UAB

البنك العربي المتحد
UNITED ARAB BANK

50
عاماً متحدون
years united

Basel III Pillar 3 Disclosures

31 DECEMBER 2025

uab.ae

Contents

1. Introduction

This document provides Pillar 3 disclosures for United Arab Bank PJSC ("UAB" or "the Bank") as at 31 December 2025 with the objective of allowing market participants to assess key information on the Bank's capital, risk exposures and risk assessment process.

The Bank is regulated by the Central Bank of UAE ("CBUAE") and follows the Pillar 3 disclosure requirements as stated in the CBUAE guidelines on the implementation of Basel III standards, issued in November 2020 with subsequent updates in December 2022. The Pillar 3 disclosures contain both quantitative and qualitative information and are to be read in conjunction with the Audited Financial Statements as at 31 December 2025.

The Basel Committee on Banking Supervision (BCBS) Basel III Capital Adequacy Framework consists of three pillars. Pillar 1 provides a framework for measuring minimum capital requirements for credit, market and operational risks faced by banks. Pillar 2 allows banks and supervisors to take a view on whether the bank should hold additional capital to cover the three Pillar 1 risks and additionally to cover other material risks, where required. Pillar 3 requires banks to publish a range of disclosures, mainly covering risk, capital, leverage, liquidity and remuneration.

The capital requirements are computed using the Basel III framework of the Basel Committee on Banking Supervision, after applying the amendments advised by the CBUAE, within national discretion.

The report is prepared as per the enhanced Pillar 3 Disclosure requirements guidelines issued by CBUAE in November 2020 with subsequent updates in December 2022 and are effective for the year ended 31 December 2022. The enhanced Pillar 3 disclosures focus on regulatory measures required under Pillar 1 of the Basel framework for measuring credit, market and operational risks and their associated resulting risk-weighted assets (RWA) and capital requirements. In some instances, Pillar 3 also requires supplementary information to be disclosed to improve the understanding of underlying risks.

The CBUAE issued Basel III capital regulations, which came into effect from 1 February 2017 introducing minimum capital requirements at three levels, namely Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Total Capital. Additional capital buffers include Capital Conservation Buffer and Countercyclical Capital Buffer, with a maximum up to 2.5% for each buffer, over and above the minimum CET1 requirement of 7.0% and minimum Total Capital Ratio of 10.5%.

CBUAE requires the Pillar 2 Supervisory Review Process to focus on each bank's Internal Capital Adequacy Assessment Process (ICAAP) in addition to Pillar 1 Capital calculations. The ICAAP should include a risk based forward looking view of, but not limited to, Credit, Market and Operational Risk Capital.

The purpose of Pillar 3, Market Discipline, is to complement the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The CBUAE supports the enhanced market discipline through a set of disclosure requirements which will allow market participants to assess key information regarding capital adequacy of the Bank through various views such as the scope of application, capital, risk exposure and risk assessment process.

The revised Pillar 3 disclosures, based on a common framework, are an effective means of informing the market about the risks faced by the Bank, and provide a consistent and understandable disclosure framework that enhances transparency and improves comparability and consistency.

In compliance with the CBUAE Basel III standards and guidelines, these disclosures include qualitative and quantitative information on the Bank's risk management objectives and policies, risk assessment processes, capital management and capital adequacy.

The Pillar 3 Disclosures for the year 2025 have been appropriately reviewed by the management and internal audit.

2. About the Bank

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. 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. The Bank does not have any subsidiaries and accordingly there is no consolidation.

3. OVA: Overview of Risk Management and Risk Weighted Assets (RWA)

UAB recognizes the importance of effective risk management in achieving its strategic goals and maintaining its stability and resilience. Risk is inherent in all 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 everyone within the Bank is accountable for the risk exposures relating to their responsibilities.

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 serve 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 defense 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 ensure 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. Any decline in risk culture and risk profile is communicated to the Board by management via the risk governance structure in place within the Group.

3.1. Risk Management Framework (Three Lines of Defense)

The Bank'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 their day-to-day activities.
- The **Second line of defense** 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 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 risk.

3.1.1. First Line of Defense

The first line of defense 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.

3.1.2. Second Line of Defense

The second line of defense serves as a crucial support system for business units, helping them identify, assess, and manage risks effectively while ensuring compliance with relevant laws, regulations, and internal policies. Their oversight and guidance contribute to the overall resilience and sustainability of the organization in the face of various risks and challenges.

3.1.2.1 Finance Department

Finance Department's key responsibilities as part of Second Line of Defense 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.

3.1.2.2 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.

3.1.2.3 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.

3.1.2.4 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 defense 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.

3.1.3. Third Line of Defense - 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.

3.2. Role of the 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 defines 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:

3.2.1. Board Level Committees

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:

3.2.2. 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.

3.2.3. Governance & 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.

3.2.4. 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.

3.2.5. 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.

3.3. 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.

3.4. 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:

3.4.1. 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.

3.4.2. 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.

3.4.3. 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.

3.4.4. Credit Committee (CC)

The Credit Committee ("CC") is responsible for making credit-related decisions. The CC is charged with:

- Reviewing and approving loan proposals, taking into account factors such as the borrower's creditworthiness, repayment capacity, and collateral.
- Ensuring compliance with credit policies and procedures as part of ongoing underwriting process.

3.4.5. 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).

3.4.6. Compliance Committee

The Compliance Committee assists the Board and the BRCC towards ensuring a strong compliance culture and adherence to all applicable compliance requirements.

3.4.7. 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.

3.4.8. 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 Emiratization strategy, performance and rewards, talent acquisition, management and succession planning, learning & development, HCM policies & procedures, people risk, corporate governance and statutory matters etc.

3.5. 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.

3.6. Management Subcommittees

The bank has following management subcommittees to assist management committees and senior management in discharging their duties and responsibilities.

3.6.1. 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:

- Overseeing the bank's customer service policies and procedures, including the measurement and monitoring of customer satisfaction levels.
- Monitoring customer feedback and using this information to make recommendations for improvements to the bank's products and services.
- Ensuring that the bank's customer service standards are met and addressing any customer complaints in a timely and effective manner.

