tax		481,857	330,771
Tax expense	23	(44,000)	(29,811)
Net profit for the year		437,857	300,960
Earnings per share (basic and diluted in AED)	22	0.18	0.15

The notes on pages 13 to 80 form an integral part of these financial statements.

The independent auditor's report on these financial statements is set out on pages 1 - 7.

United Arab Bank P.J.S.C.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Year ended 31 December</i>	
	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Net profit for the year	437,857	300,960
Other comprehensive income		
Items that may be reclassified to the income statement:		
FVOCI Instruments:		
Net change in fair value	147,373	39,004
Reclassified to the income statement	(38,997)	(19,737)
Net change in allowance for expected credit losses	(18,307)	-
Cash flow hedge:		
Effective portion of changes in fair value	-	3,743
Total items that may be reclassified to the income statement	90,069	23,010
Related tax on other comprehensive income (note 23)	(8,106)	(2,071)
Other comprehensive income for the year, net of tax	81,963	20,939
Total comprehensive income for the year, net of tax	519,820	321,899

The notes on pages 13 to 80 form an integral part of these financial statements.

The independent auditor's report on these financial statements is set out on pages 1 - 7.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	<i>Share capital</i> <i>AED'000</i>	<i>Tier 1 instrument</i> <i>AED'000</i>	<i>Special reserve</i> <i>AED'000</i>	<i>Statutory reserve</i> <i>AED'000</i>	<i>General reserve</i> <i>AED'000</i>	<i>Treasury shares</i> <i>AED'000</i>	<i>Cumulative changes in fair value</i> <i>AED'000</i>	<i>Retained earnings/ (Accumulated losses)</i> <i>AED'000</i>	<i>Total equity</i> <i>AED'000</i>
At 1 January 2025	2,062,550	550,875	78,118	107,042	9,311	(3,008)	(98,231)	(155,172)	2,551,485
Net profit for the year	-	-	-	-	-	-	-	437,857	437,857
Other comprehensive income for the year	-	-	-	-	-	-	81,963	-	81,963
Total comprehensive income for the year	-	-	-	-	-	-	81,963	437,857	519,820
Rights issue	1,031,276	-	-	-	-	-	-	-	1,031,276
Rights issue cost	-	-	-	-	-	-	-	(8,469)	(8,469)
Coupon on Tier 1 instrument	-	-	-	-	-	-	-	(44,401)	(44,401)
Treasury shares sold	-	-	-	-	-	3,008	-	(214)	2,794
Directors' remuneration and fees (note 24)	-	-	-	-	-	-	-	(20,850)	(20,850)
Transfer to Special reserve (note 15)	-	-	43,786	-	-	-	-	(43,786)	-
Transfer to Statutory reserve (note 15)	-	-	-	43,786	-	-	-	(43,786)	-
Balance at 31 December 2025	3,093,826	550,875	121,904	150,828	9,311	-	(16,268)	121,179	4,031,655
At 1 January 2024	2,062,550	550,875	48,022	76,946	9,311	(3,885)	(119,170)	(334,904)	2,289,745
Net profit for the year	-	-	-	-	-	-	-	300,960	300,960
Other comprehensive income for the year	-	-	-	-	-	-	20,939	-	20,939
Total comprehensive income for the year	-	-	-	-	-	-	20,939	300,960	321,899
Coupon on Tier 1 instrument	-	-	-	-	-	-	-	(44,401)	(44,401)
Treasury shares acquired	-	-	-	-	-	877	-	(10)	867
Directors' remuneration (note 24)	-	-	-	-	-	-	-	(16,625)	(16,625)
Transfer to Special reserve (note 15)	-	-	30,096	-	-	-	-	(30,096)	-
Transfer to Statutory reserve (note 15)	-	-	-	30,096	-	-	-	(30,096)	-
Balance at 31 December 2024	2,062,550	550,875	78,118	107,042	9,311	(3,008)	(98,231)	(155,172)	2,551,485

The notes on pages 13 to 80 form an integral part of these financial statements.

The independent auditor's report on these financial statements is set out on pages 1 - 7.

United Arab Bank P.J.S.C.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	Year ended 31 December	
		2025 AED'000	2024 AED'000 (Restated)*
Operating activities			
Net profit for the year		437,857	300,960
Adjustments for:			
Depreciation and amortization		21,147	22,061
Provision for corporate tax	23	44,000	29,811
Gain on sale of property and equipment		(30)	(104)
Gain on sale of assets acquired in settlement of debt	10	(15,320)	-
Impairment on assets acquired in settlement of debt	21	9,950	9,260
Net credit impairment charge/(reversal)	21	5,762	(7,232)
Amortization of commission paid on medium term borrowing		2,003	1,837
Amortisation of premium paid on investments and Islamic instruments		4,795	3,879
Net fair value gain on disposal of investments and Islamic instruments		(47,594)	(331)
Loss on write off of property, equipment and capital work-in-progress		-	4,417
Operating cash flows before movements in working capital		462,570	364,558
Changes in operating assets and liabilities:			
Loans and advances and Islamic financing receivables		(3,126,251)	(2,186,800)
Balances with UAE Central bank maturing after three months		(200,000)	-
Due from banks maturing after three months	6	(4,837)	1,480
Other assets and customer acceptances		199,738	(368,322)
Due to banks maturing after three months		577,924	(1,420,227)
Customer deposits and Islamic customer deposits	12	4,231,546	3,339,533
Other liabilities and customer acceptances		(196,132)	305,933
Net cash from operating activities		1,944,558	36,155
Investing activities			
Purchase of property, equipment and capital work-in-progress	9	(70,267)	(46,007)
Purchase of investments and Islamic instruments		(3,115,118)	(1,481,349)
Proceeds from redemption / sale of investments and Islamic instruments		1,417,800	601,684
Proceeds from sale of assets acquired in settlement of debt		29,000	-
Proceeds from sale of property and equipment		30	129
Net cash used in investing activities		(1,738,555)	(925,543)
Financing activities			
Proceeds from medium term borrowings	13	1,000,000	-
Repayment of medium term borrowings	13	(734,600)	-
Commission paid on medium term borrowings		(4,200)	-
Proceeds from rights issue	15	1,031,276	-
Rights issuance cost		(8,469)	-
Net sale of treasury shares		2,794	867
Coupon paid on Tier 1 instrument		(44,401)	(44,401)
Net cash from/ (used in) financing activities		1,242,400	(43,534)
Net change in cash and cash equivalents		1,448,403	(932,922)
Cash and cash equivalents at 1 January		704,592	1,637,514
Cash and cash equivalents at 31 December	33	2,152,995	704,592

* Refer to Note 34 for details of restated comparative financial information.

The notes on pages 13 to 80 form an integral part of these financial statements.

The independent auditor's report on these financial statements is set out on pages 1 - 7.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 LEGAL STATUS AND ACTIVITIES

United Arab Bank P.J.S.C. (the “Bank”) was incorporated in 1975 as a Private Joint Stock Company in the Emirate of Sharjah. The legal form of the Bank was converted to a public company with limited liability in 1982 by a decree of His Highness The Ruler of Sharjah and has been registered as a Public Joint Stock Company under the UAE Commercial Companies Law No. (8) of 1984 (as amended). The Bank’s registered office is located in the Emirate of Sharjah, United Arab Emirates. The address of the registered office is PO Box 25022, Sharjah, United Arab Emirates.

On 8 September 2025, the UAE Federal Decree Law No. (6) of 2025 regarding the Central Bank, Regulation of Financial Institutions and Activities, and Insurance Business was issued and came into effect on 16 September 2025 which repealed the UAE Federal Law No. 14 of 2018. The Bank must within a period not exceeding one year from the date of the enforcement of its provisions from 16 September 2025 ("the transitional period") comply with the provisions of the UAE Federal Decree Law No. (6) of 2025.

The Bank carries out the business of commercial banking through its offices and branches in the United Arab Emirates. The Bank also carries out Islamic banking operations through Islamic banking windows at selected branches.

2 BASIS OF PREPARATION

Statement of compliance

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

The Bank is in compliance with applicable provisions of the UAE Companies Law No. 32 of 2021, as amended and the UAE Federal Decree- Law No. 6 of 2025 as at the date of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 9 February 2026.

3 MATERIAL ACCOUNTING POLICIES

3.1 New and revised International Financial Reporting Standards

3.1.1 Standards, amendments and interpretations that are effective for the Bank’s accounting period beginning on 1 January 2025

The following amendment to existing IFRS accounting standards became effective for annual periods beginning from 1 January 2025.

- Lack of Exchangeability (amendments to IAS 21)

In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

The amendment had no impact on the financial statements of the Bank as at 31 December 2025.

3.1.2 Standard 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 financial statements are described below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

3 MATERIAL ACCOUNTING POLICIES (continued)

3.1 New and revised International Financial Reporting Standards (continued)

3.1.2 Standard issued but not yet effective (continued)

(a) *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7*

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments. These amendments:

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

(b) *IFRS 18 Presentation and Disclosure in Financial Statements (effective from 1 January 2027)*

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in IFRS 18 relate to

- The structure of the statement of profit or loss with defined subtotals;
- Requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;
- Required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

The Bank is currently evaluating these amendments. The Bank will adopt it when the amendment becomes effective.

3.2 Basis of measurement

The Bank's financial statements are prepared under the historical cost convention except for the following:

- derivative financial instruments are measured at fair value; and
- financial assets at FVTPL and FVOCI are measured at fair value;

3.3 Functional and presentation currency

The Bank's financial statements have been presented in Arab Emirates Dirhams (AED), which is the presentation currency of the Bank and also the functional currency of the Bank and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument for another entity. All assets and liabilities in the statement of financial position are financial instruments except property and equipment, assets acquired in settlement of debts, capital work-in-progress, prepayments, provision for employee service benefits and shareholders' equity.

3.4.1 Classification

On initial recognition a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL)

The classification requirements for debt and equity instruments are described below.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

The classification depends on the Bank's business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

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

- **Amortised Cost** - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as explained in Note 3.4.14. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- **FVOCI** – Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instruments' amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Interest Income' using the effective interest rate method.
- **FVTPL** – Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement in the period in which it arises.

The business model reflects how the Bank manages its assets in order to generate cash flows that is, whether the Bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

3.4.1 Classification (continued)

Debt instruments (continued)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI' test). In making this assessment, the Bank considers whether contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangements, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

Equity instruments

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Equity instruments at FVOCI are not subject to an impairment assessment.

All other financial assets are classified and measured at FVTPL.

3.4.2 Recognition and initial measurement

The Bank initially recognises loans and advances and deposits on the date at which they are originated. All other financial assets and liabilities are initially recognised on the trade date which is the date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

3.4.3 Amortised cost measurement principles

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal re-payments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Premiums and discounts including initial transaction costs are included in the carrying amount of the related instrument.

3.4.4 Subsequent measurement

Subsequent to initial recognition, all financial instruments to be fair valued are measured at fair value, except any instrument that does not have a reliably measurable fair value, in which case financial instruments are measured as set out in the fair value measurement principles below.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

3.4.4 Subsequent measurement (continued)

All other assets are measured at amortised cost using the effective interest method less impairment losses, if any.

3.4.5 Gains and losses on subsequent measurement

(a) Debt Investments

Gains and losses arising from changes in the fair value of FVOCI investments are recognised directly in equity through other comprehensive income, until the financial assets are derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of income. Changes in the fair value of FVTPL investments are subsequently recognised in the profit or loss.

(b) Equity Investments

Gains and losses arising from changes in the fair value on equity investments are recognized in comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established.

3.4.6 De-recognition

Financial assets are derecognised when the contractual rights to receive cash flows from the asset expire or where the Bank has transferred substantially all the risks and rewards of ownership.

The Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are repurchase agreements.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expire.

3.4.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

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

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

3.4.7 Fair value measurement (continued)

If an asset or a liability measured at fair value has a bid price and an offer price, the Bank measures its assets, liabilities, long and short positions at mid-market rate (which is computed as an average of the bid and offer price).

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

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3.4.8 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances arise when cash is advanced to a debtor with no intention of trading the receivable. Loans and advances are carried at amortised cost.

3.4.9 Investments

The 'investment securities' caption in the statement of financial position includes:

- debt securities measured at FVOCI and amortized cost; and
- equity investment securities designated as at FVOCI.

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described in Note 4.2.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for interest revenue using the effective interest method which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

3.4.10 Due from banks

Due from banks and financial institutions are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate less allowance for impairment, if any.

3.4.11 Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise cash on hand, non-restricted current accounts with the Central Bank, deposits with the Central Bank with an original maturity of three months or less, and amounts due from (to) banks on demand or with an original maturity of three months or less.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

3.4.12 Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements at fair value, with premium received included in 'Other liabilities'. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amortised premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is taken to the statement of income in 'Provision for credit losses'. The premium received is recognised in the statement of income in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

3.4.13 Derivatives and hedges

The Bank enters into derivative instruments including forwards, futures, forward rate agreements, swaps and options in foreign exchange, interest rate and capital markets. In the normal course of business, the fair value of a derivative on initial recognition is the transaction price included in other income/expenses. Subsequent to their initial recognition, derivative financial instruments are stated at fair values where they are designated as part of a hedging relationship and classified as a hedging instrument. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position. Changes in the fair values of derivatives held for trading or to offset other trading positions are included in other operating income (expenses) in the statement of income.

As permitted by IFRS 9, the Bank has elected to continue to apply the hedge accounting requirements of IAS 39.

On initial designation of the hedge, the Bank formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instrument(s) is / are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

Changes in the fair value of derivatives that are designated, and qualify, as fair value hedges and that prove to be highly effective in relation to the hedged risk are included in other operating income / (expenses) along with the corresponding changes in the fair value of the hedged assets or liabilities which are attributable to the risk being hedged.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Upon such discontinuance, in the case of fair value hedges of interest-bearing financial instruments any adjustment to the carrying amount relating to the hedged risk is amortised in the statement of income over the remaining term to maturity.

Certain derivative transactions, while providing effective economic hedges under the Bank's asset and liability management and risk management positions, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore accounted for as derivatives held for trading and the related fair value gains and losses reported in other operating income (expenses).

3 MATERIAL ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

3.4.14 Impairment of financial assets

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on financial instruments accounted for at amortised cost and FVOCI.

(i) Stage 1: 12-months ECL

When financial instruments are first recognized, the bank recognizes an allowance based on 12-month ECLs. 12-month ECLs are the portion of ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

(ii) Stage 2: Lifetime ECL – not credit impaired

When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime expected credit losses (LTECL). LTECLs are the ECLs that result from all possible default events over the expected life of the financial instrument.

(iii) Stage 3: Lifetime ECL – credit impaired

For financial instruments that are deemed credit-impaired, the Bank records an allowance for Lifetime Expected Credit Losses (LTECLs). The Bank also considers relevant regulatory requirements, in the context of the alignment of those requirements with IFRS, in the estimation of ECL in respect of Stage 3 exposures.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost and FVOCI: as a deduction from the gross carrying amount of the assets and adjustments to OCI respectively; and
- loan commitments and financial guarantee contracts: as a provision in other liabilities

3.5 Renegotiated loans

Where possible, the Bank seeks to renegotiate loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

3.6 Write-off

The Bank writes off its loans and advances, Islamic financing receivable balances or other financial asset (and any other related allowances for impairment losses) when the Bank's credit determines that such financial assets are uncollectible in whole or in part. This is determined after considering information such as the occurrence of significant changes in the borrower or issuer's financial position such that the borrower or issuer can no longer pay its obligation in full, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Assets are written-off against provisions up to the extent of amount considered un-collectible.

However, the Bank retains its full legal claim on, and may continue with its recovery effort including litigation, on written-off accounts.

Subsequent recoveries of amounts previously written off are recognised in the statement of income.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.7 Assets acquired in settlement of debts

In certain cases, the Bank may close out transactions by acquiring assets in settlement of debts. The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loan (net of impairment losses) at the date of exchange. No depreciation is provided in respect of these assets. These assets are recorded in "Other assets".

Any subsequent write-down of the acquired asset to fair value less costs to sell is recorded as an impairment loss and included in the statement of income. Any subsequent increase in the fair value less costs to sell, to the extent this does not exceed the cumulative impairment loss, is recognised in the statement of income. The Bank's collateral disposal policy is in line with the respective regulatory requirement of the regions in which the Bank operates.

3.8 Revenue recognition

For all financial instruments measured at amortised cost and debt financial instruments classified as FVOCI and Islamic financial instruments, interest income / profit or expense is recorded at the effective interest/profit rate, which is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest/profit rate and the change in carrying amount is recorded as interest/profit income or expense. The interest/profit income / expense accrual on the assets / liabilities linked to Risk Free Rate (RFR) indexes will follow the standard market conventions relating to respective RFRs.