3.6.2. 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:

- Reviewing and approving investment proposals, ensuring that they align with the bank's overall investment strategy and risk tolerance.
- Monitoring the performance of the bank's investments, including returns, market conditions, and economic indicators.
- 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.
- Overseeing the management of investment risks, including interest rate, credit, and market risks, and ensuring that the bank's investment portfolio is well-diversified.

3.6.3. 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:

- Overseeing the bank's risk management framework, including the identification, assessment, and management of risks across the bank.
- Reviewing and approving risk limits for various types of risks, including credit, capital, market & liquidity, strategic & reputational risk etc.
- Monitoring the bank's risk exposure and ensuring that it remains within acceptable levels, taking into account economic conditions, market trends, and internal controls.
- 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.

3.6.4. 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.

3.6.5. 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:

- Monitor and manage Operational and Fraud Risks as per the defined risk appetite framework.
- Identify, assess, and report about operational risks and exposures facing the organization.
- Overseeing the implementation of Operational, Fraud Risk Management and Business continuity management policies and procedures.
- Ensuring that Bank's Business Continuity strategy and plans are created and implemented effectively.
- Monitor the effectiveness of the business continuity and disaster recovery framework and report the findings.
- Supports RC in the effective implementation of New Product Approval Policy.

- Identify and manage Operational and Fraud risks in all new products, processes and activities.
- Overseeing and supporting RC on complying with the Outsourcing Risk Policy and relevant regulatory obligations.
- Review and govern operational risk assessments, document management and risk acceptances.

3.6.6. 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:

- Overseeing the bank's information security policies and procedures to ensure they are effective.
- Monitoring cyber threats and ensuring the bank's systems are protected against them.
- Ensuring that the bank's information technology systems are secure and operate effectively.

3.6.7. 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:

- Responsible for defining and implementing the Model Risk Management framework for the bank.
- Review and approve the methodology, processes and governance framework for the development, implementation, use and maintenance of models.
- Ensure models are developed, validated and used in compliance with the regulatory and internal standards.
- Monitor and report on the effectiveness of model risk management and provide recommendations for improvement.

3.6.8. 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.

3.6.9. 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.

3.7. 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, analyze 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 utilization of limits, proprietary investments and liquidity, and any other risk developments.

3.8. 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.

3.9. Risk Appetite Framework

The Bank has established a risk appetite framework to ensure that its risk-taking activities are aligned with its strategic goals and risk tolerance. The framework includes clear definitions of the Bank's risk appetite and limits for various types of risks, as well as regular monitoring and reporting to ensure that these limits are not exceeded.

Monitoring and Management of Breaches

Compliance with the Risk Appetite Framework is reported to RC and BRCC along with management action plans for exceptions. The risk appetite metrics and thresholds are reviewed periodically to align with the bank's business and regulatory landscape.

3.10. Robust Business Continuity Framework

Bank's well defined Business Continuity Framework and Policy, along with 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.

3.11. Stress Testing

UAB conducts regular stress tests and scenario analyses based on a comprehensive stress testing policy, governed by the ICAAP Policy and the Stress Testing Methodology, approved by the BRCC. The stress test exercises consider various macroeconomic and idiosyncratic stress to assess impact of adverse market conditions under stress scenarios on the capital adequacy. Stress tests and scenario analyses cover the entire asset book to project capital needs and capital levels under various stress scenarios by considering key risks such as credit risk, market risk, operational risk, liquidity risk, interest rate risk, concentration risk, etc.

The bank conducts stress testing exercises mandated by the Financial Stability Unit (FSU) of the Central Bank of UAE. Stress tests are also conducted as part of the ICAAP on an annual basis along with internal stress testing conducted on a quarterly basis and on ad-hoc basis based on requirements from management.

3.12. Business Segments

The Bank is organized into three segments:

Wholesale Banking - principally handling loans, other credit facilities and liability accounts for corporate and institutional customers. This segment also caters to financial institutions, principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations.

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 & Capital Markets - actively manages investments in debt securities held in the banking book. Investments are distributed across Held to Maturity (HTM) and Available for Sale (AFS) category. Investments are selectively hedged to manage interest rate risks using Interest Rate derivative instruments.

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged / credited to business segments based on a pool rate which approximates the marginal cost of funds. The Bank primarily operates in only one geographic area, the Middle East and hence, no geographical analysis is given.

3.13. UAB's Approach to Pillar 1

Pillar 1 Risks	Pillar 1 Approach
Credit Risk	The Bank uses the Standardized Approach for calculating regulatory capital requirements for Credit Risk. This approach allows the use of external ratings from designated credit-rating agencies wherever available in determining the appropriate risk weights. The risk weights are determined by the asset class and the external rating of the counterparty. The net exposure incorporates off balance sheet exposures after applying the credit conversion (CCF) and credit risk mitigation (CRM) factors.
Market Risk	The Bank uses the Standardized Approach for calculating regulatory capital requirements for Market Risk.
Operational Risk	The Bank uses the Basic Indicator Approach for calculating regulatory capital requirements for Operational Risk.

3.14. KM1: Overview of Risk Management, Key Prudential Metrics and RWA

AED 000s

		31-Dec-2025	30-Sep-2025	30-Jun-2025	31-Mar-2025	31-Dec-2024
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	3,303,283	3,361,265	2,179,720	2,079,277	1,976,037
1a	Fully loaded ECL accounting model	3,303,283	3,361,265	2,179,720	2,079,277	1,976,037
2	Tier 1	3,854,158	3,912,140	2,730,595	2,630,152	2,526,912
2a	Fully loaded ECL accounting model Tier 1	3,854,158	3,912,140	2,730,595	2,630,152	2,526,912
3	Total capital	4,076,062	4,124,517	2,942,583	2,824,348	2,708,957
3a	Fully loaded ECL accounting model total capital	4,076,062	4,124,517	2,942,583	2,824,348	2,708,957
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	18,945,987	18,125,734	18,039,656	16,556,700	15,556,994
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	17.4%	18.5%	12.1%	12.6%	12.7%
5a	Fully loaded ECL accounting model CET1 (%)	17.4%	18.5%	12.1%	12.6%	12.7%
6	Tier 1 ratio (%)	20.3%	21.6%	15.1%	15.9%	16.2%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	20.3%	21.6%	15.1%	15.9%	16.2%
7	Total capital ratio (%)	21.5%	22.8%	16.3%	17.1%	17.4%
7a	Fully loaded ECL accounting model total capital ratio (%)	21.5%	22.8%	16.3%	17.1%	17.4%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5%	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer requirement (%)	0.5%	0.5%	0.0%	0.0%	0.0%
10	Bank D-SIB additional requirements (%)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	3.0%	3.0%	2.5%	2.5%	2.5%
12	CET1 available after meeting the bank's minimum capital requirements (%)	10.4%	11.5%	5.1%	5.6%	5.7%

	Leverage Ratio					
13	Total leverage ratio measure	30,166,228	29,551,267	26,563,647	25,953,480	23,764,086
14	Leverage ratio (%) (row 2/row 13)	12.8%	13.2%	10.3%	10.1%	10.6%
14a	Fully loaded ECL accounting model leverage ratio (%) (row 2A/row 13)	12.8%	13.2%	10.3%	10.1%	10.6%
14b	Leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	12.8%	13.2%	10.3%	10.1%	10.6%
	Liquidity Coverage Ratio					
15	Total HQLA					
16	Total net cash outflow					
17	LCR ratio (%)					
	Net Stable Funding Ratio					
18	Total available stable funding					
19	Total required stable funding					
20	NSFR ratio (%)					
	ELAR					
21	Total HQLA	4,003,914	2,905,656	3,523,721	3,717,380	3,196,278
22	Total liabilities	22,959,050	20,421,256	21,048,537	20,681,815	18,809,842
23	Eligible Liquid Assets Ratio (ELAR) (%)	17.4%	14.2%	16.7%	18.0%	17.0%
	ASRR					
24	Total available stable funding	20,759,250	16,682,348	16,620,048	16,485,661	15,315,813
25	Total Advances	14,499,312	13,583,199	13,224,810	12,148,985	11,562,136
26	Advances to Stable Resources Ratio (%)	69.8%	81.4%	79.6%	73.7%	75.5%

Note 1: "Fully Loaded" means bank's regulatory capital compared with a situation where the transitional arrangement had not been applied. CBUAE introduced transitional arrangements as per circular no. 04 / 2020 "Regulation Regarding Accounting Provisions and Capital Requirements - Transitional Arrangements". UAB has not used the transitional arrangement.

3.15. OV1: Overview of Risk Weighted Assets

AED '000

		RWA		Minimum Capital Requirements
		31-Dec-2025	30-Sep-2025	31-Dec-2025
1	Credit risk (excluding counterparty credit risk)	17,573,089	16,815,679	1,845,174
2	Of which: standardised approach (SA)	17,573,089	16,815,679	1,845,174
3	Of which: foundation internal ratings-based (F-IRB) approach			
4	Of which: supervisory slotting approach			
5	Of which: advanced internal ratings-based (A-IRB) approach			
6	Counterparty credit risk (CCR)	122,677	113,558	12,881
7	Of which: standardised approach for counterparty credit risk	122,677	113,558	12,881
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	56,564	60,927	5,939
11	Equity positions under the simple risk weight approach			
12	Equity investments in funds - look-through approach	-	-	-
13	Equity investments in funds - mandate-based approach	-	-	-
14	Equity investments in funds - fall-back approach	-	-	-
15	Settlement risk	-	-	-
16	Securitisation exposures in the banking book	-	-	-
17	Of which: securitisation internal ratings-based approach (SEC-IRBA)			
18	Of which: securitisation external ratings-based approach (SEC-ERBA)	-	-	-
19	Of which: securitisation standardised approach (SEC-SA)	-	-	-

20	Market risk	22,367	13,854	2,349
21	Of which: standardised approach (SA)	22,367	13,854	2,349
22	Of which: internal models approach (IMA)			
23	Operational risk	1,171,290	1,121,715	122,985
24	Amounts below thresholds for deduction (subject to 250% risk weight)			
25	Floor adjustment			
26	**Total (1+6+10+11+12+13+14+15+16+20+23)**	**18,945,987**	**18,125,733**	**1,989,329**

*The minimum capital requirements applied is 10.5% (excluding Capital Conservation Buffer).

4. Linkages between financial statements and regulatory exposures

4.1. Summary of differences between Pillar 3 disclosures and disclosures in the audited financial statements

Topic	Risk review in the audited annual financial statements	Pillar 3 disclosures
Basis of requirements	The Bank's audited annual financial statements is prepared in accordance with the requirements of IFRS and UAE Federal Law No. 2 of 2015.	The Bank's Pillar 3 disclosures provide details on risk from a regulatory perspective as required by the Basel 3 Standardized approach requirements, which have been implemented in the UAE through the Central Bank of the UAE standards / guidelines issued in November 2020 with subsequent updates in December 2022. The capital supply is determined based on Basel 3 requirements, which have been implemented in the UAE through the Central Bank of the UAE guidelines issued in February 2017 and standards / guidance issued in December 2022.
Basis of preparation	The disclosures in the credit risk management section are set out based on IFRS. Loans and advances are reported net of impairments and interest in suspense. Off balance sheet exposures are reported without applying CCF.	Provides details from a regulatory perspective on credit, market and operational risk. The capital calculation and the disclosures are based on the Standardized approach as required by the Central Bank of the UAE. Loans and advances are reported at gross levels and off-balance sheet exposures are disclosed at post-CCF levels. Market risk and operational risk disclosures are based on the capital required.