For financial assets that were credit-impaired on initial recognition, interest/profit income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest/profit income does not revert to a gross basis, even if the credit risk of the asset improves.

Fees earned for provision of services over a period of time are accrued over that period. These fees include commission income on letter of credits, guarantees and others, custody and other management advisory fees.

Foreign exchange income includes income from trading in foreign currencies as well as revaluation gains and losses.

Other fee income and expense are recognised when earned or incurred. Dividend income is recognised when the right to receive payment is established.

3.9 Property, equipment and capital work-in-progress

Property and equipment are stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and any impairment in value. Freehold land is not depreciated as it is deemed to have an indefinite life. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates

3 MATERIAL ACCOUNTING POLICIES (continued)

3.9 Property and equipment (continued)

Depreciation is calculated on a straight line basis over the estimated useful lives of property and equipment as follows:

Buildings	Over 25 years
Motor vehicles	Over 5 years
Furniture	Over 8 years
Equipment	Over 4 years
Fixtures and leasehold improvements	Over 8 years
Computer software and hardware	Over 7 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property and equipment 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 recognised in 'Other operating income' in the statement of income in the year the asset is derecognised.

Capital work-in-progress is reviewed periodically to assess the recoverability and continued viability of projects under development. CWIP balances relating to projects that are no longer expected to be completed, have become obsolete, or are deemed not economically feasible are written off to the statement of profit or loss in the period in which such determination is made. The write-off reflects management's assessment that no future economic benefits are expected from the related expenditures.

3.10 Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event and the costs to settle the obligation are both probable and can be reliably measured. The expense relating to any provision is presented in the statement of income net of any reimbursement.

3.11 Employees' end of service benefits

Provision is made for the end of service benefits due to employees in accordance with the UAE labor law for their period of service up to the financial position date and the provision arising disclosed as 'provision for employees' end of service benefits' in the statement of financial position. The Bank pays its contributions in respect of UAE citizens under the UAE pension and social security law and no further liability exists.

3.12 Foreign currencies

Foreign currency transactions are recorded at rates of exchange ruling at the value dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into United Arab Emirates Dirhams at mid-market rates of exchange ruling at the balance sheet date. Any resultant gains and losses are taken to the statement of income.

3.13 Segment reporting

The Bank's segmental reporting is based on the following operating segments: Wholesale banking, Retail banking and Treasury and capital markets.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.14 Impairment of non-financial assets

The carrying amounts of the Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated based on the higher of fair value less costs to sell and value in use. The reduction in carrying amount is recognised in the income statement.

3.15 Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the settlement date, i.e. the date that the asset is delivered to the counter party. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place.

3.16 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Bank and accordingly are not included in these financial statements.

3.17 Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Bank intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

3.18 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

3.19 Acceptances

Acceptances arise when the Bank is under an obligation to make payments against documents drawn under letters of credit. After acceptance, the instrument becomes an unconditional liability of the Bank and is therefore recognised as a financial liability in the statement of financial position. However, every acceptance has a corresponding contractual right of reimbursement from the customer which is recognised as a financial asset.

3.20 Islamic financing and investment products

In addition to conventional banking products, the Bank offers its customers certain Sharia-compliant banking products, which are approved by its Internal Sharia Supervisory Committee (ISSC).

The various Islamic instruments described below are accounted for, disclosed and presented in accordance with the requirements of the underlying substance of the instruments and IFRS / IAS / IFRIC.

Murabaha:

Murabaha is a sale transaction in which the seller (Bank) expressly mentions the actual cost of the asset to be sold to the customer and sells it to the customer on a cost-plus mark-up (profit) basis. It is in fact the sale of an asset for a profit, usually on deferred payment basis.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.20 Islamic financing and investment products (continued)

Murabaha: (continued)

Income on Murabaha financing is recognised on a time apportioned basis over the period of the Murabaha contract, using the effective profit rate method.

Tawarruq:

A form of Murabaha transaction where the Bank purchases a commodity and sells it to the customer at agreed-upon deferred installment terms. The customer sells the underlying commodity at spot to a third party and uses the proceeds for his financing requirements.

Ijara:

Ijara involves a contract where the Bank buys and then leases an item to a customer for a specified rental over a specific period. The duration of lease, as well as the basis for rental, are set and agreed in advance. The Bank acquires the beneficial ownership of the property to lease the usufruct to the customer.

Income on Ijara financing is recognised on a time apportioned basis over the lease term, using the effective profit rate method.

Qard:

A Qard is the transfer of ownership in tangible wealth (money), from the customer to the Bank, and it is binding on the Bank to return equal wealth (money) to the customer on demand or as per the agreed terms, which means that the principal is to be repaid on demand. The Islamic current account offered to customers is based on the concept of Qard, an amount deposited by the customer to the Bank, on which no profit or other form of return is payable.

Wakala:

Wakala involves an agreement, based on the concept of Wakala Bil Istithmar, where the Bank becomes the investment agent (Wakil) for its customers (Muwakkil) for deposit of their funds in the Wakala investment account to be invested in Shariah-compliant investment instruments. The funds are used to generate profit for the customer by investing in Islamic financing facilities to the Bank's other customers or investing in other Shariah-compliant investment instruments.

Income generated from the Wakala deposits are paid to the customers and the Bank recognizes a corresponding expense in the statement of income. Any losses as a result of the misconduct or negligence or violation of the terms and conditions of the Wakala are borne by the agent; otherwise, they are borne by the principal.

Mudaraba:

A contract between the Bank and the customer, whereby one party provides the funds (Rab Al Mal) and the other party (the Mudarib) invests the funds in a project or a particular activity and any generated profits are distributed between the parties according to the profit shares that were pre-agreed upon in the contract. The Mudarib is responsible of all losses caused by his misconduct, negligence or violation of the terms and conditions of the Mudaraba; otherwise, losses are borne by Rab Al Mal.

Profit distribution mechanism:

Islamic deposits are invested and managed in accordance with Sharia requirements through Mudaraba pool and profit is distributed in accordance with the Sharia-approved profit distribution policy.

3 MATERIAL ACCOUNTING POLICIES (continued)

3.20 Islamic financing and investment products (continued)

The Bank applies weightages to Mudaraba accounts based on their type and tenure to ensure a fair profit distribution system. These weightages are reviewed and approved by the ISSC periodically. These weightages reflect the level of investment commitment and associated risk for each account type. They ensure a transparent and Sharia-compliant distribution of profits. The weightages are a variable factor and may change. Customers are informed through the Bank's website on a quarterly basis if there are any changes to weightages for any category of Mudaraba deposit.

3.21 Leases

Right-of-use assets:

The Bank 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 re-measurement 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. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities:

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance 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 Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

During the year, the bank has elected not to recognise right of use assets and lease liabilities and avail the short-term lease exemption in accordance with IFRS 16. Payments associated with low value and short term leases (lease term of 12 months or less) are recognised on a straight line basis over the lease term as an expense in the statement of profit and loss. The change in the accounting policy does not have a material impact on the Bank's financial statements.

The Bank has the option, under some of its leases to lease the assets for an additional term. The Bank applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

Determination of the lease term for lease contracts with renewal and termination options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or

3 MATERIAL ACCOUNTING POLICIES (continued)

3.21 Leases (continued)

termination. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Estimating the incremental borrowing rate

The Bank 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 Bank 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 Bank '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 Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as credit rating, or to reflect the terms and conditions of the lease).

3.22 Repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the effective interest rate.

3.23 Income taxes and deferred taxes

The UAE Ministry of Finance ("MOF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE.

As the Bank's accounting year ends on 31 December, the tax period will be 1 January 2025 to 31 December 2025, with the return to be filed on or before 30 September 2026.

The taxable income of the bank in scope for UAE CT purposes will be subject to the rate of 9% corporate tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date where the Bank generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be settled with the tax authorities.

Deferred tax is accounted for using the asset and liability method. Deferred tax assets and liabilities are recognised for the full tax consequences of all temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Recognition of deferred tax assets are, however, restricted to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period in which the asset is expected to be realised or the liability is expected to be settled.

4 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATES

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

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

Information about significant areas of estimation and uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

4.1 Classification of financial assets

The Bank classifies financial assets based on an assessment within which the assets are held and whether the contractual terms of the financial asset meet the solely payments of principal and interest on the principal amount outstanding. This assessment ensures that the measurement basis of financial assets is aligned with the Bank's risk management strategy and objective.

4.2 Impairment of financial assets

The Bank recognizes loss allowances for Expected Credit Losses (ECLs) on the following financial instruments, where applicable:

- Balances with central banks;
- Due from banks;
- Debt investment securities and Islamic instruments;
- Loans and advances, Islamic financing, and other financial assets;
- Loan commitments;
- Financial guarantee contracts.

Credit risk grades

The bank assigns each exposure to a credit risk grade based on a variety of data deemed predictive of default risk, applying prudent credit judgment. These grades are determined using combination of qualitative and quantitative factors that reflect the likelihood of default, customized to the nature of the exposure and the borrower's profile.

At initial recognition, each exposure is assigned to a credit risk grade based on the available information about the borrower. Exposures are continuously monitored, and this ongoing monitoring may lead to a reassignment of the exposure to a different credit risk grade.

The Bank utilizes internal credit risk grades as a key factor in determining the probability of default for individual facilities. Below is a snapshot of the Bank's credit risk grading system.

4 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATES (continued)**4.2 Impairment of financial assets (continued)****Credit risk grades (continued)**

S. No.	Internal Rating Grades	Equivalent External Rating	TTC PD	Description	Grade
1	1	AAA	0.13%	Strong	High
2	2+	AA+	0.13%	Very Good	
3	2	AA	0.13%		
4	2-	AA-	0.14%		
5	3+	A+	0.15%	Good	Standard
6	3	A	0.17%		
7	3-	A-	0.19%		
8	4+	BBB+	0.23%	Satisfactory	
9	4	BBB	0.28%		
10	4-	BBB-	0.36%		
11	5+	BB+	0.48%	Acceptable	
12	5	BB	0.67%		
13	5-	BB-	0.96%		
14	6+	B+	1.46%	Marginal	
15	6	B	2.30%		
16	6-	B-	3.78%		
17	7+	CCC+	6.46%	Internal Watch list	Watchlist
18	7	CCC	11.33%	OLEM	
19	7-	CCC-	19.97%		
20	8	CC	100.00%	Sub Standard	Default
21	9	C	100.00%	Doubtful	
22	10	D	100.00%	Loss	

The grading criteria for the retail portfolio as below:

Standard	Watchlist	Default
DPD 0- 30 days	DPD 31- 90 days	Greater than 90 days

Importance of staging criteria

Staging is a critical component in determining the IFRS 9 Expected Credit Loss (ECL), as it governs the classification of loans/financings into different stages. Loans/ financings in Stage 1 are subject to a 12-month ECL, while those in Stage 2 are subject to a lifetime ECL. Under IFRS 9, staging is based on the assessment of changes in the credit quality of loans from their initial recognition. Loans/ financings classified under Stage 3 show objective evidence of impairment.

The Bank assesses Significant Increase in Credit Risk (SICR) by comparing the risk of default estimated at origination with the risk of default at the reporting date. This transition is visualized through a staging matrix reflecting the movement from origination rating to the current rating. In addition to the credit risk grading changes, indicators such as DPD and restructure are also considered.

For retail accounts, SICR criteria primarily rely on Days Past Due (DPD) thresholds, supplemented by qualitative indicators such as job loss, skip signals, or an identified unlikeliness to pay. For all other exposures, the Bank incorporates broader qualitative factors including significant negative changes in business operations, actual or expected forbearance, and early indicators of cash flow or liquidity strain.

4 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATES (continued)

4.2 Impairment of financial assets (continued)

Determining the stage for impairment

The Bank considers a financial asset to be in default when:

- The borrower is past due more than 90 days on any material credit obligation.
- The borrower is deemed 'unlikely to pay' its credit obligations to the bank in full without recourse to actions such as realizing security.

Significant increase in credit risk (SICR)

The Bank monitors all financial assets, issued loan/financing commitments, and financial guarantee contracts to assess whether there has been a significant increase in credit risk since initial recognition. This assessment is performed on a monthly basis for each individual exposure.

Quantitative thresholds are established for the significant increase in credit risk by comparing the risk of default estimated at origination with the risk of default at the reporting date based on movements in credit ratings. The bank also employs an Early Warning Indicator (EWI) framework to identify potentially higher-risk customers within performing customers.

The assessment considers both quantitative and qualitative information, including:

- Internal risk grades and external credit ratings (where available);
- Actual or expected adverse changes in business, financial, or economic conditions;
- Significant changes in the value of collateral;
- Macro-economic information such as oil prices, GDP, real imports and general government finance expenditure/revenue;
- Incorporation of forward-looking economic scenarios.

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of Default (PD): An estimate of the likelihood of default over a given time horizon, derived from statistical rating models tailored to various counterparty categories.
- Loss Given Default (LGD): LGD is an estimate of the loss arising on default, based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. LGD models consider forecasts of future collateral valuation, sale discounts, time to realization of collateral, cross-collateralization, and seniority of claim.
- Exposure at Default (EAD): The expected exposure in the event of default, including potential future drawdowns on lending commitments based on historical observations.

These parameters are generally derived from internally developed statistical models, other historical data, and forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

4 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATES (continued)

4.2 Impairment of financial assets (continued)

Measurement of ECL (continued)

ECLs are an unbiased probability-weighted estimate of the present value of credit losses, determined by evaluating a range of possible outcomes and measured as follows.

- For 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 Bank expects to receive).
- For 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.
- For undrawn commitments, ECL is based on the potential exposure, which considers the likelihood that the commitment will be utilized and the resulting credit risk.
- For financial guarantee contracts, ECL is based on the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

The Bank incorporates forward-looking information into its assessment of credit risk and ECL measurement. This includes economic scenarios (base, upside, downside) and key macroeconomic indicators such as oil prices, GDP growth, and real imports and general government finance expenditure/revenue.

The table below summarizes key macroeconomic indicators included in the economic scenarios in the UAE at 31 December 2025 for the years ending 2025 to 2028:

Macroeconomic variables As at 31 December 2025	Scenario	Assigned probabilities	2025	2026	2027	2028
	Base	40%	1928.14	2019.69	2067.15	2118.53
	Upside	20%	1928.14	2043.61	2129.31	2208.91
	Downside	40%	1928.14	1818.83	1823.41	1877.72
Real Imports of Goods and Services (AED)	Base	40%	513.22	565.22	605.29	644.26
General Government Finance: Expenditure (AED)	Upside	20%	513.22	577.36	648.67	689.41
	Downside	40%	513.22	546.59	525.71	547.17
	Base	40%	33.25	34.64	34.92	34.32
General government debt to GDP ratio (%)	Upside	20%	33.25	29.38	29.41	29.80
	Downside	40%	33.25	46.00	50.29	45.92
	Base	40%	10057.66	9932.76	9994.82	10154.46
Share Price Index: ADX General Index	Upside	20%	10057.66	10623.01	10652.01	10743.68
	Downside	40%	10057.66	7399.61	7791.16	8352.33
	Base	40%	164.20	174.52	182.06	189.71
House Price Index: Real	Upside	20%	164.20	179.68	190.59	198.89
	Downside	40%	164.20	147.19	143.28	149.36
	Base	40%	60.57	85.50	117.80	164.32
Real Net Exports of Goods and Services (AED)	Upside	20%	60.57	85.62	104.42	146.58
	Downside	40%	60.57	74.14	134.34	168.49
	Base	40%	1903.43	1996.09	2079.97	2170.08
Real Gross Domestic Product [GDP] (AED)	Upside	20%	1903.43	2049.33	2147.37	2240.39
	Downside	40%	1903.43	1877.35	1916.38	2035.85
	Base	40%	63.65	64.04	67.06	68.72
Brent crude oil 1-month forward (USD)	Upside	20%	63.65	69.66	70.23	69.93
	Downside	40%	63.65	41.99	57.47	66.62
	Base	40%	523.76	545.80	577.54	611.59
General Government Finance: Revenue (AED)	Upside	20%	523.76	644.60	611.27	641.30
	Downside	40%	523.76	386.03	479.85	538.45

4 SIGNIFICANT MANAGEMENT JUDGEMENTS AND ESTIMATES (continued)

4.2 Impairment of financial assets (continued)

Sensitivity analysis

From a sensitivity analysis perspective, had the weightage of the adverse scenario been increased by 10% with a corresponding decrease of 10% in upside scenario, the S1/S2 impairment loss allowance would have increased by approximately AED 5.7M. This approach ensures a conservative assessment by focusing on adverse conditions, aligning with the Bank's prudent credit risk management framework.