4.2. LI1: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

December 2025 **AED 000s**

	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central bank	2,489,611	2,489,611	2,489,611				
Due from banks	1,141,048	1,141,048	1,141,048				
Loans and advances and Islamic financing receivables	14,554,295	14,554,295	14,554,295				
Investments and Islamic instruments	7,860,419	7,860,419	7,860,419				
Property, equipment and capital work-in-progress	186,662	186,662	186,662				
Goodwill and other intangible assets	68,033	68,033	0				68,033
Customer Acceptances	287,850	287,850	287,850				
Other assets	412,058	412,058	389,193	22,865*			
Total Assets	**26,999,976**	**26,999,976**	**26,909,078**	**22,865**	-	-	68,033
Liabilities							
Due to banks	3,341,437	3,341,437					3,341,437
Customers' deposits	17,808,581	17,808,581					17,808,581
Medium Term Liabilities	1,000,000	1,000,000					1,000,000
Customer Acceptances	287,850	287,850					287,850

Other liabilities	530,453	530,453						530,453
Total Liabilities	**22,968,321**	**22,968,321**	-	-	-	-		22,968,321
Shareholder's Equity								
Share Capital	3,093,826	3,093,826						
Treasury Shares	-	-						
Tier 1 Instrument	550,875	550,875						
Special Reserve	121,904	121,904						
Statutory Reserve	150,828	150,828						
General Reserve	9,311	9,311						
Cumulative changes in Fair Value	(16,268)	(16,268)						
Retained earnings/(Accumulated losses)	121,179	121,179						
Net shareholders' equity	**4,031,655**	**4,031,655**						
Total Liabilities and shareholders' equity	**26,999,976**	**26,999,976**	-	-	-	-	-	

*The balance represents the positive MTM pertaining to derivatives

December 2024							AED 000s
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items:				
			Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and balances at central bank	2,225,224	2,225,224	2,225,224				
Due from banks	585,146	585,146	585,146				
Loans and advances and Islamic financing receivables	11,526,357	11,526,357	11,526,357				
Investments and Islamic instruments	6,004,981	6,004,981	6,004,981				
Property, equipment and capital work-in-progress	179,634	179,634	179,634				
Goodwill and other intangible assets	24,573	24,573	24,573				
Customer Acceptances	422,990	422,990	422,990				
Other assets	492,575	492,575	441,307	51,268*			
Total Assets	**21,461,480**	**21,461,480**	**21,410,212**	**51,268**	-	-	-
Liabilities							
Due to banks	3,596,354	3,596,354					
Customers' deposits	13,577,035	13,577,035					
Medium Term Liabilities	734,600	734,600					
Customer Acceptances	422,990	422,990					

Other liabilities	579,016	579,016					
Total Liabilities	**18,909,995**	**18,909,995**	-	-	-	-	-
Shareholder's Equity							
Share Capital	2,062,550	2,062,550					
Treasury Shares	(3,008)	(3,008)					
Tier 1 Instrument	550,875	550,875					
Special Reserve	78,118	78,118					
Statutory Reserve	107,042	107,042					
General Reserve	9,311	9,311					
Cumulative changes in Fair Value	(98,231)	(98,231)					
Accumulated losses	(155,172)	(155,172)					
Net shareholders' equity	**2,551,485**	**2,551,485**					
Total Liabilities and shareholders' equity	**21,461,480**	**21,461,480**	-	-	-	-	-

*The balance represents the positive MTM pertaining to derivatives

4.3. LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

December 2025 — **AED 000s**

		Total	Items subject to:			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	26,999,976	26,909,078	-	22,865	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	26,999,976	26,909,078	-	22,865	-
4	Off-balance sheet amounts	8,594,107	8,305,392	-	288,715	-
5	*Differences in valuations*	-	-	-	-	-
6	*Differences due to different netting rules, other than those already included in row 2*	-	-	-	-	-
7	*Differences due to consideration of provisions*	-	-	-	-	-
8	*Differences due to prudential filters*	-	-	-	-	-
9	**Exposure amounts considered for regulatory purposes**	35,594,083	35,214,470	-	311,580	-

December 2024 — **AED 000s**

		Total	Items subject to:			
			Credit risk framework	Securitisation framework	Counterparty credit risk framework	Market risk framework
1	**Asset carrying value amount under scope of regulatory consolidation (as per template LI1)**	21,461,480	21,410,212	-	51,268	-
2	Liabilities carrying value amount under regulatory scope of consolidation (as per template LI1)	-	-	-	-	-
3	Total net amount under regulatory scope of consolidation	21,461,480	21,410,212	-	51,268	-
4	Off-balance sheet amounts	6,149,692	5,952,678	-	197,014	-
5	*Differences in valuations*	-	-	-	-	-

6	*Differences due to different netting rules, other than those already included in row 2*	-	-	-	-	-
7	*Differences due to consideration of provisions*	-	-	-	-	-
8	*Differences due to prudential filters*	-	-	-	-	-
9	**Exposure amounts considered for regulatory purposes**	27,611,172	27,362,890	-	248,282	-

4.4. LIA: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

UAB does not have any subsidiaries and hence there are no differences between carrying values as reported in published financial statements and carrying values under scope of regulatory consolidation disclosed in LI1.

As of 31 December 2025, material assets requiring daily valuation are a) Fixed Income Securities, and b) Derivative Instruments. Both these instruments get marked-to-market valuations. The Bank uses price available on Bloomberg terminal to MTM the securities and derivatives on daily basis.

5. Prudential Valuation

5.1. Adjustment PV1: Prudential valuation adjustments (PVA)

This disclosure is not applicable as the Bank does not have any prudential valuation adjustments.

6. CC1: Composition of Capital

AED 000s

		31 Dec 2025	31 Dec 2024	Reference
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	3,093,826	2,062,550	CC2 (f)
2	Retained earnings	11,715	(155,172)	CC2(g)
3	Accumulated other comprehensive income (and other reserves)	265,775	96,240	CC2 (h)+(i)+(j)+(k)
4	*Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)*	-	-	
5	Common share capital issued by third parties (amount allowed in group CET1)	-	-	
6	**Common Equity Tier 1 capital before regulatory deductions**	**3,371,316**	**2,003,618**	
	Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	-	-	
8	Goodwill (net of related tax liability)	-	24,573	
9	Other intangibles including mortgage servicing rights (net of related tax liability)	68,033	(7,309)	CC2 (b)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	-	-	
11	Cash flow hedge reserve	-	-	
12	Securitisation gain on sale	-	-	
13	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	
14	Defined benefit pension fund net assets	-	-	
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	-	3,008	
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	-	-	
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	