Impact of CBUAE Regulations

Following the implementation of the Credit Risk Management Regulations and Standards (Circular No. 3/2024), the Bank has integrated the requirements into its impairment framework. These regulations have led to the following changes:

- Enhanced requirements for the identification and measurement of ECLs, including the use of more granular data and forward-looking scenarios.
- Strengthened criteria for the assessment of significant increases in credit risk and unlikelihood to pay indicators.

The calculation process, the methodology and the results for provisions have been reviewed and approved by the Committee responsible for the oversight of provisions. Accordingly, the responsible Committee has formally reviewed as presented by the CRO the calculation process, the methodology and results of the provision. Therefore, the provisions have been presented and approved by the Board or delegated body of the Board.

4.3 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

4.4 Provisions and other contingent liabilities

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings both in UAE and in other jurisdictions, arising in the ordinary course of the Bank's business.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Bank is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Bank does not include detailed, case-specific disclosures in its financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

5 CASH AND BALANCES WITH UAE CENTRAL BANK

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Cash on hand	49,525	48,684
Balances and statutory reserve requirements with UAE Central Bank	940,086	226,540
Overnight Deposit Facility and Certificate of Deposits	1,500,000	1,950,000
	<u>2,489,611</u>	<u>2,225,224</u>

As per the CBUAE regulations, the Bank is allowed to draw their balances under specified conditions held in the UAE reserve account, while ensuring that they meet the reserve requirements over a 14 day period.

The UAE Central Bank balances are high grade in nature. Cash and balances with UAE Central Bank is classified under stage 1 as per IFRS 9. However, as these instruments are considered to have low credit risk, expected credit losses are considered to be immaterial and therefore no provision has been recognised.

6 DUE FROM BANKS, NET

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Demand deposits	816,380	285,368
Term deposits	325,000	300,000
Less: Expected Credit Loss	(332)	(222)
	<u>1,141,048</u>	<u>585,146</u>

Demand deposits includes AED 5,057 thousand (31 December 2024: AED 220 thousand) as margin for derivative transactions.

Gross amounts of due from banks by geographical area:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Within UAE	334,090	311,817
Within GCCs	36,303	15,344
Other countries	770,987	258,207
	<u>1,141,380</u>	<u>585,368</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES, NET

The composition of loans and advances and Islamic financing receivables portfolio is as follows:

	2025 AED'000	2024 AED'000
<i>(a) By type:</i>		
Overdrafts	979,853	1,186,866
Term loans (medium and short term)	13,029,711	10,029,966
Loans against trust receipts	649,843	597,788
Bills discounted	91,455	126,188
Other cash advances	18,370	20,133
Bills drawn under letters of credit	214,079	113,187
Gross loans and advances and Islamic financing receivables	14,983,311	12,074,128
Less: Provision for impairment on loans and advances and Islamic financing receivables	(429,016)	(547,771)
Net loans and advances and Islamic financing receivables	14,554,295	11,526,357

Term loans (medium and short term) includes retail loans of AED 3,079,973 thousand (31 December 2024: AED 2,069,674 thousand).

	2025 AED'000	2024 AED'000
<i>(b) By economic sector:</i>		
Real estate	2,875,599	1,958,608
Personal-retail mortgage	2,432,116	1,603,185
Government and public sector	802,548	743,584
Trade	829,308	987,882
Personal loans (retail and business)	979,700	849,273
Manufacturing	923,810	719,214
Construction	70,257	150,265
Services	2,435,947	1,797,360
Financial institutions	3,563,862	2,766,930
Transport and communication	69,054	427,433
Others	1,110	70,394
	14,983,311	12,074,128

Islamic financing gross receivables amount to AED 2,385,457 thousand (31 December 2024: AED 1,261,475 thousand) recognized through the Bank's Shari'a – compliant Islamic window.

Movement in the gross balances of loans and advances and Islamic financing receivables

	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000
Gross carrying amount as at 31 December 2024	11,392,369	216,525	465,234	12,074,128
<i>Changes due to financial assets recognized in the opening balance that have</i>				
Transferred from Stage 1	(387,346)	178,198	209,148	-
Transferred from Stage 2	10,625	(14,782)	4,157	-
Transferred from Stage 3	-	12,777	(12,777)	-
Net of new assets originated or purchased	3,172,588	(16,600)	(70,715)	3,085,273
Write-offs	-	-	(176,090)	(176,090)
As at 31 December 2025	14,188,236	376,118	418,957	14,983,311

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES, NET (continued)

Movement in the gross balances of loans and advances and Islamic financing receivables (continued)

	<i>Stage 1</i> <i>AED '000</i>	<i>Stage 2</i> <i>AED '000</i>	<i>Stage 3</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
Gross carrying amount as at 31 December 2023	9,044,063	471,210	496,662	10,011,935
<i>Changes due to financial assets recognized in the opening balance that have</i>				
Transferred from Stage 1	(15,317)	11,215	4,102	-
Transferred from Stage 2	63,020	(175,336)	112,316	-
Transferred from Stage 3	1	2,663	(2,664)	-
Net of new assets originated or purchased	2,300,602	(93,227)	(79,263)	2,128,112
Write-offs	-	-	(65,919)	(65,919)
As at 31 December 2024	<u>11,392,369</u>	<u>216,525</u>	<u>465,234</u>	<u>12,074,128</u>

Movement in provision for impairment of loans and advances and Islamic financing receivables

	<i>Stage 1</i> <i>AED '000</i>	<i>Stage 2</i> <i>AED '000</i>	<i>Stage 3</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
Balance as at 31 December 2024	102,087	117,510	328,174	547,771
<i>Changes due to provisions recognized in the opening balance that have:</i>				
Transferred from 12 month ECL	(71,226)	12,807	58,419	-
Transferred from lifetime ECL not credit-impaired	252	(1,050)	798	-
Transferred from lifetime ECL credit-impaired	-	11,473	(11,473)	-
Transferred to ECL on commitments and contingent liabilities	-	-	-	-
Net impairment charge/(release) to income statement	59,128	(11,654)	9,861	57,335
Release to income statement	-	-	-	-
Write-offs	-	-	(176,090)	(176,090)
As at 31 December 2025	<u>90,241</u>	<u>129,086</u>	<u>209,689</u>	<u>429,016</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES, NET (continued)

Movement in provision for impairment of loans and advances and Islamic financing receivables (continued)

	<i>Stage 1</i> <i>AED '000</i>	<i>Stage 2</i> <i>AED '000</i>	<i>Stage 3</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
Balance as at 31 December 2023	130,431	169,779	354,432	654,642
<i>Changes due to provisions recognized in the opening balance that have:</i>				
Transferred from 12 month ECL	(21,824)	7,336	14,488	-
Transferred from lifetime ECL not credit-impaired	8,991	(49,938)	40,947	-
Transferred from lifetime ECL credit-impaired	-	637	(637)	-
Transferred to ECL on commitments and contingent liabilities	(10,395)	-	4,780	(5,615)
Net impairment charge/(release) to income statement	(5,116)	(10,304)	3,487	(11,933)
Release to income statement	-	-	(23,404)	(23,404)
Write-offs	-	-	(65,919)	(65,919)
As at 31 December 2024	<u>102,087</u>	<u>117,510</u>	<u>328,174</u>	<u>547,771</u>

Sector wise analysis of impaired loans and advances and Islamic financing receivables in the default category and related provisions is as follows:

	<i>2025</i>		<i>2024</i>	
	<i>Gross exposure</i> <i>AED '000</i>	<i>Impairment provision</i> <i>AED '000</i>	<i>Gross exposure</i> <i>AED '000</i>	<i>Impairment provision</i> <i>AED '000</i>
By economic sector				
Real estate	145,141	115,634	295,595	172,741
Personal-retail mortgage	17,554	2,209	28,241	17,569
Trade	1,476	1,458	64,401	64,358
Personal loans (retail and business)	14,102	7,673	22,414	20,285
Manufacturing	27	27	24,144	23,919
Construction	753	753	20,207	20,207
Services	239,900	81,931	2,740	2,737
Transport and communication	4	4	7,492	6,358
Total	<u>418,957</u>	<u>209,689</u>	<u>465,234</u>	<u>328,174</u>

The fair value of collateral that the Bank holds relating to loans and advances and Islamic financing receivables to corporate and retail customers individually determined to be impaired at 31 December 2025 amounts to AED 401,773 thousand (31 December 2024: AED 405,615 thousand). The collateral consists of cash, securities, charges over real estate properties, vehicles, plant and machinery, inventory, trade receivables, and guarantees from parent companies for loans to their subsidiaries or other Bank companies. The value of disclosed collateral (before haircut) is capped to the gross outstanding amount of the loan.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

7 LOANS AND ADVANCES AND ISLAMIC FINANCING RECEIVABLES, NET (continued)

Grading of gross balances of loans and advances and Islamic financing receivables along with stages

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
High	3,048,294	-	-	3,048,294
Standard	11,139,942	208,121	-	11,348,063
Watch list	-	167,997	-	167,997
Default	-	-	418,957	418,957
Total gross carrying amount	14,188,236	376,118	418,957	14,983,311
Expected credit loss	(90,241)	(129,086)	(209,689)	(429,016)
As at 31 December 2025	14,097,995	247,032	209,268	14,554,295
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
High	2,329,492	-	-	2,329,492
Standard	9,062,877	56,507	-	9,119,384
Watch list	-	160,018	-	160,018
Default	-	-	465,234	465,234
Total gross carrying amount	11,392,369	216,525	465,234	12,074,128
Expected credit loss	(102,087)	(117,510)	(328,174)	(547,771)
As at 31 December 2024	11,290,282	99,015	137,060	11,526,357

United Arab Bank P.J.S.C.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

8 INVESTMENTS AND ISLAMIC INSTRUMENTS, NET

	2025			2024		
	<i>Quoted AED'000</i>	<i>Unquoted AED'000</i>	<i>Total AED'000</i>	<i>Quoted AED'000</i>	<i>Unquoted AED'000</i>	<i>Total AED'000</i>
Debt:						
FVOCI						
Local	1,620,227	-	1,620,227	2,057,585	-	2,057,585
Overseas	3,225,249	-	3,225,249	2,244,046	-	2,244,046
Amortised cost						
Local	1,327,300	-	1,327,300	569,585	-	569,585
Overseas	1,701,991	-	1,701,991	1,135,082	-	1,135,082
Total debt securities	7,874,767	-	7,874,767	6,006,298	-	6,006,298
Equity:						
FVOCI						
Local	-	1,225	1,225	-	849	849
Overseas	-	76	76	-	76	76
Total equities	-	1,301	1,301	-	925	925
Total investments	7,874,767	1,301	7,876,068	6,006,298	925	6,007,223
Expected credit loss and reserve			(15,649)			(2,242)
Net investments and Islamic instruments			7,860,419			6,004,981

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

8 INVESTMENTS AND ISLAMIC INSTRUMENTS, NET (continued)

The Bank holds a stage 1 ECL allowance on its investment securities classified under FVOCI amounting to AED 10,953 thousand as at 31 December 2025 (31 December 2024: AED 29,260 thousand).

Included in the above are investment securities amounting to AED 1,867,039 thousand (31 December 2024: AED 1,460,843 thousand) secured under repurchase agreement with the lenders. The Banks holds an ECL allowance of AED 5,632 thousand (31 December 2024: AED 2,447 thousand) on these investment securities secured under repurchase agreements.

Investments and Islamic instruments are classified under stage 1 as per IFRS 9.

An analysis of the investment based on external credit ratings is as follows:

As at 31 December 2025	<i>Debt securities</i> <i>AED'000</i>	<i>Other investments</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
AA	1,688,245	-	1,688,245
AA-	157,261	-	157,261
A+	673,560	-	673,560
A	414,777	-	414,777
A-	220,209	-	220,209
BBB+	440,782	-	440,782
BBB	606,843	-	606,843
BBB-	1,020,667	-	1,020,667
BB+ and below	2,487,137	-	2,487,137
Unrated	165,286	1,301	166,587
Total investments	7,874,767	1,301	7,876,068
Expected credit loss and reserve	(15,649)	-	(15,649)
Net investments	7,859,118	1,301	7,860,419

As at 31 December 2024	<i>Debt securities</i> <i>AED'000</i>	<i>Other investments</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
AA	777,143	-	777,143
AA-	446,225	-	446,225
A+	626,928	-	626,928
A	416,763	-	416,763
A-	128,735	-	128,735
BBB+	167,061	-	167,061
BBB	356,403	-	356,403
BBB-	603,275	-	603,275
BB+ and below	2,341,174	-	2,341,174
Unrated	142,591	925	143,516
Total investments	6,006,298	925	6,007,223
Expected credit loss	(2,242)	-	(2,242)
Net investments	6,004,056	925	6,004,981

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

9 PROPERTY, EQUIPMENT AND CAPITAL WORK-IN-PROGRESS, NET

	<i>Freehold land and buildings AED'000</i>	<i>Computer software and hardware AED'000</i>	<i>Motor vehicles, leasehold improvements, furniture, fixtures and equipment AED'000</i>	<i>Capital work- in- progress AED'000</i>	<i>Total AED'000</i>
Cost or valuation:					
At 1 January 2025	231,194	235,921	123,020	41,870	632,005
Additions	-	1,255	1,143	67,869	70,267
Transfers	-	47,445	5,221	(52,666)	-
Write-offs	-	-	-	-	-
Sale/Disposals	-	-	-	-	-
At 31 December 2025	231,194	284,621	129,384	57,073	702,272
Accumulated depreciation:					
At 1 January 2025	35,934	196,975	104,089	-	336,998
Charge for the year	3,292	14,051	2,436	-	19,779
Write-offs	-	-	-	-	-
Sale/Disposals	-	-	-	-	-
At 31 December 2025	39,226	211,026	106,525	-	356,777
Impairment on properties	(90,800)	-	-	-	(90,800)
Net Carrying Value as At 31 December 2025	101,168	73,595	22,859	57,073	254,695

	<i>Freehold land and buildings AED'000</i>	<i>Computer software and hardware AED'000</i>	<i>Motor vehicles, leasehold improvements, furniture, fixtures and equipment AED'000</i>	<i>Capital work- in- progress AED'000</i>	<i>Total AED'000</i>
Cost or valuation:					
At 1 January 2024	231,194	208,908	121,032	29,709	590,843
Additions	-	9,382	2,416	34,209	46,007
Transfers	-	17,631	-	(17,631)	-
Write-offs	-	-	-	(4,417)	(4,417)
Sale/Disposals	-	-	(428)	-	(428)
At 31 December 2024	231,194	235,921	123,020	41,870	632,005
Accumulated depreciation:					
At 1 January 2024	32,640	183,593	102,459	-	318,692
Charge for the year	3,294	13,382	1,938	-	18,614
Write-offs	-	-	-	-	-
Sale/Disposals	-	-	(308)	-	(308)
At 31 December 2024	35,934	196,975	104,089	-	336,998
Impairment on properties	(90,800)	-	-	-	(90,800)
Net Carrying Value as At 31 December 2024	104,460	38,946	18,931	41,870	204,207

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

9 PROPERTY, EQUIPMENT AND CAPITAL WORK-IN-PROGRESS, NET (continued)

The cost of freehold land included above is AED 148,900 thousand (31 December 2024: AED 148,900 thousand). Management has completed the assessment of the carrying values of these plots of land and has accordingly recognised an impairment of AED Nil during 2025 (31 December 2024: Nil).

Intangible assets relating to computer software are included within computer software and hardware with a net carrying value of AED 68,033 thousand (31 December 2024: AED 33,866 thousand).

Description of the valuation techniques used and key inputs to valuation of properties is as follows:

Valuation technique Significant unobservable inputs

DRC method (refer below)	Sales rate per sq ft on gross floor area (GFA) amended to incorporate negotiation, size and time adjustment for transactions
Sales Comparison method (refer below)	Negotiation adjustment of 15% has been applied to the current asking price for similar land parcels

Depreciated Replacement Costs (“DRC”) method

The DRC method is based on the market value of the current use of the land in addition to the current gross replacement costs of improvements less allowances for physical deterioration and all relevant forms of obsolescence and optimization.

Sales comparison method

This method involves analysing sales and asking prices of similar plots of land and comparing these to the property owned.

10 OTHER ASSETS, NET

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Interest receivable	210,445	157,968
Positive fair value of derivatives (Note 25)	22,865	51,268
Prepayments and other assets	152,658	225,125
Right-of-use assets	-	8,494
Assets repossessed in settlement of debts, net (refer below)	26,090	49,720
	412,058	492,575

During the year, the Bank recognized a gain of AED 15,320 thousand (31 December 2024: AED Nil) on its properties which had a net carrying value of AED 13,680 thousand (31 December 2024: AED 13,680 thousand) at the time of sale. The management completed an assessment of the carrying values of the remaining properties in 2025 and has accordingly recognised AED 9,950 thousand impairment (31 December 2024: AED 9,260 thousand) for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

11 DUE TO BANKS

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Demand deposits	16,256	42,129
Term deposits	3,325,181	3,554,225
	3,341,437	3,596,354

Term deposits include borrowings through repurchase agreements of AED 1,690,002 thousand (2024: AED 1,234,446 thousand). Demand deposits include AED 12,854 thousand (31 December 2024: AED 35,623 thousand) held as margin for derivative transactions.