20	Amount exceeding 15% threshold	-	-	
21	Of which: significant investments in the common stock of financials	-	-	
22	Of which: deferred tax assets arising from temporary differences	-	-	
23	CBUAE specific regulatory adjustments	-	-	
24	**Total regulatory adjustments to Common Equity Tier 1**	68,033	27,581	
25	**Common Equity Tier 1 capital (CET1)**	**3,303,283**	**1,976,037**	
	Additional Tier 1 capital: instruments			
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	550,875	550,875	CC2 (l)
27	*Of which: classified as equity under applicable accounting standards*	550,875	550,875	
28	*Of which: classified as liabilities under applicable accounting standards*	-	-	
29	Directly issued capital instruments subject to phase-out from additional Tier 1	-	-	
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	-	-	
31	*Of which: instruments issued by subsidiaries subject to phase-out*	-	-	
32	Additional Tier 1 capital before regulatory adjustments	550,875	550,875	
	Additional Tier 1 capital: regulatory adjustments			
33	Investments in own additional Tier 1 instruments	-	-	
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	
36	CBUAE specific regulatory adjustments	-	-	
37	Total regulatory adjustments to additional Tier 1 capital	-	-	
38	**Additional Tier 1 capital (AT1)**	**550,875**	550,875	
39	**Tier 1 capital (T1= CET1 + AT1)**	**3,854,158**	**2,526,912**	
	Tier 2 capital: instruments and provisions			
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-	
41	Directly issued capital instruments subject to phase-out from Tier 2	-	-	
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries	-	-	

	and held by third parties (amount allowed in group Tier 2)			
43	*Of which: instruments issued by subsidiaries subject to phase-out*	-	-	
44	Provisions	221,904	182,045	
45	**Tier 2 capital before regulatory adjustments**	**221,904**	**182,045**	
	Tier 2 capital: regulatory adjustments			
46	Investments in own Tier 2 instruments	-	-	
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	-	
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-	
49	CBUAE specific regulatory adjustments	-	-	
50	**Total regulatory adjustments to Tier 2 capital**	-	-	
51	**Tier 2 capital (T2)**	**221,904**	**182,045**	
52	**Total regulatory capital (TC = T1 + T2)**	**4,076,062**	**2,708,957**	
53	**Total risk-weighted assets**	**18,945,987**	**15,556,994**	
	Capital ratios and buffers			
54	**Common Equity Tier 1 (as a percentage of risk-weighted assets)**	17.4%	12.7%	
55	**Tier 1 (as a percentage of risk-weighted assets)**	20.3%	16.2%	
56	**Total capital (as a percentage of risk-weighted assets)**	21.5%	17.4%	
57	**Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)**	2.5%	2.5%	
58	**Of which: capital conservation buffer requirement**	2.5%	2.5%	
59	**Of which: bank-specific countercyclical buffer requirement**	0.0%	0.0%	
60	**Of which: higher loss absorbency requirement (e.g. DSIB)**	0.0%	0.0%	
61	**Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.**	6.5%	6.5%	
	The CBUAE Minimum Capital Requirement			
62	Common Equity Tier 1 minimum ratio	7.0%	7.0%	

63	Tier 1 minimum ratio	8.5%	8.5%	
64	Total capital minimum ratio	10.5%	10.5%	
	Amounts below the thresholds for deduction (before risk weighting)			
65	Non-significant investments in the capital and other TLAC liabilities of other financial entities	-	-	
66	Significant investments in common stock of financial entities	-	-	
67	Mortgage servicing rights (net of related tax liability)	-	-	
68	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	
	Applicable caps on the inclusion of provisions in Tier 2			
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	266,375	270,763	
70	Cap on inclusion of provisions in Tier 2 under standardised approach	221,904	182,045	
71	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	
72	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2023)			
cr 73	*Current cap on CET1 instruments subject to phase-out arrangements*	-	-	
74	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	-	-	
75	*Current cap on AT1 instruments subject to phase-out arrangements*	-	-	
76	*Amount excluded from AT1 due to cap (excess after redemptions and maturities)*	-	-	
77	*Current cap on T2 instruments subject to phase-out arrangements*	-	-	
78	*Amount excluded from T2 due to cap (excess after redemptions and maturities)*	-	-	

6.1. CC2: Reconciliation of regulatory capital to balance sheet

The following table enables users to identify the differences between the scope of accounting balance sheet and the scope of regulatory balance sheet, and to show the link between the bank's balance sheet in its published financial statements and the numbers that are used in the composition of capital disclosure template set out in Template CC1. Variances between the financial and regulatory balance sheets are consistent with LI1 disclosure.

December 2025			**AED 000s**
	Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Reference**

	As at period-end	As at period-end	
Assets			
Cash and balances at central banks	2,489,611	2,489,611	
Items in the course of collection from other banks	-	-	
Trading portfolio assets	-	-	
Loans and advances to banks	1,141,048	1,141,048	
Loans and advances to customers	14,554,295	14,554,295	
Financial investments designated at amortised cost	3,013,642	3,013,642	
Reverse repurchase agreements and other similar secured lending	-	-	
Available for sale financial investments (Includes FVOCI)	4,846,777	4,846,777	
Derivative financial instruments	22,865	22,865	
Current and deferred tax assets	-	-	
Prepayments, accrued income and other assets	389,193	389,193	
Investments in associates and joint ventures	-	-	
Goodwill and other intangible assets	-	-	
Of which: goodwill	-	-	(a)
Of which: intangibles (excluding MSRs)	68,033	68,033	(b)
Of which: MSRs	-	-	(c)
Customer Acceptances	287,850	287,850	
Property, plant and equipment	186,662	186,662	
Total assets	**26,999,976**	**26,999,976**	
Liabilities			
Deposits from banks	1,651,435	1,651,435	
Items in the course of collection due to other banks	-	-	
Customer accounts	17,808,581	17,808,581	
Repurchase agreements and other similar secured borrowing	1,690,002	1,690,002	
Medium Term Borrowing	1,000,000	1,000,000	
Trading portfolio liabilities	-	-	
Financial liabilities designated at fair value	-	-	
Derivative financial instruments	14,890	14,890	
Debt securities in issue	-	-	
Accruals, deferred income and other liabilities	416,679	416,679	
Current and deferred tax liabilities	-	-	
Of which: DTLs related to goodwill	-	-	(d)
Of which: DTLs related to intangible assets (excluding MSRs)	54,203	54,203	(e)
Of which: DTLs related to MSRs	-	-	
Subordinated liabilities	-	-	
Customer Acceptances	287,850	287,850	
Provisions	19,271	19,271	
Retirement benefit liabilities	25,410	25,410	

Total liabilities	**22,968,321**	**22,968,321**	
Shareholders' equity			
Paid-in share capital	3,093,826	3,093,826	(f)
Retained Earnings/(Accumulated Losses)	121,179	121,179	(g)
Accumulated other comprehensive income	(16,268)	(16,268)	(h)
Special Reserve	121,904	121,904	(i)
Statutory Reserve	150,828	150,828	(j)
General Reserve	9,311	9,311	(k)
Treasury Shares	-	-	
Tier 1 instrument	550,875	550,875	(l)
Total shareholders' equity	**4,031,655**	**4,031,655**	

6.2. CCA: Main features of regulatory capital instruments

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.

December 2025

1	Issuer	**United Arab Bank P.J.S.C**	**United Arab Bank P.J.S.C**	**United Arab Bank P.J.S.C**
2	Unique identifier (eg. CUSIP, ISIN or Bloomberg identifier for private placement)	UABRI25 UH	AEU000601010	XS2575866699
3	Governing law(s) of the instrument	UAE Law	UAE Law	English Law
	Regulatory treatment			
4	Transitional arrangement rules (i.e. grandfathering)	N/A	N/A	N/A
5	Post-transitional arrangement rules (i.e. grandfathering)	N/A	N/A	N/A
6	Eligible at solo/group/group and solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Ordinary Shares	Equity
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	AED 1,031	AED 2,062	USD 150
9	Nominal amount of instrument	AED 1	N/A	USD 150
9a	Issue price	N/A	N/A	USD 150
9b	Redemption price	As per Market Value	As per Market Value	USD 150
10	Accounting classification	Shareholder 's Equity	Shareholder's Equity	Additional Tier 1 Capital
11	Original date of issuance	N/A	N/A	30-Mar-2023
12	Perpetual or dated	N/A	N/A	Perpetual
13	Original maturity date	N/A	N/A	N/A

14	Issuer call subject to prior supervisory approval	N/A	N/A	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	30-Mar-2028
16	Subsequent call dates, if applicable	N/A	N/A	N/A
	Coupons / dividends			
17	Fixed or floating dividend / coupon	Dividend (as proposed, subject to shareholders approval in AGM)	N/A	Fixed for first 5 years
18	Coupon rate and any related index	AED 0.035 per share	N/A	8.060%
19	Existence of a dividend stopper	N/A	N/A	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Full discretionary	Full discretionary	Full discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Full discretionary	Full discretionary	Full discretionary
21	Existence of step-up or other incentive to redeem	N/A	N/A	N/A
22	Non-cumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	N/A	N/A	Non-convertible
24	Write-down feature	N/A	N/A	Yes
25	If write-down, write-down trigger(s)	N/A	N/A	Non viability event
26	If write-down, full or partial	N/A	N/A	Full
27	If write-down, permanent or temporary	N/A	N/A	Full
28	If temporary write-own, description of writeup mechanism	N/A	N/A	N/A
28a	Type of subordination	N/A	N/A	Junior Subordinated
29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A	N/A	Junior to all senior obligations
30	Non-compliant transitioned features	N/A	N/A	N/A
31	If yes, specify non-compliant features	N/A	N/A	N/A

7. Macro Prudential

CCyB1: Geographical distribution of credit exposures used in the countercyclical buffer

Counter-cyclical capital buffer (CCyB) requirement is determined by based on country-specific CCyB rates to the Bank's qualifying credit exposures on a weighted average basis. Majority of the bank's exposures are in UAE with limited exposures contributing to CCyB requirement. The bank's current CCyB requirement is 47 basis points.

December 2025 **AED 000s**

Geographical breakdown	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
		Exposure values	Risk-weighted assets		
United Arab Emirates	0.50%	14,944,960	10,993,001		
Turkey	0.00%	186,543	186,543		
Saudi Arabia	0.00%	294,652	294,652		
Bahrain	0.00%	19,563	19,563		
Oman	0.00%	311,064	311,064		
United Kingdom	2.00%	0	0		
France	1.00%	0	0		
India	0.00%	0	0		
Jordan	0.00%	0	0		
Iraq	0.00%	6,427	6,427		
Canada	0.00%	0	0		
Sum		**15,763,209**	**11,811,250**		
Total		**27,334,217**	**18,945,986**	0.47%	88,167

8. Leverage Ratio

The Basel 3 leverage ratio is calculated by dividing the tier 1 capital by the leverage ratio exposure. The Leverage Ratio Exposure consists of IFRS on-balance sheet assets and off-balance sheet items. Derivative exposures are calculated by including replacement value, Potential Future Exposures (PFE) and eligible cash variation margin netting, the current exposure method add-on and net notional amounts for written credit derivatives. The table on the next page shows the difference between total IFRS assets per IFRS consolidation scope and the BCBS total on balance sheet exposures. Those exposures are the starting point for calculating the BCBS Leverage Ratio Exposure, as shown in the LR2 table. The difference is due to the application of the regulatory scope of consolidation for the purpose of the BCBS calculation. In addition, carrying amounts for derivative financial instruments and securities financing transactions (SFTs) are deducted from IFRS total assets. They are measured differently under BCBS leverage ratio rules and are therefore added back in separate exposure line items in the LR2 table.