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Gross amounts due to banks by geographical area		
Within U.A.E.	1,255,160	1,236,345
Within GCC	76,564	6,159
Other countries	2,009,713	2,353,850
	3,341,437	3,596,354

12 CUSTOMER DEPOSITS AND ISLAMIC CUSTOMER DEPOSITS

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Term deposits	11,335,947	9,014,789
Current accounts	5,949,144	4,384,780
Call and saving accounts	523,490	177,466
	17,808,581	13,577,035

Customer deposits include Islamic customer deposits amounting to AED 2,607,891 thousand (31 December 2024: AED 2,091,426 thousand) undertaken through the Bank's Shari'a - compliant Islamic window.

13 MEDIUM TERM BORROWINGS

The Bank has arranged a term loan facility amounting to AED 1,000,000 thousand during 2025. The facility carries a floating interest rate, being margin over EIBOR and is repayable in full in December 2027.

The term loan facility arranged during December 2023 amounting to AED 734,600 thousand was matured and repaid during the year.

14 OTHER LIABILITIES

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Interest payable	173,901	166,380
Negative fair value of derivatives (Note 25)	14,890	12,149
ECL on off-balance sheet exposures (Note 26)	19,271	100,150
Staff related provisions	25,410	21,697
Accrued expenses	64,954	50,729
Un-presented cheques	33,647	54,313
Lease liability	-	7,180
Corporate tax liability	44,026	29,811
Deferred tax liability	10,177	2,071
Others	144,177	134,536
	530,453	579,016

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

14 OTHER LIABILITIES (continued)

In accordance with UAE labour law, the Bank provides for end of service benefit for its expatriate employees. Movements in the liability recognised in the statement of financial position in respect of end of service benefits are as follows:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Liability as at 1 January	21,697	18,886
Expense recognised in the statement of income	5,300	5,093
End of service benefits paid	<u>(1,587)</u>	<u>(2,282)</u>
Liability as at 31 December	<u>25,410</u>	<u>21,697</u>

15 SHARE CAPITAL AND RESERVES

(a) *Share capital*

The issued and fully paid-up share capital of the Bank comprises 3,093,825,974 (31 December 2024: 2,062,550,649) shares of AED 1 each.

In the Annual General Meeting held on 6 March 2025, the shareholders approved the increase of the paid-up share capital from 2,062,550,649 up to 3,093,825,974 by issuing 1,031,275,325 shares through rights issuance at nominal value of AED 1 per share. Subsequently in August 2025, the rights issue was fully subscribed. The transaction costs incurred towards the rights issuance are accounted for as a deduction from equity.

(b) *Tier 1 instrument*

On 30 March 2023, the Bank has issued a perpetual, non-callable 5.5 years Tier 1 Instrument (“instrument”) of USD 150 million (AED 551 Million) which qualifies to be included as regulatory Tier 1 capital. The instrument constitutes direct, unsecured, non-convertible and sub-ordinated obligations of the Bank. Under the terms and conditions of the issue, the Bank may elect not to pay a coupon and has the option to call back the Instrument at the contractual reset date subject to Central Bank of UAE approval.

(c) *Special reserve*

UAE Federal Decree Law No. 6 of 2025 concerning the Central Bank, the Monetary System and Organisation of Banking requires that 10% of the net profit is transferred to a non-distributable special reserve until this reserve equals 50% of the paid up share capital. This reserve has a balance of AED 121,904 thousand (31 December 2024: AED 78,118 thousand) as of 31 December 2025.

(d) *Statutory reserve*

UAE Federal Decree Law No. 6 of 2025 and the Articles of Association of the Bank, require that 10% of the net profit is transferred to a non-distributable statutory reserve until this reserve equals 50% of the paid up share capital. This reserve has a balance of AED 150,828 thousand (31 December 2024: AED 107,042 thousand) as of 31 December 2025.

(e) *General reserve*

The general reserve may be utilised for any purpose to be determined by a resolution of the shareholders of the bank at an ordinary general meeting, on the recommendation of the Board of Directors. This reserve has a balance of AED 9,311 thousand (31 December 2024: AED 9,311 thousand) as of 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

15 SHARE CAPITAL AND RESERVES (continued)

(f) Dividends

The Board of Directors have recommended a cash dividend payout of 25% of the net profit, amounting to AED 0.035 per share for the financial year ended 31 December 2025 (31 December 2024: Nil). This is subject to the approval of the shareholders at the Annual General Assembly to be held in March 2026.

(g) Cumulative changes in fair value

Cumulative changes in fair value reserve includes the net change in fair value of FVOCI assets, deferred tax liability and the net change in allowance for expected credit loss . This reserve has a balance of negative AED 16,268 thousand (31 December 2024: negative AED 98,231 thousand) as of 31 December 2025.

16 INTEREST INCOME AND INCOME FROM ISLAMIC FINANCING PRODUCTS

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Interest income:		
Loans and advances	677,021	653,702
Money market and interbank transactions	134,822	181,001
Debt investments securities	316,586	239,970
	<u>1,128,429</u>	<u>1,074,673</u>

Income from Islamic financing receivables:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Ijarah	84,814	30,470
Sukuk investments	37,697	37,346
Tawarruq	20,895	13,350
Money market placements	11,883	30,416
Others	7,491	6,285
	<u>162,780</u>	<u>117,867</u>

17 INTEREST EXPENSE AND DISTRIBUTION TO DEPOSITORS

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Interest expense:		
Customer deposits	369,372	329,460
Medium term borrowing	27,667	33,005
Interbank transactions	217,249	250,240
	<u>614,288</u>	<u>612,705</u>

Distribution to Islamic depositors:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Wakala deposits	74,389	96,330
Money market borrowing	6,617	3,499
Medium term borrowing	9,222	11,002
Savings and others	8,046	2,449
	<u>98,274</u>	<u>113,280</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

18 NET FEES AND COMMISSION INCOME

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Fees on letters of credit and acceptances	11,877	10,960
Fees on guarantees	22,247	19,509
Fees on loans and advances	54,892	43,029
Other fee income	24,261	24,243
Commission expense	(10,895)	(6,981)
	102,382	90,760

19a FOREIGN EXCHANGE INCOME

Foreign exchange income comprises mainly of net gains of AED 47,320 thousand (31 December 2024: AED 34,375 thousand) arising from trading in foreign currencies.

19b OTHER OPERATING INCOME

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Net gain on sale of investments	47,594	331
Net (loss)/gain on derivatives	(5,904)	10,432
Gain on asset acquired in settlement of debts	15,320	-
Others	11,184	3,350
	68,194	14,113

20 OTHER OPERATING EXPENSES

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Occupancy and maintenance costs	71,431	43,491
Legal and professional fees	24,868	25,405
Other administrative expenses	19,728	17,837
Write-off of property and equipment (Note 9)	-	4,417
	116,027	91,150

21 NET IMPAIRMENT LOSSES

Provision for credit losses recognised in the statement of income is as follows

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Net impairment of financial assets on:		
Loans and advances, Islamic financing receivables and other financial assets	(91,431)	12,122
Contingent liabilities (Note 26)	80,879	(4,868)
Investments and Islamic instruments	4,900	-
Due from banks	(110)	(21)
Impairment of non-financial assets (Note 10)	(9,950)	(9,260)
Recovery on bad debts written off	66,448	44,853
Net impairment reversal	50,736	42,826

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

22 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. The calculations are as follows:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Net profit for the year	437,857	300,960
Number of shares of AED 1 each outstanding for the year	2,062,550,649	2,060,238,811
Effect of rights issue of 1,031,275,325 weighted shares	404,033,894	-
Weighted number of shares of AED 1 each outstanding for the period	<u>2,466,584,543</u>	<u>2,060,238,811</u>
Basic earnings per share	<u>AED 0.18</u>	AED 0.15

The diluted earnings per share are the same as basic earnings per share as the Bank has not issued any instruments which would have a dilutive impact on earnings per share if or when exercised.

The total number of shares outstanding excludes Nil treasury shares (31 December 2024: 2,311,838) which is deducted for the purpose of computing earnings per share.

23 TAX EXPENSE

The Bank calculates the yearly income tax expense using the tax rate that would be applicable to the expected total earnings. The major components of income tax expense in the statement of profit or loss are:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Tax expense for the year:		
Statement of profit or loss:		
Current tax charge	<u>44,000</u>	29,811
Statement of other comprehensive income:		
Deferred tax on items that may be reclassified to income statement	<u>8,106</u>	2,071

Reconciliation of Bank's tax on profit based on accounting and profit as per tax law is as follows:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Net profit before tax	<u>481,857</u>	330,771
Effect of CIT @ 9%	43,367	29,769
Tax effects of:		
Expense not deductible for tax purpose	667	76
Effect of standard exemption	<u>(34)</u>	<u>(34)</u>
Income Tax Expense	<u>44,000</u>	29,811

For determining the tax expense for the year, the accounting profit has been adjusted for tax purposes. Adjustments for tax purpose include items relating to both income and expense. After giving effect to these adjustments, the average effective tax rate is estimated to 9.13% (31 December 2024: 9.01%)

The Bank is domiciled in the UAE and does not qualify as a Multinational Enterprises under UAE Pillar Two rules. Therefore, there are no related Pillar Two implications for the fiscal year ended 31 December 2025

United Arab Bank P.J.S.C.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

24 RELATED PARTY TRANSACTIONS

The Bank carries out transactions in the ordinary course of business with related parties, defined as shareholders who have a significant equity interest in the Bank, Directors of the Bank, key management personnel of the Bank and companies over which such shareholders and directors exercise control or significant influence either directly or indirectly.

The significant balances outstanding at 31 December are as follows:

	2025 AED'000	2024 AED'000
<i>Shareholders:</i>		
Due from banks	152	132
Due to banks	76,563	6,159
Contingent liabilities and commitments	7,618	8,985
Loans and advances	7,672	6,193
Customer deposits	7,691	5,952
Tier 1 instrument	550,875	550,875
Accrued coupon on Tier 1 instrument	11,100	11,100
<i>Directors:</i>		
Loans and advances	1,305	1,301
Customer deposits	16,090	10,568
Contingent liabilities and commitments	4	277
<i>Other related entities of shareholders and directors:</i>		
Loans and advances	86,458	64,406
Due from banks	17	8
Due to banks	7	46
Customer deposits	217,171	262,849
Acceptances	729	559
Contingent liabilities and commitments	35,213	59,647
<i>Key management personnel of the Bank:</i>		
Loans and advances	18,152	12,472
Customers deposits	10,252	7,323
<i>Shareholders, directors, their related entities and key management personnel:</i>		
Interest receivable	2,220	592
Interest payable	1,458	1,734

The income, expenses, purchase and sale of investments in respect of related parties during the year included in the statement of income are as follows:

	2025 AED'000	2024 AED'000
<i>Shareholders, Directors, their related entities and key management personnel:</i>		
Interest income	4,938	6,277
Interest expense	5,352	5,939
Fee and commission	17,928	3,476
Professional fees and other administrative expenses	159	145
Coupon paid on Tier 1 instrument	44,401	44,401
Director's remuneration and fees	20,850	18,135

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

24 RELATED PARTY TRANSACTIONS (continued)

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
<i>Key management personnel of the bank:</i>		
Number of key management personnel	<u>14</u>	<u>14</u>
Salaries and other short term benefits	<u>31,637</u>	<u>27,407</u>
Employees' end of service benefits	<u>929</u>	<u>906</u>
Total compensation to key management personnel	<u>32,566</u>	<u>28,313</u>

Terms and conditions of transactions with related parties

The above mentioned outstanding balances and transactions arose from the ordinary course of business and have been conducted on an arm's length. The interest charged to, and by, related parties is at normal commercial rates.

The Bank has leased office space in various premises owned by a related party. The property rentals less associated expenses for the year amounted to AED 1,437 thousand (31 December 2024: AED 1,542 thousand). The property rentals are negotiated each year at market rates.

25 DERIVATIVES

In the ordinary course of business, the Bank enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instrument, reference rate or index. Derivative financial instruments include forwards and swaps.

25.1 Derivative product types*(a) Forward Contracts*

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. The Bank has credit exposure to the counterparties of forward contracts.

(b) Options

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or sell a specific amount of a financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

(c) Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts taken out by the Bank with other financial institutions in which the Bank either receives or pays a floating rate of interest in return for paying or receiving, respectively, a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In a currency swap, the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

25 DERIVATIVES (continued)

25.2 Purpose of derivatives

The Bank is a party to derivative instruments in the normal course of meeting the needs of the Bank's customers. In addition, as part of its risk management activity, the Bank uses these derivative instruments for hedging purposes in order to reduce its own exposure to current and expected risks. This is achieved by hedging specific transactions as well as strategic hedging against overall balance sheet exposures.

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank.

Over-the-counter derivatives may expose the Bank to the risks associated with the absence of an exchange market on which to close out an open position.

The derivatives are recorded at fair value by using the published price quotations in an active market or counterparty prices or valuation techniques using a valuation model that has been tested against the prices actual market transactions and the Bank's best estimate of the most appropriate model inputs (Note 27).

The tables below show the fair values of derivative financial instruments for risk management and hedging purposes, recorded as Other Assets and Other Liabilities, together with their notional amounts. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are neither indicative of the market risk nor credit risk.

25.2.1 Derivatives held for risk management

31 December 2025	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Notional amounts by term to maturity			
				Within 3 months AED'000	3-12 months AED'000	1-5 years AED'000	Over 5 years AED'000
				Forward and spot contracts	5,987	(12,528)	5,381,167
Interest rate swaps	792	(792)	410,000	-	10,000	400,000	-
Foreign currency options	1,561	(1,561)	58,760	-	58,760	-	-
	8,340	(14,881)	5,849,927	1,246,334	3,471,629	1,131,964	-

31 December 2024	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Notional amounts by term to maturity			
				Within 3 months AED'000	3-12 months AED'000	1-5 years AED'000	Over 5 years AED'000
				Forward and spot contracts	8,442	(10,793)	2,971,636
Interest rate swaps	1,355	(1,356)	630,000	-	-	630,000	-
	9,797	(12,149)	3,601,636	2,941,553	30,083	630,000	-

Fair value hedges of interest rate risk

The Bank uses interest rate swaps to hedge its exposure to changes in fair values of fixed-rate investments in respect of a benchmark interest rate. Interest rate swaps are matched to specific purchases of investments.

The Bank hedges interest rate risk only to the extent of benchmark interest rates. The benchmark rate is a component of interest rate risk that is observable in relevant environments. Hedge accounting is applied where economic hedge relationships meet the hedge accounting criteria.

When fair value hedge accounting is applied by the Bank, the Bank assesses whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in fair value of the hedged item using regression analysis. The assessment is based on an evaluation of the quantitative measures of the regression results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

25 DERIVATIVES (continued)

25.2 Purpose of derivatives (continued)

25.2.1 Derivatives held for risk management (continued)

Fair value hedges of interest rate risk (continued)

The fair value of the swaps is disclosed in other assets (liabilities) and the carrying amount of the hedged items included in the line item 'Investments' in the statement of financial position. Fair value gains on derivatives held in qualifying fair value hedging relationships and the hedging gain or loss on the hedged items are included in other operating income.

At 31 December 2025, the Bank held the following interest rate swaps as hedging instruments in fair value hedges of interest risk, along with amounts relating to hedged items.

31 December 2025	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amount AED'000</i>	<i>Notional amounts by term to maturity</i>			
				<i>Within 3 months AED'000</i>	<i>3-12 months AED'000</i>	<i>1-5 years AED'000</i>	<i>Over 5 years AED'000</i>
				Hedge of investments	14,525	(9)	886,426

31 December 2024	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amount AED'000</i>	<i>Notional amounts by term to maturity</i>			
				<i>Within 3 months AED'000</i>	<i>3-12 months AED'000</i>	<i>1-5 years AED'000</i>	<i>Over 5 years AED'000</i>
				Hedge of investments	41,471	-	1,150,476

The carrying amount of the hedged items are included in the line item 'Investments' on the statement of financial position with the notional amount totalling to AED 833,119 thousand (31 December 2024: AED 1,124,058 thousand). These hedged items comprise of debt instruments which are held as FVOCI.

The Bank has recognised the following (losses)/gain relating to hedge ineffectiveness calculated as follows:

	2025		2024	
	<i>Change in value AED'000</i>	<i>Ineffectiveness recognised in profit and loss AED'000</i>	<i>Change in value AED'000</i>	<i>Ineffectiveness recognised in profit and loss AED'000</i>
On hedging instruments	(26,955)		(9,836)	
On hedged items	20,350	(6,605)	19,737	9,901

25.3 Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Bank. Approximately 93% (31 December 2024: Approximately 89%) of the Bank's derivative contracts are entered into with other financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

26 CONTINGENT LIABILITIES AND COMMITMENTS

Credit related commitments

The Bank's contractual amounts in respect of letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the customer satisfying the terms of the contract. The contractual amounts represent the credit risk, assuming that the amounts are fully advanced, guarantees are called for full amount following performance failure, and that any collateral or other security is of no value. However, the total contractual amount of commitments does not necessarily represent future cash requirements since many of such commitments will expire or terminate without being funded.

The loan commitments represent the contractual commitments to make the loan. These commitments are revocable and generally have fixed expiry dates or other termination clauses. Since commitments are revocable, may expire without being drawn down, and also the conditions precedent to draw down have to be fulfilled, the total contract amounts do not necessarily represent future cash outflow requirements.

The Bank has the following credit related commitments:

	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
<i>Contingent liabilities</i>		
Letters of credit	605,433	378,897
Guarantees	3,055,110	2,259,152
	<u>3,660,543</u>	<u>2,638,049</u>
<i>Commitments</i>		
Undrawn loan commitments	<u>2,777,810</u>	1,930,278

Movement in the gross balance of contingent liabilities

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount				
As at 31 December 2024	2,425,790	107,092	105,167	2,638,049
<i>Changes due to financial assets recognized in the opening balance that have:</i>				
Transferred from Stage 1	(160)	160	-	-
Transferred from Stage 2	14,408	(16,613)	2,205	-
Transferred from Stage 3	-	-	-	-
Net of originated/(expired) during the year	1,139,402	(11,742)	(105,166)	1,022,494
As at 31 December 2025	<u>3,579,440</u>	<u>78,897</u>	<u>2,206</u>	<u>3,660,543</u>

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Gross carrying amount				
As at 31 December 2023	1,858,206	199,480	134,645	2,192,331
<i>Changes due to financial assets recognized in the opening balance that have:</i>				
Transferred from Stage 1	(30,985)	30,852	133	-
Transferred from Stage 2	44,681	(56,721)	12,040	-
Transferred from Stage 3	-	-	-	-
Net of originated/(expired) during the year	553,888	(66,519)	(41,651)	445,718
As at 31 December 2024	<u>2,425,790</u>	<u>107,092</u>	<u>105,167</u>	<u>2,638,049</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

26 CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Credit related commitments (continued)

Movement in the provision for impairment of commitments and contingent liabilities

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
As at 31 December 2024	3,100	16,564	80,486	100,150
<i>Changes due to provisions recognized in the opening balance that have:</i>				
Transferred from 12 month ECL	-	-	-	-
Transferred from lifetime ECL not credit impaired	605	(868)	263	-
Transferred from lifetime ECL credit impaired	-	-	-	-
Transferred from ECL on loans and advances	-	-	-	-
Net impairment charge/(release) to income statement (Note 21)	877	(2,085)	(79,671)	(80,879)
As at 31 December 2025	4,582	13,611	1,078	19,271

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
As at 31 December 2023	4,393	16,667	68,606	89,666
<i>Changes due to provisions recognized in the opening balance that have:</i>				
Transferred from 12 month ECL	(823)	823	-	-
Transferred from lifetime ECL not credit impaired	60	(4,908)	4,848	-
Transferred from lifetime ECL credit impaired	-	-	-	-
Transferred from ECL on loans and advances	-	1,745	3,870	5,615
Net impairment charge/(release) to income statement (Note 21)	(530)	2,237	3,161	4,868
As at 31 December 2024	3,100	16,564	80,485	100,149

The bank seeks to comply with all applicable laws and regulations by which it is governed and is not aware of any material fines or penalties that warrant disclosure in the financial statements.

27 RISK MANAGEMENT

Introduction

The Bank recognizes the importance of effective risk management in achieving its strategic goals and maintaining its stability and resilience. Risk is inherent in all of the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to their responsibilities. This ensures an informed decision making in line with the Bank's risk appetite in compliance with all regulatory and legal requirements.

27 RISK MANAGEMENT (continued)

Introduction (continued)

Risk Management covers all financial and non-financial risks including strategic and reputation risk, regulatory risk, capital risk, credit risk, credit concentration risk, market/ investment risk, liquidity and interest rate risk, operational, fraud and business continuity risk, IT and information security risk, conduct risk, people risk, ESG risk, model risk, Shariah non-compliance risk, displaced commercial risk, rate of return risk, equity investment risk., etc. and processes from origination and assessment of risks to ongoing monitoring, control, review, maintenance and reporting of risks. It also covers roles and responsibilities of Board and Management level committees, and authorities and processes relating to Risk management function.

The Bank's Risk Management Strategy includes comprehensive Enterprise-wide Risk and Compliance Risk Frameworks, which are fully aligned with our Bank's Vision to drive consistent value for all stakeholders. The key strategic imperatives that drive Bank's vision include the following:

- **Sound Fundamentals and Strong Risk Bearing Capacity:** Maintaining strong financial and operational fundamentals serves as a foundation for effective risk management and supports risk bearing capacity.
- **Strategic Alignment and Enduring Partnership with Business Lines:** A risk management approach that is strategically aligned with business goals ensures a close partnership between risk management and business units to effectively manage risks.
- **Efficient Deployment of Capital, Liquidity and Provisioning:** Efficient deployment of capital, liquidity, and provisioning supports sustainable growth and minimizes risks.
- **Comprehensive and Integrated Corporate & Risk Governance Framework:** A robust corporate and risk governance framework ensures effective risk management, independent oversight, and accountability.
- **Resilient Risk Infrastructure and Strong Risk Culture:** A strong risk infrastructure and culture promotes transparency, accountability, and a proactive approach to risk management.

The Bank places a strong emphasis on the following key imperatives to ensure sound risk management practices:

Strong and Robust Governance:

The Bank has a robust risk governance structure comprising Board and Management level committees across all business and enablement functions which is further complemented by an effective three lines of defence model ensuring necessary independence and delineation of responsibilities, thus ensuring a comprehensive and integrated approach to managing all material risks in compliance with regulations across the entire organization.

Corporate Governance Framework

Corporate Governance framework is a set of rules, processes, policies and practices by which an organization is managed and controlled by its Board of Directors (BoD) and Senior Management. Implementation and maintenance of good corporate governance aims to robust decision-making and improves Strategy, Performance, Compliance and Accountability supported by ongoing monitoring and assessment. Sound corporate governance plays a fundamental role in the culture and business practices of the Bank. The Bank's corporate governance framework relates to the way the business activities of the Bank are directed and managed considering all stakeholders and role of the bank in the community. The Bank has a well-considered and established corporate governance framework which facilitates effective decision making and builds a strong relationship with stakeholders through a transparent structure that supports high quality and timely disclosures.

27 RISK MANAGEMENT (continued)

Corporate Governance Framework (continued)

27.1 Risk Management Framework (Three Lines of Defence)

The Bank's risk management framework is built on three lines of defence, which work together to ensure that risks are effectively identified, assessed, monitored, and controlled:

- The **First line of defence** is the business units and support functions, which are responsible for identifying, assessing, and managing risks in its day-to-day activities.
- The **Second line of defence** consists of Risk management, Compliance, Credit, Legal, Shariah Control and Finance functions which provide oversight and support to the business units in managing risks.
- The **Third line of defence** is the internal audit function (including Shariah Audit), which independently assesses the effectiveness of the Bank's risk management framework and provides recommendations for improvement.

As part of the three lines of defence, the Board and Management committees are further supplemented by functions who are responsible for day-to-day monitoring of risks.

27.1.1 First Line of Defence

The first line of defence is responsible for identifying risks as part of their day-to-day business operations. This includes assessing the risks associated with each of the bank's business lines and implementing policies and procedures to manage those risks.

27.1.2 Second Line of Defence

27.1.2.1 Finance Department

Finance Department's key responsibilities as part of Second Line of Defence include monitoring and controlling financial risks, ensuring regulatory compliance, and facilitating effective risk reporting. The finance function supports a strong risk management culture within the organization by proactively identifying, measuring, and managing risks.

27.1.2.2 Credit Department

The Credit Department is responsible for spearheading overall credit strategy of the bank, reviewing and approving credit proposals, ensuring compliance with credit policies and procedures, and providing assistance in ongoing monitoring of credit risk.

27.1.2.3 Risk Management Department

The Risk Management Department is responsible for implementing and maintaining risk related procedures to ensure an independent control process. It works closely with the First Line to support their activities, while safeguarding the risk profile of the Bank. The Risk Management Department works with business groups/segments and support units to establish a risk management environment that enables risk monitoring across the Bank, overseeing and enforcing risk management policies and limits, instilling discipline to close significant gaps in risk management capabilities, and ensuring that Bank's risk related cultural issues are being managed effectively.

27.1.2.4 Compliance Department

The Compliance Department is responsible for defining, implementing and maintaining financial crime compliance, conduct risk, regulatory compliance and compliance assurance related policies and procedures to ensure independent oversight, monitoring and control processes are embedded throughout the organization. It works closely with all three lines of defence to support their activities; while challenging back and making sure the Bank operates in a compliant manner. It implements prudent compliance monitoring and control mechanisms (processes and systems) to ensure compliance with the applicable laws and regulations as well as Global best practices.

27 RISK MANAGEMENT (continued)

Corporate Governance Framework (continued)

27.1 Risk Management Framework (Three Lines of Defence) (continued)

27.1.3 Third Line of Defence - Internal Audit

Risk management processes throughout the Bank are audited annually by the internal audit function that examines both the adequacy of, and the Bank's compliance with, its procedures. Internal Audit independently reports its findings and recommendations to the Board Audit Committee and shares the same with Management for appropriate and timely actions.

27.2 Roles of Board and the Executive Management

The Board of Directors is responsible for the stewardship of the Bank and providing effective leadership to supervise the Management of the bank to grow value in a profitable and sustainable manner. The Board is collectively responsible for the short term and long-term success of the Bank and delivery of sustainable value to the shareholders, stakeholders and the community. It sets the strategy and the risk appetite for the Bank and approves capital and operating plans presented by Management for the achievement of strategic objectives set by the Board. The Board of Directors also define the risk tolerance of the Bank, its primary business activities and its overall strategy and plan. The roles of Board and the Executive Management are detailed below:

27.2.1 Board Level Committee

Board Committees streamline governance by delegating dives into specific areas like audit, risk, compensation, or nomination to smaller groups with relevant expertise, allowing for more focused oversight, detailed analysis, quicker decisions, and better strategic direction, ultimately enhancing efficiency and accountability for the full board. Following are the Board Committees and their mandates:

27.2.1.1 Board Credit Committee (BCC)

The Board Credit Committee (BCC) has the responsibility to establish credit strategy and monitor the overall credit process within the Bank for maintaining a diversified portfolio, avoiding undesired risk concentrations, improving the overall asset quality of the portfolio, and complying with Credit Policy and regulatory guidelines.

27.2.1.2 Governance and Remuneration Committee (GRC)

The Governance & Remuneration Committee (GRC) acts on behalf of the Board on all matters related to governance, remuneration, nomination and strategic plans, except for those powers and actions that are restricted to the Board on the basis of legal provisions or the Articles. The GRC is responsible for supporting the Board in overseeing the remuneration scheme, in order to ensure that the subject remuneration is appropriate and consistent with the Bank's culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirement.

27.2.1.3 Board Risk & Compliance Committee (BRCC)

The Board Risk & Compliance Committee (BRCC) has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, and policies for enhancing the Bank's risk and compliance management framework to best practices standards. This includes, but is not limited to, ensuring effective control structures and the monitoring of aggregate risk exposures (including but not limited to credit, market, liquidity, operational, and legal). Additionally, the BRCC is accountable for fostering a culture of compliance, including financial crime compliance matters and overseeing adherence to relevant regulatory requirements, ethical standards, and internal policies.

27 RISK MANAGEMENT (continued)

Corporate Governance Framework (continued)

27.2 Roles of Board and the Executive Management (continued)

27.2.1 Board Level Committee (continued)

27.2.1.4 Board Audit Committee (BAC)

The Board Audit Committee (BAC) is responsible for monitoring, reviewing and reporting to the Board on the formal arrangements relating to the financial and narrative reporting of the Bank, internal controls, compliance and internal / external audit processes.

27.2.2 Internal Shari'ah Supervision Committee (ISSC)

The ISSC is the central independent committee which is responsible for the overall monitoring of and compliance by the Bank's Islamic banking activities with Sharia and resolutions, fatwas, regulations and standards issued by HSA. The ISSC, accordingly, is responsible for supervising and approving all businesses, activities, products, services, contracts, documents and codes of conduct of the Bank pertaining to Islamic activities. ISSC must monitor, through Sharia Control Department and Internal Sharia Audit Department, the Bank's compliance with Sharia.

27.2.3 Management Level Committees

Management committees provide overall direction by making key decisions, overseeing strategy, ensuring compliance, and acting as a link between executive leadership and operations, focusing on governance, performance monitoring, and achieving mission goals through collective responsibility and adherence to ethical standards. They develop plans, manage resources, approve major changes, and ensure accountability to members, stakeholders, and regulators, with members holding joint responsibility for outcomes. These committees include:

27.2.3.1 Management Committee (MANCOM)

Management Committee ("ManCom") assists the Board, Board committees and CEO in fulfilling its responsibilities towards setting and execution of overall strategy of the Bank and ensuring that the Bank's values are embedded in its day-to-day activities to ensure sustained growth, profitability and commensurate returns for its stakeholders.

27.2.3.2 Asset Liability Committee (ALCO)

Asset Liability Committee ("ALCO") assists the Board in fulfilling its responsibility towards ensuring a strong and stable balance sheet and to oversee Bank's Asset and Liability Management (ALM) strategies. The objective of ALCO will also be to maintain vigilant oversight of liquidity risk and interest rate risk with the primary goal of achieving optimal return while ensuring adequate levels of liquidity within an effective risk control framework.

27.2.3.3 Credit Portfolio Committee (CPC)

The Credit Portfolio Committee (CPC) is responsible for developing and establishing credit strategy, credit policies, setting risk acceptance criteria for underwriting and monitoring the portfolio to ensure it remains within acceptable risk levels and address any emerging credit issues or trends. The CPC works in conjunction with and assists the Board and BCC to manage credit strategy, policies, and procedures.

27 RISK MANAGEMENT (continued)

Corporate Governance Framework (continued)

27.2 Roles of Board and the Executive Management (continued)

27.2.3 Management Level Committees (continued)

27.2.3.4 Credit Committee (CC)

The Credit Committee ("CC") is responsible for making credit-related decisions. The CC is charged with:

- (a) Reviewing and approving loan proposals, taking into account factors such as the borrower's creditworthiness, repayment capacity, and collateral.
- (b) Ensuring compliance with credit policies and procedures as part of ongoing underwriting process.

27.2.3.5 Risk Committee (RC)

The Risk Committee ("RC") assists the Board and Board Risk and Compliance Committee ("BRCC") towards ensuring a sound risk profile of the Bank and instilling a culture of risk optimized decision making through implementation of comprehensive and integrated risk framework, embedding a strong internal control mechanism and ensuring compliance with all applicable regulatory requirements (including Higher Shari'ah Authority regulations).

27.2.3.6 Compliance Committee

The Compliance Committee assists the Board and the BRCC towards ensuring a strong compliance culture and adherence to all applicable compliance requirements.

27.2.3.7 Business Technology Steering Committee (BTSC)

The Business Technology Steering Committee ("BTSC") assists the Board in fulfilling its responsibilities pertaining to outlining and execution of overall IT strategy and managing IT related and projects, related budgets, expenditures and service operation status.

27.2.3.8 Human Capital Committee (HCC)

The Human Capital Committee ("HCC") assists the Governance and Remuneration Committee (GRC) in fulfilling its responsibilities relating to the outline and monitor matters related to the Bank's people strategy which includes Emiratisation strategy, performance and rewards, talent acquisition, management and succession planning, learning & development, HCM policies & procedures, people risk, corporate governance and statutory matters etc.

27.2.3.9 Charity Committee

The Charity Committee assists the Board and Internal Shari'ah Supervisory Control (ISSC) in fulfilling its responsibilities in managing activities pertaining to Charity.

27.2.4 Management Sub-Committees

The bank has following management subcommittees to assist management committees and senior management in discharging their duties and responsibilities.