8.1. LR1: Summary Comparison of Accounting Assets Vs Leverage Ratio Exposure

AED 000s

		31-Dec-2025	31-Dec-2024
1	Total consolidated assets as per published financial statements	26,999,976	21,461,480
2	Adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	-	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)		
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure		
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting		
7	Adjustments for eligible cash pooling transactions	-	-
8	Adjustments for derivative financial instruments	178,241	115,186
9	Adjustment for securities financing transactions (ie repos and similar secured lending)	178,457	182,055
10	Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2,809,554	2,005,365
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-	-
12	Other adjustments	-	-
13	**Leverage ratio exposure measure**	**30,166,228**	**23,764,086**

8.2. LR2: Leverage Ratio Common Disclosure Template

AED 000s

		31-Dec-2025	31-Dec-2024
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	26,977,111	21,410,212
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	(1,656)	(220)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	(68,033)	(24,573)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)**	**26,907,422**	**21,385,418**
Derivative exposures			
8	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	10,011	15,645
9	Add-on amounts for PFE associated with *all* derivatives transactions	183,414	120,960
10	(Exempted CCP leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	**Total derivative exposures (1.4 x (rows 8+9) + sum of rows 10 to 12)**	**270,795**	**191,248**
Securities financing transactions			
14	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	1,867,039	1,384,350
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(1,688,582)	(1,202,296)
16	CCR exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
18	**Total securities financing transaction exposures (sum of rows 14 to 17)**	**178,457**	**182,055**
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	6,438,353	4,568,327
20	(Adjustments for conversion to credit equivalent amounts)	(3,628,798)	(2,562,962)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**Off-balance sheet items (sum of rows 19 to 21)**	**2,809,554**	**2,005,365**
Capital and total exposures			
23	**Tier 1 capital**	**3,854,158**	**2,526,912**
24	**Total exposures (sum of rows 7, 13, 18 and 22)**	**30,166,228**	**23,764,086**

Leverage ratio			
25	**Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)**	**12.8%**	**10.6%**
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	12.8%	10.6%
26	CBUAE minimum leverage ratio requirement	3.0%	3.0%
27	**Applicable leverage buffers**	**9.8%**	**7.6%**

9. Liquidity Risk Management

9.1. LIQA: Liquidity risk management

Liquidity risk is the risk that the Bank does not have sufficient liquidity to meet its financial obligations when they are due. Liquidity risk can materialize from the trading book (market liquidity risk) and banking book (funding liquidity risk) positions.

Liquidity risk can arise from several factors, such as:

- Failure to recognize or address changes in market conditions that effects the ability to liquidate assets quickly and with minimum loss in value;
- Concentration of facilities from one source due to insufficient diversification of types of funding between different products and types of customers;
- Maturity mismatch where long term assets being funded with short-term liabilities;
- External rating downgrade / adverse publicity may decrease alternate source of funds;
- Unexpected funding required for off-balance sheet items, such as payment to beneficiaries under letter of credit or guarantees; or
- Operating in different currencies which create a funding requirement and liquidity risk in each currency.

Liquidity Risk Management in the Bank is governed by the Liquidity Risk Management policy and the Risk Appetite Framework approved by the Bank's Board of Directors. The Board has delegated the responsibility of managing the liquidity risk of the Bank to the Board Risk & Compliance Committee (BRCC). BRCC and Risk Committee (RC) review liquidity risk policy, liquidity risk appetite and tolerance limits proposed by Risk Management for the Bank in line with the Bank's objectives, strategy and overall risk appetite. RC reviews annually the risk policies to manage and monitor liquidity risk in the Bank and recommend them to the BRCC for approval.

Risk Limits are recommended by the Asset and Liability Committee (ALCO). The Treasury and Capital Markets Department is primarily responsible for managing liquidity for the Bank. Risk Management and Finance teams are responsible for the measurement and monitoring of liquidity metrics stipulated in the policy and updating ALCO, RC and BRCC on issues pertaining to liquidity risk.

As per the Central Bank of the UAE (CBUAE) regulations, the Bank is required to monitor and maintain the following liquidity ratios:

- Eligible Liquid Asset (ELAR) Ratio
- Advanced to Stable Funding (ASF) Ratio

Additionally, as per the Bank's internal Risk Appetite Statement (RAS) is required to monitor Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). These metrics are complemented by internal metrics like, concentration and maturity mismatch analyses. Liquidity Risk policy includes the Contingency Funding Plan ("CFP") which can be triggered in the event of a major liquidity problem, either due to bank specific or market wide / systematic triggers.

The Bank adopts a conservative strategy to manage its liquidity and funding positions, maintaining liquidity levels higher than the required regulatory ratios of ELAR and ASF.

Treasury and Capital Markets department under the ALCO supervision and in coordination with Finance participates in the annual business planning / budgeting exercise, analyses overall funding requirements for the coming year(s) and provides funding strategy / fund raising plans.

The funding profile along with available tools are presented frequently to ALCO for seeking their inputs and opinion.

Liquidity risk mitigation techniques

The Bank has adopted a proactive approach in identifying and assessing, measuring and monitoring liquidity risks. Risk Management conducts regular and ad-hoc risk analyses (such as stress tests) and reports, findings and recommendations, to Bank ALCO.

The following are some of the key controls and risk management strategies for Liquidity Risk:

- Comprehensive Risk Appetite Framework and Policy.
- Liquidity profile along with available avenues for raising liquidity and utilization.
- Maintaining a diverse, yet stable pool of potential funding
- Maintaining sufficient liquidity buffers, pool of readily saleable and repo-eligible liquid assets
- Regular monitoring of liquidity risk exposures.

A compressive framework along with reporting structure are in place and continuously updated and shared with relevant committee.

Stress Testing

The Risk Management function, in conjunction with the Chief Risk Officer and other Executive management, finalize the key risk scenarios which could have an impact on the Bank's liquidity. The scenarios will be reviewed on an ongoing basis and will be aligned with UAE Central Bank guidelines. These scenarios will be the basis for carrying out detailed stress testing of the Bank's liquidity positions.

Potential scenarios may include:

- Bank's specific stress situation - a significant reputational risk leading to:
    - Two or Three notch downgrade of the institution's credit rating
    - Partial to severe loss of deposits
    - Loss of unsecured wholesale funding
    - Drying up of short-term liquidity from the inter-bank market
- Market wide Stress situation - a general deterioration of the business environment caused by one or more of the following:

- recession / global economic conditions (e.g. Euro situation) / local property market downturn / liquidity crisis / political unrest/ Pandemic. Impact of these may include:
    - Increases in derivative collateral calls.
    - Substantial calls on contractual and non-contractual off-balance sheet exposures, including liquidity facilities.
    - Need to fund balance sheet growth arising from non-contractual obligations honoured in the interest of mitigating reputational risk.
    - Significant increase in use of committed credit lines.

Stress testing results are presented to ALCO at least on a quarterly basis and shall assess impact on various aspects of liquidity and on key regulatory ratios. Stress testing may be carried out on a more frequent basis if ALCO opines that market conditions warrant the need for more frequent stress testing.