27 RISK MANAGEMENT (continued)

Corporate Governance Framework (continued)

27.2 Roles of Board and the Executive Management (continued)

27.2.4 Management Sub-Committees (continued)

27.2.4.1 Client Experience Forum (CEF)

The Customer Experience Forum ("CEF") supports the ManCom towards ensuring achievement of Bank's desired customer experience levels and fulfilment of related regulatory norms. The CEF is responsible for:

- (a) Overseeing the bank's customer service policies and procedures, including the measurement and monitoring of customer satisfaction levels.
- (b) Monitoring customer feedback and using this information to make recommendations for improvements to the bank's products and services.
- (c) Ensuring that the bank's customer service standards are met and addressing any customer complaints in a timely and effective manner.

27.2.4.2 Investment Committee (IMCO)

The Investment Committee ("IMCO") supports the Asset Liability Committee ("ALCO") and is responsible for overseeing Bank's investment strategy and execution. The IMCO is charged with:

- (a) Reviewing and approving investment proposals, ensuring that they align with the bank's overall investment strategy and risk tolerance.
- (b) Monitoring the performance of the bank's investments, including returns, market conditions, and economic indicators.
- (c) Ensuring that the bank's investment policies and procedures are in compliance with all applicable regulations and are regularly updated to reflect changes in the market or regulatory environment.
- (d) Overseeing the management of investment risks, including interest rate, credit, and market risks, and ensuring that the bank's investment portfolio is well-diversified.

27.2.4.3 ERM Committee (ERMC)

The ERM Committee ("ERMC") supports the Risk Committee ("RC") by implementing and overseeing the bank's enterprise risk management framework. The ERMC is charged with:

- (a) Overseeing the bank's risk management framework, including the identification, assessment, and management of risks across the bank.
- (b) Reviewing and approving risk limits for various types of risks, including credit, capital, market & liquidity, strategic & reputational risk etc.
- (c) Monitoring the bank's risk exposure and ensuring that it remains within acceptable levels, taking into account economic conditions, market trends, and internal controls.
- (d) Ensuring that the bank's risk management policies and procedures are in compliance with all applicable regulations and are regularly updated to reflect changes in the market or regulatory environment.

27.2.4.4 Provisioning Committee (PC)

The Provisioning Committee supports the Risk Committee ("RC") and Credit Portfolio Committee ("CPC") by reviewing and approving the provisions based on SICR criteria, transition of ratings, necessary overlays and overrides, macro-economic variables as per IFRS 9 etc. in compliance with regulatory guidelines and credit / IFRS 9 policy. The Provisioning Committee also recommends the accounts proposed for write off as applicable, in compliance with regulatory guidelines and credit policy.

27 RISK MANAGEMENT (continued)

Corporate Governance Framework (continued)

27.2 Roles of Board and the Executive Management (continued)

27.2.4 Management Sub-Committees (continued)

27.2.4.5 Operational Risk Management Committee (ORMC)

The Operational Risk Management Committee ("ORMC") supports the Risk Committee ("RC") and assists in fulfilling its objectives of overseeing Bank's Operational and Fraud Risk Management strategy, initiatives, profile and ensuring sound Business Continuity. The ORMC is responsible for:

- (a) Monitor and manage Operational and Fraud Risks as per the defined risk appetite framework.
- (b) Identify, assess, and report about operational risks and exposures facing the organization.
- (c) Overseeing the implementation of Operational, Fraud Risk Management and Business continuity management policies and procedures.
- (d) Ensuring that Bank's Business Continuity strategy and plans are created and implemented effectively.
- (e) Monitor the effectiveness of the business continuity and disaster recovery framework and report the findings.
- (f) Supports RC in the effective implementation of New Product Approval Policy.
- (g) Identify and manage Operational and Fraud risks in all new products, processes and activities.
- (h) Overseeing and supporting RC on complying to the Outsourcing Risk Policy and relevant regulatory obligations.
- (i) Review and govern operational risk assessments, document management and risk acceptances.

27.2.4.6 IT Risk and Information Security Committee

The IT Risk and Information Security Committee supports the Risk Committee ("RC") and assists the RC towards ensuring that Bank's information technology systems and data are secure. This includes:

- (a) Overseeing the bank's information security policies and procedures to ensure they are effective.
- (b) Monitoring cyber threats and ensuring the bank's systems are protected against them.
- (c) Ensuring that the bank's information technology systems are secure and operate effectively.

27.2.4.7 Model Risk Management Committee (MRMC)

The Model Risk Management Committee supports the Risk Committee ("RC") and assists the RC in overseeing Bank's model risk management framework. This includes:

- (a) Responsible for defining and implementing the Model Risk Management framework for the bank.
- (b) Review and approve the methodology, processes and governance framework for the development, implementation, use and maintenance of models.
- (c) Ensure models are developed, validated and used in compliance with the regulatory and internal standards.
- (d) Monitor and report on the effectiveness of model risk management and provide recommendations for improvement.

27.2.4.8 Disciplinary Committee (DC)

The Disciplinary Committee ("DC") supports the Human Capital Committee ("HCC") towards dealing with employee misconduct and violations of Bank's policies and procedures. The DC reviews the investigation findings, evaluates employee misconduct and approves commensurate disciplinary action as per HR policy. The DC ensures that the disciplinary process is fair, transparent, and consistent and provides guidance and support to the HCM department on disciplinary matters. The DC ensures that the Bank's disciplinary policies and procedures are followed and that employees are held accountable for their actions.

27 RISK MANAGEMENT (continued)

Corporate Governance Framework (continued)

27.2 Roles of Board and the Executive Management (continued)

27.2.4 Management Sub-Committees (continued)

27.2.4.9 Sustainability Committee (SC)

The Sustainability Committee (SC) is formed to assist the Management Committee and the Board of Directors by overseeing and advising on sustainability related strategies, practices, and policies. The Committee is committed to advancing the Bank's sustainability objectives, ensuring that the bank operates in an environmentally responsible and socially conscious manner while considering the governance aspects that align with the Bank's strategy and risk management framework.

Risk Measurement and Reporting Systems

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy, market environment and the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition, the Bank monitors and measures the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis.

Information compiled from all the businesses is examined and processed in order to identify, analyse and control at an early stage. The Board receives a comprehensive risk report every quarter which provides all the critical risk information that arises from various risk streams and business units across the Bank. It is designed to provide all the necessary information to assess and conclude on the credit related risks of the Bank. The report includes aggregate credit exposure, liquidity ratios and risk profile changes.

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure all business divisions have access to extensive, necessary and up-to-date information.

Regular briefings and updates are provided to the Chief Executive Officer, Risk Committee and all other relevant members of senior management on all aspects of risk taken by the Bank including the utilisation of limits, proprietary investments and liquidity, and any other risk developments.

Risk Mitigation

The Bank has implemented a comprehensive risk mitigation framework that aims to minimize the impact of potential risks on its operations, financial performance, and reputation. This includes identifying and evaluating risk, implementing risk mitigation strategies, and regularly monitoring the effectiveness of these strategies.

The Bank actively uses collateral to reduce its credit risks. Also, as part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates and foreign currencies.

Robust Business Continuity Framework:

Bank's well defined Business Continuity Framework and Policy, along with a comprehensive crisis management and emergency plans along-with incident response protocols provide a strong foundation for bank's resilience against major disruptions or unexpected events. The business continuity framework covers identification of critical business processes, people, required infrastructure which is supported by business impact analysis (BIA) and risk assessment (RA) to develop business continuity plans. The bank has provided infrastructure to its staff enabling work from home in case of any unforeseen circumstances. Training, awareness and continued enhancements are part of overall business continuity management program in the bank. Business continuity framework is integrated with disaster recovery plans and testing to manage strong resilience to deliver key services during crisis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)**Credit Risk**

Credit risk is the risk that a customer or counterparty to a financial asset fails to meet its contractual obligations, resulting in a financial loss for the Bank. As a fundamental pillar of the Bank's operations, credit risk is closely managed to ensure the financial soundness and long-term stability. The Bank's credit risk exposures primarily originate from lending activities, trade finance, treasury operations and other activities.

Credit risk identification and assessment are executed through a comprehensive mechanism underpinned by robust board-approved policies. These procedures define clear lending authorities, risk appetite limits, and stringent approval processes. As part of the credit risk monitoring and control framework, continuous risk monitoring at both the customer and portfolio levels is performed. This includes evaluating various parameters such as credit quality, provisioning levels, exposure limits, financial and operational performance, account conduct, the end-use of funds, adequacy of credit risk mitigants, adherence to covenants, recovery performance, and the effectiveness of the credit rating system.

In addition to individual credit assessments, the Bank actively monitors concentrations of credit risk by industry sector and geographic region, ensuring that exposures are diversified. Limits are also placed on large individual exposures to avoid over-concentration with any single counterparty or group of related parties. Furthermore, the Bank has established country limits to manage risks arising from exposure to specific countries, accounting for factors such as economic conditions and political stability.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position, including contingent liabilities and commitments. The maximum exposure is shown as gross, before the effect of mitigation through the use of credit enhancements, master netting and collateral agreements.

	<i>Notes</i>	<i>2025</i> <i>AED'000</i>	<i>2024</i> <i>AED'000</i>
Cash and balances with UAE Central Bank (excluding cash on hand)	5	2,440,086	2,176,540
Due from banks	6	1,141,380	585,368
Investments and Islamic instruments	8	7,874,767	6,006,298
Loans and advances and Islamic financing receivables	7	14,983,311	12,074,128
Customer acceptances		287,850	422,990
Other assets*		330,897	403,534
*excluding prepayments and assets acquired in settlement of debt and lease assets			
Total		27,058,291	21,668,858
Letters of credit	26	605,433	378,897
Guarantees	26	3,055,110	2,259,152
Undrawn loan commitments	26	2,777,810	1,930,278
Total		6,438,353	4,568,327
Total credit risk exposure		33,496,644	26,237,185

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Risk concentrations of the maximum exposure to credit risk

Concentration of risk is managed by client / counterparty, by geographical region and by industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2025 was AED 898,745 thousand (31 December 2024: AED 1,052,369 thousand).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Credit Risk (continued)

Risk concentrations of the maximum exposure to credit risk (continued)

The Bank's maximum exposure to credit risk, before provisions and taking into account any collateral held or other credit enhancements can be analysed by the following geographical regions:

	2025		2024	
	<i>Assets AED'000</i>	<i>Contingent liabilities and commitments AED'000</i>	<i>Assets AED'000</i>	<i>Contingent liabilities and commitments AED'000</i>
United Arab Emirates	17,485,497	6,397,069	15,031,702	4,515,148
Other Middle East countries	3,002,019	7,358	2,811,152	7,890
Europe	2,637,171	13,662	1,527,117	41,364
USA	743,082	-	224,658	-
Rest of the World	3,190,522	20,264	2,074,229	3,925
Total	27,058,291	6,438,353	21,668,858	4,568,327

An industry sector analysis of the Bank's maximum exposure to credit risk (excluding cash on hand) after provisions but before taking into account collateral held or other credit enhancements, is as follows:

	2025 <i>AED'000</i>	2024 <i>AED'000</i>
Real Estate	2,875,599	1,958,608
Personal-Retail Mortgage	2,432,116	1,603,185
Government and public sector	6,212,281	4,397,853
Trade	1,019,549	1,284,907
Personal loans (retail and business)	979,700	849,273
Manufacturing	957,011	803,319
Construction	134,665	192,124
Services	2,435,947	1,797,360
Financial services	9,453,182	7,812,515
Others	558,241	969,714
	27,058,291	21,668,858
Less: Provisions	(444,997)	(550,235)
	26,613,294	21,118,623

Past due but not impaired

Past due loans and advances include those that are past due on their repayment schedule. Aging analysis for outstanding of loans and advances which past due but not impaired are as follows:

	<i>Less than 30 days AED'000</i>	<i>31 to 60 days AED'000</i>	<i>61 to 90 days AED'000</i>	<i>More than 91 days AED'000</i>	<i>Total AED'000</i>
31 December 2025					
Loans and advances	175,818	165	315	2,598	178,896
31 December 2024					
Loans and advances	32,780	269	628	224	33,901

Approximately 98% (2024: 97%) of the above loans are advanced to the corporate sector.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Credit Risk (continued)

Loans and advances and Islamic financing receivables with renegotiated terms

Loans and advances and Islamic financing receivables with renegotiated terms are those which have been rescheduled or restructured and where the Bank has made concessions that it would otherwise not consider.

The gross amount as per class of on-balance sheet financial assets whose terms have been renegotiated are as follows:

	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Outstanding balance	16,595	104,797	56,427	177,819
Less: Provision for impairment	(401)	(69,762)	(49,800)	(119,963)
As at 31 December 2025	16,194	35,035	6,627	57,856
	<i>Stage 1</i> <i>AED'000</i>	<i>Stage 2</i> <i>AED'000</i>	<i>Stage 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Outstanding balance	36,224	107,749	188,700	332,673
Less: Provision for impairment	(8,627)	(65,037)	(143,559)	(217,223)
As at 31 December 2024	27,597	42,712	45,141	115,450

Collateral and other credit enhancements

The Bank employs collateral and other credit enhancements to mitigate risks associated with its credit exposures. The primary forms of collateral obtained include cash margins, marketable securities, legal charges over real estate, vehicles, plant and machinery, inventory, and trade receivables. Where appropriate, the Bank also secures corporate guarantees from parent entities to support facilities extended to subsidiaries.

The type and quantum of collateral required are determined based on a detailed assessment of the counterparty's credit risk profile. The Bank maintains strict internal guidelines regarding the eligibility of collateral types and conservative valuation parameters. While collateral is generally not required for non-trading investments or balances due from high-quality banks and financial institutions, all other exposures are subject to rigorous security requirements.

Management dynamically monitors the market value of collateral. In accordance with underlying agreements, the Bank may request additional security (margin calls) should collateral values fluctuate. Furthermore, collateral valuations are a key input during the periodic review of credit facilities and in determining the adequacy of impairment provisions.

The value of the below disclosed collateral (before haircut) is capped to the gross outstanding amount of the loan.

The percentage of collateralized exposure and the principal types of collateral held against loans and advances are as follows:

	<i>Percentage of collateralized exposure</i>		<i>Principal type of collateral held</i>
	<i>2025</i>	<i>2024</i>	
Retail Mortgage Loans	100%	97%	Residential property Cash, securities, vehicles, property and equipment, commercial property, inventory and trade receivables
Corporate customers	33%	34%	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)**Credit Risk (continued)****Retail mortgage loans**

Credit exposure on retail mortgage loans by range of loans to value (LTV) ratio are as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>LTV ratio</i>		
Less than 50%	901,702	648,700
51- 75%	1,354,848	656,300
76- 90%	175,566	290,991
91- 100%	-	7,194
Total	2,432,116	1,603,185

For residential mortgage lending, the Loan-to-Value (LTV) ratio is a primary risk metric, calculated as the ratio of the gross loan amount to the appraised value of the collateral. These valuations exclude adjustments for the cost of obtaining or liquidating the asset. The value of residential collateral is established at origination and is systematically updated using verified house price indices and independent periodic revaluations to ensure the LTV remains reflective of current market conditions.

Impaired loans

For impaired loans the value of collateral is based on the most recent appraisals. Credit exposure on impaired retail mortgage loans by range of LTV ratio are as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
<i>LTV ratio</i>		
Less than 50%	6,386	5,075
51- 75%	10,472	10,707
More than 75%	696	12,459
Total	17,554	28,241

Collateral and other credit enhancements**Retail customers**

At 31 December 2025, the carrying amount of impaired loans and advances to retail customers (including mortgages) amounted to AED 31,656 thousand (31 December 2024: AED 37,173 thousand) and the fair value of identifiable collateral held against those loans and advances amounted to AED 17,554 thousand (31 December 2024: AED 21,047 thousand).

Corporate customers

At 31 December 2025, the net carrying amount of impaired loans and advances to corporate customers amounted to AED 387,301 thousand (31 December 2024: AED 428,061 thousand) and the fair value of identifiable collateral (mainly commercial properties) held against those loans and advances amounted to AED 384,219 thousand (31 December 2024: AED 384,568 thousand).

The value of disclosed collateral (before haircut) is capped to the gross outstanding amount of the loan.

27 RISK MANAGEMENT (continued)**Liquidity risk**

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stressed circumstances. To limit this risk, management have arranged diversified funding sources in addition to its core deposit base and adopted a policy of managing assets with liquidity in mind and of monitoring future cash flows and liquidity on a daily basis. The Bank has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

The Bank maintains a portfolio of marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the Bank maintains a statutory deposit with the Central Bank of UAE equal to 14% of current deposits and 1% of time deposits (2024: 14% of current deposits and 1% of time deposits). In accordance with the Bank's policy, the liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank.

The most important of these is to maintain the regulatory limits for Lending to Stable Resources and Eligible Liquid Assets to total liabilities ratios. The Bank stresses the importance of current accounts, time deposits and savings accounts as a source of funds to finance its lending to customers. They are monitored using the lending to stable resources ratio, which compares loans and advances to customers as a percentage of core customer current and savings accounts, together with medium term borrowing. Eligible liquid assets consist of cash, balances with the Central Bank of UAE, short term bank deposits and eligible debt securities. The ratios as at the year-end were as follows:

	<i>2025</i>	<i>2024</i>
	<i>AED'000</i>	<i>AED'000</i>
Lending to Stable Resources Ratio	69.8%	75.5%
Eligible Liquid Assets Ratio	17.4%	17.0%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Liquidity risk (continued)

Maturities of assets and liabilities based on the remaining period at the statement of financial position date to the contractual maturity date not taking account of the effective maturities as indicated by the Bank's deposit retention history and the availability of liquid funds, as at 31 December 2025 is as follows:

	<i>Less than 3 months AED'000</i>	<i>From 3 months to 6 months AED'000</i>	<i>From 6 months to 12 months AED'000</i>	<i>Sub total less than 12 months AED'000</i>	<i>1 to 5 years AED'000</i>	<i>Over 5 years AED'000</i>	<i>Subtotal over 12 months AED'000</i>	<i>Undated AED'000</i>	<i>Total AED'000</i>
Assets									
Cash and balances with the UAE Central Bank	2,289,611	-	200,000	2,489,611	-	-	-	-	2,489,611
Due from banks, net	1,141,048	-	-	1,141,048	-	-	-	-	1,141,048
Investments and Islamic instruments, net	192,911	1,001,223	36,553	1,230,687	3,119,371	3,509,060	6,628,431	1,301	7,860,419
Loans and advances and Islamic financing receivables (Gross)	2,707,792	1,049,811	604,680	4,362,283	6,225,951	4,395,077	10,621,028	-	14,983,311
Customer acceptances	201,736	72,383	9,646	283,765	4,085	-	4,085	-	287,850
Other assets, net	310,647	12,992	12,854	336,493	72,003	-	72,003	3,562	412,058
Property, equipment and capital work-in-progress	-	-	-	-	-	-	-	254,695	254,695
Provision for impairment of loans and advances and Islamic financing receivables	(429,016)	-	-	(429,016)	-	-	-	-	(429,016)
Total assets	6,414,729	2,136,409	863,733	9,414,871	9,421,410	7,904,137	17,325,547	259,558	26,999,976
Liabilities and equity									
Due to banks	2,702,892	426,235	212,310	3,341,437	-	-	-	-	3,341,437
Customer deposits	11,675,575	3,228,139	2,805,095	17,708,809	99,772	-	99,772	-	17,808,581
Medium term borrowing	-	-	-	-	1,000,000	-	1,000,000	-	1,000,000
Customer acceptances	201,736	72,383	9,646	283,765	4,085	-	4,085	-	287,850
Other liabilities	379,532	24,567	51,593	455,692	1,305	-	1,305	73,456	530,453
Equity	-	-	-	-	550,875	-	550,875	3,480,780	4,031,655
Total liabilities and equity	14,959,735	3,751,324	3,078,644	21,789,703	1,656,037	-	1,656,037	3,554,236	26,999,976
Net liquidity gap	(8,545,006)	(1,614,915)	(2,214,911)	(12,374,832)	7,765,373	7,904,137	15,669,510	(3,294,678)	-

The maturity profile of assets and liabilities at 31 December 2024 was as follows:

	<i>Less than 3 months AED'000</i>	<i>From 3 months to 6 months AED'000</i>	<i>From 6 months to 12 months AED'000</i>	<i>Sub total less than 12 months AED'000</i>	<i>1 to 5 years AED'000</i>	<i>Over 5 years AED'000</i>	<i>Subtotal over 12 months AED'000</i>	<i>Undated AED'000</i>	<i>Total AED'000</i>
Assets									
Cash and balances with the UAE Central Bank	2,225,224	-	-	2,225,224	-	-	-	-	2,225,224
Due from banks, net	585,146	-	-	585,146	-	-	-	-	585,146
Investments and Islamic instruments, net	536,972	46,903	110,415	694,290	3,138,564	2,171,202	5,309,766	925	6,004,981
Loans and advances and Islamic financing receivables (Gross)	2,722,341	765,357	992,380	4,480,078	3,393,777	4,200,273	7,594,050	-	12,074,128
Customer acceptances	234,353	163,644	24,993	422,990	-	-	-	-	422,990
Other assets, net	366,021	3,944	10,944	380,909	101,118	-	101,118	10,548	492,575
Property, equipment and capital work-in-progress	-	-	-	-	-	-	-	204,207	204,207
Provision for impairment of loans and advances and Islamic financing receivables	(547,771)	-	-	(547,771)	-	-	-	-	(547,771)
Total assets	6,122,286	979,848	1,138,732	8,240,866	6,633,459	6,371,475	13,004,934	215,680	21,461,480
Liabilities and equity									
Due to banks	2,615,380	680,974	300,000	3,596,354	-	-	-	-	3,596,354
Customer deposits	9,091,887	2,237,354	2,124,182	13,453,423	123,612	-	123,612	-	13,577,035
Medium term borrowing	-	-	734,600	734,600	-	-	-	-	734,600
Customer acceptances	234,353	163,644	24,993	422,990	-	-	-	-	422,990
Other liabilities	407,599	40,534	47,543	495,676	1,357	-	1,357	81,983	579,016
Equity	-	-	-	-	550,875	-	550,875	2,000,610	2,551,485
Total liabilities and equity	12,349,219	3,122,506	3,231,318	18,703,043	675,844	-	675,844	2,082,593	21,461,480
Net liquidity gap	(6,226,933)	(2,142,658)	(2,092,586)	(10,462,177)	5,957,615	6,371,475	12,329,090	(1,866,913)	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities

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

	<i>Carrying amount AED'000</i>	<i>On Demand AED'000</i>	<i>Less than 3 months AED'000</i>	<i>3 to 12 months AED'000</i>	<i>1 to 5 years AED'000</i>	<i>Over 5 years AED'000</i>	<i>Total AED'000</i>
Financial Liabilities 31 December 2025							
Due to banks	3,341,437	16,256	2,720,337	657,541	-	-	3,394,134
Customer deposits	17,808,581	6,312,769	5,445,917	6,241,156	107,793	-	18,107,635
Medium term borrowings	1,000,000	-	10,729	32,187	1,000,000	-	1,042,916
Customer acceptances	287,850	-	201,736	82,029	4,085.00	-	287,850
Other liabilities	515,562	241,199	220,160	54,203	-	-	515,562
Financial derivatives	48,472	-	6,258	15,146	27,068	-	48,472
Total undiscounted financial liabilities	23,001,902	6,570,224	8,605,137	7,082,262	1,138,946	-	23,396,569
	<i>Carrying amount AED'000</i>	<i>On demand AED'000</i>	<i>Less than 3 months AED'000</i>	<i>3 to 12 months AED'000</i>	<i>1 to 5 years AED'000</i>	<i>Over 5 years AED'000</i>	<i>Total AED'000</i>
Financial Liabilities 31 December 2024							
Due to banks	3,596,354	42,128	2,493,458	440,269	673,533	-	3,649,388
Customer deposits	13,577,035	4,402,997	4,772,838	4,532,257	135,298	-	13,843,390
Medium term borrowings	734,600	-	11,557	769,271	-	-	780,828
Customer acceptances	422,990	-	234,353	188,637	-	-	422,990
Other liabilities	559,687	323,104	204,701	31,882	-	-	559,687
Financial derivatives	76,284	-	7,976	19,604	48,704	-	76,284
Total undiscounted financial liabilities	18,966,950	4,768,229	7,724,883	5,981,920	857,535	-	19,332,567

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Liquidity risk (continued)

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, these amounts may be settled gross or net. The following table shows the corresponding carrying amounts.

	On Demand AED'000	Less than 3 months AED'000	3 to 12 months AED'000	1 to 5 years AED'000	Over 5 years AED'000	Total AED'000
31 December 2025						
Inflows	-	8,092	18,430	30,655	-	57,177
Outflows	-	(6,258)	(15,146)	(27,068)	-	(48,472)
Net	-	1,834	3,284	3,587	-	8,705
Discounted at applicable interbank rate	-	(1,767)	(3,168)	(3,467)	-	(8,402)

	<i>On Demand AED'000</i>	<i>Less than 3 months AED'000</i>	<i>3 to 12 months AED'000</i>	<i>1 to 5 years AED'000</i>	<i>Over 5 years AED'000</i>	<i>Total AED'000</i>
31 December 2024						
Inflows	-	12,338	29,128	68,085	-	109,551
Outflows	-	(7,976)	(19,604)	(48,704)	-	(76,284)
Net	-	4,362	9,524	19,381	-	33,267
Discounted at applicable interbank rate	-	(4,174)	(9,123)	(18,594)	-	(31,891)

The table below shows the contractual maturity profile of the Bank's contingent liabilities and commitments:

	<i>On demand AED'000</i>	<i>Less than 3 months AED'000</i>	<i>3 to 12 months AED'000</i>	<i>1 to 5 years AED'000</i>	<i>Over 5 years AED'000</i>	<i>Total AED'000</i>
31 December 2025						
Contingent liabilities	-	3,227,398	251,639	181,506	-	3,660,543
Commitments	2,777,810	-	-	-	-	2,777,810
Total	2,777,810	3,227,398	251,639	181,506	-	6,438,353

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Liquidity risk (continued)

	<i>On demand</i> <i>AED '000</i>	<i>Less than 3 months</i> <i>AED '000</i>	<i>3 to 12 months</i> <i>AED '000</i>	<i>1 to 5 years</i> <i>AED '000</i>	<i>Over 5 years</i> <i>AED '000</i>	<i>Total</i> <i>AED '000</i>
31 December 2024						
Contingent liabilities	-	2,164,653	299,968	173,428	-	2,638,049
Commitments	1,930,278	-	-	-	-	1,930,278
Total	1,930,278	2,164,653	299,968	173,428	-	4,568,327

The Bank expects that not all of the contingent liabilities or commitments will be drawn and therefore the actual cash flows are expected to be significantly lower than those reflected in the above table.

Market risk

Market risk arises from fluctuations in interest rates, foreign exchange rates and equity prices. The Board has set limits on the value of risk that may be accepted. This is monitored on a regular basis by the Bank's Asset and Liability Committee (ALCO) and Risk Committee (RC).

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or reprice in a given period. The Board has established limits on the interest rate gaps for stipulated periods. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for re-pricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Treasury in its day-to-day monitoring activities.

The following table summarises interest rate sensitivity position at the year end. A summary of the Bank's interest rate gap position on non-trading portfolios is as follows:

United Arab Bank P.J.S.C.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Interest rate risk (continued)

	<i>Less than 3 months AED'000</i>	<i>3 to 12 Months AED'000</i>	<i>1 to 5 Years AED'000</i>	<i>Over 5 years AED'000</i>	<i>Non Interest Sensitive AED'000</i>	<i>Carrying amount AED'000</i>
31 December 2025						
Assets						
Cash and balances with the UAE Central Bank	1,300,000	200,000	-	-	989,611	2,489,611
Due from banks, net	325,000	-	-	-	816,048	1,141,048
Investments and Islamic instruments, net	192,911	1,037,776	3,119,371	3,509,060	1,301	7,860,419
Loans and advances and Islamic financing receivables, net	9,348,224	1,487,093	3,511,209	207,769	-	14,554,295
Customer Acceptances	-	-	-	-	287,850	287,850
Other assets, net	-	-	-	-	412,058	412,058
Property, equipment and capital work-in-progress	-	-	-	-	254,695	254,695
Total assets	11,166,135	2,724,869	6,630,580	3,716,829	2,761,563	26,999,976
Liabilities and equity						
Due to banks	2,686,638	638,543	-	-	16,256	3,341,437
Customer deposits	5,607,066	6,006,376	86,130	-	6,109,009	17,808,581
Medium term borrowings	1,000,000	-	-	-	-	1,000,000
Customer Acceptances	-	-	-	-	287,850	287,850
Other liabilities	-	-	-	-	530,453	530,453
Equity	-	-	550,875	-	3,480,780	4,031,655
Total liabilities and equity	9,293,704	6,644,919	637,005	-	10,424,348	26,999,976
On-balance sheet	1,872,431	(3,920,050)	5,993,575	3,716,829	(7,662,785)	-
Off-balance sheet	1,296,426	-	-	-	5,370,619	6,667,045
Cumulative interest rate sensitivity gap	3,168,857	(751,193)	5,242,382	8,959,211	6,667,045	-

United Arab Bank P.J.S.C.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Interest rate risk (continued)

	<i>Less than 3 months AED '000</i>	<i>3 to 12 months AED '000</i>	<i>1 to 5 years AED '000</i>	<i>Over 5 years AED '000</i>	<i>Non Interest Sensitive AED '000</i>	<i>Carrying amount AED '000</i>
31 December 2024						
Assets						
Cash and balances with the UAE Central Bank	1,950,000	-	-	-	275,224	2,225,224
Due from banks, net	300,000	-	-	-	285,146	585,146
Investments and Islamic instruments, net	536,972	157,316	3,102,029	2,207,739	925	6,004,981
Loans and advances and Islamic financing receivables, net	7,308,884	1,395,542	2,390,450	431,481	-	11,526,357
Customer Acceptances	-	-	-	-	422,990	422,990
Other assets, net	-	-	-	-	492,575	492,575
Property, equipment and capital work-in-progress	-	-	-	-	204,207	204,207
Total assets	10,095,856	1,552,858	5,492,479	2,639,220	1,681,067	21,461,480
Liabilities and equity						
Due to banks	2,573,252	980,974	-	-	42,128	3,596,354
Customer deposits	4,762,136	4,324,314	105,805	-	4,384,780	13,577,035
Medium term borrowings	734,600	-	-	-	-	734,600
Customer Acceptances	-	-	-	-	422,990	422,990
Other liabilities	-	-	-	-	579,016	579,016
Equity	-	-	550,875	-	2,000,610	2,551,485
Total liabilities and equity	8,069,988	5,305,288	656,680	-	7,429,524	21,461,480
On-balance sheet	2,025,868	(3,752,430)	4,835,799	2,639,220	(5,748,457)	-
Off-balance sheet	1,780,476	-	-	-	2,645,007	4,425,483
Cumulative interest rate sensitivity gap	3,806,344	53,914	4,889,713	7,528,933	4,425,483	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Bank's income statement.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2025, including the effect of hedging instruments.

	2025		2024	
	<i>Change in basis points AED'000</i>	<i>Sensitivity of net interest income AED'000</i>	<i>Change in basis points AED'000</i>	<i>Sensitivity of net interest income AED'000</i>
Increase in rate	+50	15,894	+50	9,460
Decrease in rate	-50	(15,894)	-50	(9,460)

The interest rate sensitivity set out above relates primarily to the US Dollar as the Bank does not have any significant net exposure for non-trading floating rate financial assets and financial liabilities denominated in other currencies.

The Bank is also exposed to fair value risk arising from its unhedged fixed rate bonds portfolio. A change in the fair value of these bonds by +/-5% will result in a positive/negative change in the fair value reserve in equity by AED 657 thousand (31 December 2024: AED 5,850 thousand).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank has set limits on positions by currency. Positions are monitored on a daily basis and hedging strategies used to ensure positions are maintained within established limits.

As the UAE Dirham and most of the GCC currencies are currently pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

The tables below indicate the currencies to which the Bank had significant exposure at 31 December 2025 on its monetary assets and liabilities and its forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the AED, with all other variables held constant on the statement of income (due to the fair value of currency sensitive monetary assets and liabilities) and equity. A negative amount in the table reflects a potential net reduction in income statement, while a positive amount reflects a net potential increase.

	2025		2024	
Currency	<i>Change in currency rate in %</i>	<i>Effect on profit AED'000</i>	<i>Change in currency rate in %</i>	<i>Effect on profit AED'000</i>
EUR	+10/-10	1,061/(1,061)	+10/-10	158/(158)
GBP	+10/-10	7/(7)	+10/-10	81/(81)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

27 RISK MANAGEMENT (continued)

Currency risk (continued)

Concentration of assets and liabilities by currency

	<i>AED</i> <i>AED'000</i>	<i>USD</i> <i>AED'000</i>	<i>Other</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Cash and balances with UAE Central Bank	2,489,611	-	-	2,489,611
Due from banks, net	331,069	748,073	61,906	1,141,048
Investments and Islamic instruments, net	907,072	6,953,347	-	7,860,419
Loans and advances and Islamic financing receivables, net	9,216,920	4,994,531	342,844	14,554,295
Customer acceptances	139,174	136,928	11,748	287,850
Other assets, net	262,362	148,649	1,047	412,058
Property, equipment and capital work-in-progress	254,695	-	-	254,695
Total assets	13,600,903	12,981,528	417,545	26,999,976
Due to banks	408,311	2,933,126	-	3,341,437
Customer deposits and Islamic customer deposits	13,997,623	3,651,662	159,296	17,808,581
Medium term borrowings	1,000,000	-	-	1,000,000
Customer acceptances	139,174	136,928	11,748	287,850
Other liabilities	391,136	135,802	4,607	531,545
Total liabilities	15,936,244	6,857,518	175,651	22,969,413
Net equity	3,621,231	410,371	53	4,031,655
Net balance sheet position	(5,956,572)	5,713,639	241,841	(1,092)
Off-balance sheet position	3,784,160	(3,569,357)	(219,537)	(4,734)
	<i>AED</i> <i>AED'000</i>	<i>USD</i> <i>AED'000</i>	<i>Other</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Cash and balances with UAE Central Bank	2,225,224	-	-	2,225,224
Due from banks, net	311,596	230,884	42,666	585,146
Loans and advances and Islamic financing receivables, net	7,747,905	3,638,810	139,642	11,526,357
Investments and Islamic instruments, net	347,704	5,657,277	-	6,004,981
Property, equipment and capital work-in-progress	204,207	-	-	204,207
Customer acceptances	92,514	310,024	20,452	422,990
Other assets, net	380,792	110,820	963	492,575
Total assets	11,309,942	9,947,815	203,723	21,461,480
Due to banks	1,213,727	2,382,627	-	3,596,354
Customer deposits and Islamic customer deposits	10,461,553	2,826,656	288,826	13,577,035
Medium term borrowings	734,600	-	-	734,600
Customer acceptances	92,514	310,024	20,452	422,990
Other liabilities	505,486	71,409	2,071	578,966
Total liabilities	13,007,880	5,590,716	311,349	18,909,945
Net equity	2,281,983	269,452	50	2,551,485
Net balance sheet position	(3,979,921)	4,087,647	(107,676)	50
Off-balance sheet position	1,455,240	(1,574,407)	117,163	(2,004)

NOTES TO THE FINANCIAL STATEMENTS

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28 OPERATIONAL RISK

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

29 SHARIA NON-COMPLIANCE RISK

This is a risk where a transaction executed by the Bank does not conform to Sharia principles under which the product structure was approved. The Bank manages Sharia non-compliance risk by reviewing and approving structures, documentation, and material transactions before the same are launched, entered into, or executed. The ISSC and Sharia Control Department also review the Bank's Policies and Processes (along with all products, services and transactions) to ensure their design does not violate Sharia under which the products, services and material transactions were structured and documented. The oversight of Sharia non-compliance Risk is with the BRCC and RMC, with support from Risk Management Department and Sharia Control Department.

30 SEGMENTAL INFORMATION

For the purposes of reporting to the chief operating decision makers, the Bank is organized into three segments:

Wholesale banking -	principally handling loans including Islamic financing receivables and other credit facilities and deposit and current accounts for corporate and institutional customers.
Retail banking -	principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit card facilities and funds transfer facilities as well as Islamic banking services
Treasury and capital markets -	principally managing the Bank's portfolio of investments along with Islamic sukus and interbank treasury operations including transactions for foreign exchange, derivatives, margin FX and hedging strategies

Segmental information for the year ended 31 December 2025 is as follows:

	<i>Wholesale Banking AED'000</i>	<i>Retail banking AED'000</i>	<i>Treasury and Capital markets AED'000</i>	<i>Total AED'000</i>
Net interest income and income from Islamic products net of distribution to depositors	350,782	62,292	165,573	578,647
Other operating income	122,626	17,133	78,137	217,896
Operating expenses	(198,213)	(75,773)	(91,436)	(365,422)
Net impairment reversals/(losses)	50,349	(4,356)	4,743	50,736
Net profit for the year before tax	325,544	(704)	157,017	481,857
Capital expenditure - Property and equipment	36,991	9,216	24,060	70,267
As at 31 December 2025				
Segment assets	13,412,625	3,394,293	10,193,058	26,999,976
Segment liabilities	16,424,918	3,311,021	3,232,382	22,968,321

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

30 SEGMENTAL INFORMATION (continued)

Segmental information for the year ended 31 December 2024 was as follows:

	<i>Wholesale banking AED '000</i>	<i>Retail banking AED '000</i>	<i>Treasury and Capital markets AED '000</i>	<i>Total AED '000</i>
Net interest income and income from Islamic products net of distribution to depositors	265,184	45,841	155,530	466,555
Other operating income	96,755	8,877	33,616	139,248
Operating expenses	(179,103)	(58,098)	(80,657)	(317,858)
Net impairment reversals	29,178	13,524	124	42,826
Net profit for the year before tax	<u>212,014</u>	<u>10,144</u>	<u>108,613</u>	<u>330,771</u>
Capital expenditure - Property and equipment	22,499	4,501	19,007	46,007
As at 31 December 2024				
Segment assets	<u>11,529,908</u>	<u>2,302,775</u>	<u>7,628,797</u>	<u>21,461,480</u>
Segment liabilities	<u>12,697,027</u>	<u>2,964,978</u>	<u>3,247,990</u>	<u>18,909,995</u>

The Bank operates in only one geographic area, the Middle East. Accordingly, no further geographical analysis of operating income, net profit and net assets is given.

31 FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3 techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Financial instruments and assets recorded at fair value

The following table shows an analysis of financial instruments and assets recorded at fair value by level of the fair value hierarchy:

	<i>Level 1 AED '000</i>	<i>Level 2 AED '000</i>	<i>Level 3 AED '000</i>	<i>Total AED '000</i>
31 December 2025				
Financial assets				
<i>Derivative financial instruments</i>				
Interest rate swaps	-	15,317	-	15,317
Forward and spot contracts	-	5,987	-	5,987
Foreign currency options	-	1,561	-	1,561
	<u>-</u>	<u>22,865</u>	<u>-</u>	<u>22,865</u>

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For the year ended 31 December 2025

31 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
31 December 2025				
<i>Financial investments FVOCI</i>				
<i>Quoted investments</i>				
Government debt securities	2,010,012	-	-	2,010,012
Other debt securities	2,835,464	-	-	2,835,464
<i>Unquoted Investments</i>				
Equities	-	-	1,301	1,301
	4,845,476	-	1,301	4,846,777
Financial liabilities				
<i>Derivative financial instruments</i>				
Interest rate swaps	-	801	-	801
Forward and spot contracts	-	12,528	-	12,528
Foreign currency options	-	1,561	-	1,561
	-	14,890	-	14,890
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
31 December 2024				
<i>Financial assets</i>				
<i>Derivative financial instruments</i>				
Interest rate swaps	-	42,826	-	42,826
Forward and spot contracts	-	8,442	-	8,442
	-	51,268	-	51,268
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
31 December 2024				
<i>Financial investments FVOCI</i>				
<i>Quoted investments</i>				
Government debt securities	1,572,776	-	-	1,572,776
Other debt securities	2,728,855	-	-	2,728,855
<i>Unquoted Investments</i>				
Equities	-	-	925	925
	4,301,631	-	925	4,302,556
Financial liabilities				
<i>Derivative financial instruments</i>				
Interest rate swaps	-	1,356	-	1,356
Forward and spot contracts	-	10,793	-	10,793
Currency swaps	-	-	-	-
	-	12,149	-	12,149

During the year there were no significant transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy.

31 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial instruments and assets recorded at fair value (continued)

The following is a description of the determination of fair value for financial instruments and assets which are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

31.1 Derivatives

Derivative products valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency options and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

31.2 Financial investments

Financial investments valued using a valuation technique or pricing models primarily consist of unquoted equities. These assets are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

31.3 Movements in level 3 financial instruments measured at fair value

There was no other movement between the levels of financial instruments during the year (2024: Nil).

31.4 Gains or losses on level 3 financial instruments included in the profit or loss for the year:

No gains or losses on level 3 financial instruments were included in the profit or loss for the year (2024: Nil).

31.5 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions by class of instrument is negligible.

31.6 Financial instruments not recorded at fair value

The fair values of financial instruments not recorded at fair value includes cash and balances with the UAE Central Bank, due from banks, loans and advances and Islamic financing receivables, investments and Islamic instruments held at amortised cost, customer acceptances, other assets (excluding derivative assets), due to banks, customer deposits and Islamic customer deposits, medium term borrowings and other liabilities (excluding derivative liabilities) that are categorised as level two based on market observable inputs. The fair values of financial instruments not recorded at fair value are not materially different to their carrying values.

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

31.6.1 Asset for which fair value approximates carrying value

For financial assets and financial liabilities that have short term maturity (less than three months) it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings accounts without specific maturity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

31 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31.6 Financial instruments not recorded at fair value (continued)

31.6.2 Financial instruments carried at amortised cost

The fair value of the quoted debt instruments at amortised cost as at 31 December 2025 amounted to AED 3,044,112 thousand (31 December 2024: AED 1,705,409 thousand). The fair value determination of the quoted debt instruments will fall under level 1 category wherein fair value is determined based on inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

32 CAPITAL ADEQUACY

The Bank actively manages its capital to ensure that inherent risks in the business are adequately covered. The capital management process is aligned to the overall business strategy and within the Bank's capital risk appetite complying with the capital requirements set by the CBUAE. The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and maximise shareholders' value.

The Bank uses the standardised approach for calculating its capital requirements for credit risk. Based on the asset class of the exposure and external credit ratings of the exposure or counterparty from designated credit rating agencies, wherever available, the appropriate risk weights are determined. For the regulatory market risk capital requirements, the Bank uses the standardised approach. For operational risk, the capital requirement is calculated using the basic indicator approach, which is a simple percentage of average positive gross revenues over the last three financial years.

The Bank manages its capital base and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital base, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

Capital structure

The table below details the regulatory capital resources of the Bank:

	2025 AED'000	2024 AED'000
Share capital	3,093,826	2,062,550
Statutory reserve	150,828	107,042
Special reserve	121,904	78,118
General reserve	9,311	9,311
Fair value reserves on investment securities at FVOCI	(16,268)	(98,231)
Retained earnings/ (accumulated losses)	121,179	(155,172)
Regulatory deduction	(68,033)	(27,581)
Proposed dividend	(109,464)	-
Total CET 1	3,303,283	1,976,037
Tier 1 instrument	550,875	550,875
Total Tier 1 capital	3,854,158	2,526,912
Tier 2 Capital		
Eligible general provision	221,904	182,045
Total Regulatory Capital	4,076,062	2,708,957

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

32 CAPITAL ADEQUACY (continued)

Capital structure

	2025 <i>AED'000</i>	2024 <i>AED'000</i>
Risk weighted exposures		
Credit Risk	17,752,329	14,563,582
Operational Risk	1,171,290	983,100
Market Risk	22,367	10,312
Total Risk weighted exposures	18,945,986	15,556,994

The Capital Adequacy Ratio as per Basel III capital regulation is given below:

	2025 <i>AED'000</i>	2024 <i>AED'000</i>
Capital Ratios		
Common equity Tier 1 capital ratio	17.4%	12.7%
Tier 1 capital ratio	20.3%	16.2%
Total capital adequacy ratio	21.5%	17.4%

The above capital adequacy ratios have been calculated in line with Basel guidelines and proposed dividends are subject to share holders' approval at the Annual General Meeting.

33 CASH AND CASH EQUIVALENT

	2025 <i>AED'000</i>	2024 <i>AED'000</i> <i>Restated</i>
Cash and balances with UAE Central Bank	2,489,611	2,225,224
Due from banks	1,141,380	585,368
Due to banks	(3,341,437)	(3,596,354)
	289,554	(785,762)
Adjustments for:		
Balances with UAE Central bank maturing after three months	(200,000)	-
Due from banks maturing after three months	(5,057)	(220)
Due to banks maturing after three months	2,068,498	1,490,574
Total cash and cash equivalent	2,152,995	704,592

34 RESTATEMENT OF COMPARATIVE FIGURES

Management has re-evaluated the classification of the UAE Central Bank statutory reserve balance in "Balances with UAE Central bank maturing after three months" in the statements of cash flows in the prior years to determine if such transactions and balances have been classified appropriately under International Financial Reporting Standards ("IFRS").

As a result, management restated the comparatives to correct the misstatements detailed above in the financial statements for the year ended 31 December 2024 as prior year restatements.

This reclassification relates to the UAE Central Bank statutory reserve balance previously presented under "Balances with UAE Central bank maturing after three months", being moved from Operating activities to Cash and Cash Equivalents.

In previous years, the Bank had classified changes in the UAE Central Bank statutory reserve balance in "Cash and balances with UAE Central Bank" within "Net cash from operating activities". According to the UAE Central Bank regulations, the Bank is allowed to draw on the statutory deposit with the UAE Central Bank on any day up to 100%, while ensuring that it meets the reserve requirements over a 14-day period. International Accounting Standard 7- Statement of cash flows require demand deposit to be classified as "Cash and cash equivalents" in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

34 RESTATEMENT OF COMPARATIVE FIGURES (continued)

For the year ended 31 December 2025, the Bank re-assessed the nature of the UAE Central Bank statutory reserve balance in “Cash and balances with UAE Central Bank” and concluded that the balances are available on demand and meet the definition of Cash and cash equivalents, and therefore should be classified as cash and cash equivalents in the statement of cash flows.

The above misstatement has been corrected by restating each of the affected financial statement line items for the prior periods as follows. This restatement will also impact the Cash and Cash equivalents and cash from operating activities by AED 44,546 thousand, AED 73,617 thousand, AED 131,096 thousand in the statement of cash flows for the periods ended 31 March 2025, 30 June 2025 and 30 September 2025 respectively.

	<i>Before restatement AED'000</i>	<i>Restatement AED'000</i>	<i>Adjusted AED'000</i>
Cash flows from operating activities:			
Changes in operating assets and liabilities:			
Balances with UAE Central bank maturing after three months	(237,127)	237,127	-
Net cash from operating activities	(200,972)	237,127	36,155
Net change in cash and cash equivalents	(1,170,049)	237,127	(932,922)
Cash and cash equivalents at 1 January	1,182,622	454,892	1,637,514
Cash and cash equivalents at 31 December	12,573	692,019	704,592

35 IMPAIRMENT RESERVE

As per the new Credit Risk Management Standards (“CRMS”) issued by CBUAE, Banks must ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.5% of the Credit Risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non distributable balance sheet reserve called the ‘impairment reserve-general’. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for Banks) when computing the regulatory capital.

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

	<i>2025 AED'000</i>	<i>2024 AED'000</i>
Non distributable impairment reserve – General		
Minimum provision for Stage 1 &2 as per CBUAE requirements	266,285	218,454
Less: Stage 1 and 2 impairment provision taken against income	(266,374)	(270,985)
Excess/(Shortfall) in stage 1 & 2 provision to meet minimum CBUAE requirements	89	52,531

36 SOCIAL CONTRIBUTIONS

Social contributions (including donations and charity) made during the year to various beneficiaries amounts to AED 148 thousand (31 December 2024: AED 210 thousand).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

37 ZAKAT

There are no Zakat obligations on the Islamic Banking Department since all Islamic Assets are being financed by Islamic Depositors and there is no contribution from the Bank's shareholders. However, in the event that any Zakatable income arises, the obligation to pay Zakat rests with the shareholders and the investment account holders (Rab Al Mal). Furthermore, there is no authorization granted to the Bank, in its capacity as Mudarib, to pay Zakat on behalf of the depositors. There is also no provision in the Bank's Articles of Association, nor any resolution of the General Assembly, authorizing or mandating the Bank to calculate or pay Zakat on behalf of the shareholders or investment account holders. Accordingly, each shareholder and investment account holder bears sole responsibility for calculating and paying Zakat on their respective shares and funds once the applicable Sharia conditions and requirements are fulfilled.

38 LEGAL RISK AND LITIGATION

The Bank may be exposed to legal risk arising from the nature of its ordinary banking activities. These risks include potential claims, disputes, and enforcement actions that may occur in the normal course of business. The Bank maintains policies, procedures, and governance structures designed to identify, assess, and manage such exposures, including oversight by the Legal and Risk functions.

As at 31 December 2025, the Bank is involved in a number of legal proceedings and customer-related claims. These matters relate primarily to lending activities and contractual disputes. Based on current information and after taking appropriate legal advice, management believes that the outcome of these proceedings is not expected to have a material adverse effect on the Bank's financial position. Where a present obligation exists and an outflow of economic resources is considered probable, provisions have been recognized in accordance with the Bank's accounting policies and hence no additional provisions need to be made in these financial statements.

39 SUBSEQUENT EVENTS

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the financial statements for the year ended 31 December 2025.