Contingency funding plans

The Contingency Funding Plan (CFP) sets out the Bank's strategies for responding to a severe disruption in its liquidity or funding position due to internal or external events. The plan designates the CFP Team, which will be activated in the event of a liquidity crisis and establishes allocation of roles within the Team. The CFP includes a set of early warning triggers consisting of internal and external indicators, which are monitored by bank's ALCO and updated to the BRCC. The plan includes identification, invocation and escalation procedures and details potential actions, available sources of liquidity, mitigations and specifies a communication plan, which could be implemented based on the severity of the liquidity crisis.

ALCO is the governing body for activation and monitoring of CFP. Once the CFP is activated, the same is required to be notified to the Board and Central Bank of UAE.

9.2. LIQ1: Liquidity Coverage Ratio (LCR)

We are not subject to the Liquidity Coverage Ratio (LCR) reporting requirements mandated by CBUAE. The LCR is a regulatory measure designed to ensure that financial institutions maintain sufficient liquid assets to cover short-term liquidity needs during times of financial stress. However, due to our status as a small bank, we are exempt from this requirement. However, we remain committed to maintaining prudent liquidity management practices to safeguard the stability and resilience of our operations.

9.3. LIQ2: Net Stable Funding Ratio (NSFR)

The NSFR is a measure implemented to ensure that banks maintain a stable funding profile over the longer term relative to the liquidity of their assets and off-balance-sheet activities. However, given our status as a small bank, we are exempt from this reporting obligation by CBUAE.

9.4. ELAR: Eligible Liquid Assets Ratio

December 2025 **AED '000**

1	**High Quality Liquid Assets**	**Nominal amount**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,489,611	
1.2	UAE Federal Government Bonds and Sukuks	880,060	
	Sub Total (1.1 to 1.2)	3,369,671	3,369,671
1.3	UAE local governments publicly traded debt securities	634,243	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub Total (1.3 to 1.4)	634,243	634,243
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1.6	**Total**	**4,003,914**	**4,003,914**
2	Total liabilities		22,959,050
3	**Eligible Liquid Assets Ratio (ELAR)**		**17.4%**

December 2024 **AED 000s**

1	**High Quality Liquid Assets**	**Nominal amount**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank + balances with the CBUAE	2,225,224	
1.2	UAE Federal Government Bonds and Sukuks	308,421	
	Sub Total (1.1 to 1.2)	2,533,645	2,533,645
1.3	UAE local governments publicly traded debt securities	779,520	
1.4	UAE Public sector publicly traded debt securities	-	
	Sub Total (1.3 to 1.4)	779,520	662,633
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	-	-
1. 6	**Total**	**3,313,165**	**3,196,278**
2	Total liabilities		18,809,842
3	**Eligible Liquid Assets Ratio (ELAR)**		**17.0%**

9.5. ASRR: Advances to Stable Resources Ratio

			31-Dec-2025	**31-Dec-2024**
		Items	**Amount**	**Amount**
1		**Computation of Advances**		
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	11,848,352	9,456,230
	1.2	Lending to non-banking financial institutions	237,736	310,591
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	37,908	56,777
	1.4	Interbank Placements	2,375,316	1,738,538
	1.5	**Total Advances**	**14,499,312**	**11,562,136**
2		**Calculation of Net Stable Resources**		
	2.1	Total capital + general provisions	4,373,074	2,771,034

		Deduct:		
	2.1.1	Goodwill and other intangible assets	-	-
	2.1.2	Fixed Assets	397,857	366,528
	2.1.3	Funds allocated to branches abroad	-	-
	2.1.5	Unquoted Investments	1,301	924
	2.1.6	Investment in subsidiaries, associates and affiliates	-	-
	2.1.7	**Total deduction**	**399,158**	**367,452**
	2.2	**Net Free Capital Funds**	**3,973,916**	**2,403,582**
	2.3	**Other stable resources:**		
	2.3.1	Funds from the head office	-	-
	2.3.2	Interbank deposits with remaining life of more than 6 months	1,212,310	1,034,600
	2.3.3	Refinancing of Housing Loans	-	-
	2.3.4	Borrowing from non-Banking Financial Institutions	1,799,110	1,128,804
	2.3.5	Customer Deposits	13,773,914	10,748,828
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	-	-
	2.3.7	**Total other stable resources**	**16,785,334**	**12,912,232**
	2.4	**Total Stable Resources (2.2+2.3.7)**	**20,759,250**	**15,315,813**
3		**Advances TO STABLE RESOURCES RATIO (1.5 / 2.4)**	**69.8%**	**75.5%**

10. Credit Risk

10.1. CRA: General qualitative information about credit risk

a) How the business model translates into the components of the bank's credit risk profile

Credit risk is a key risk arising from the Bank's core activities, including loans and advances, debt securities/investment exposures and off-balance sheet commitments (including derivatives, letters of credit and guarantees etc.). It arises when a counterparty fails to honour its contractual obligations, potentially resulting in financial loss. Credit risk is managed through a robust three-lines-of-defence model, with clear segregation between origination, independent credit review/risk oversight and assurance activities, supporting the Bank's business strategy and risk appetite.

To mitigate excessive concentrations of risk, the Bank's policies and procedures include specific guidelines under the Credit Risk Management Regulation & Standards, designed to ensure the maintenance of a diversified portfolio. These guidelines focus on limiting exposure to individual customers, sectors, geographic regions, and other factors that may lead to concentrated risk. By enforcing these diversification strategies, the Bank aims to reduce the potential impact of adverse events affecting specific areas or counterparties, thereby enhancing the overall stability and resilience of its portfolio. Any identified concentrations of credit risk are carefully controlled and managed, with approvals from the Board Credit Committee or, when necessary, directly by the Board. The Bank's Risk Appetite Statement, approved by the Board, aligns the Bank's risk strategy with its business strategy, ensuring that portfolio growth and risk profiles remain within acceptable limits.

The Bank's credit risk profile is therefore primarily shaped by portfolio composition and concentration governance (single-obligor/group, sector and country), together with the quality and enforceability of credit risk mitigants.

b) Criteria and approach used for defining credit risk management policy and for setting credit risk limits

Approval, disbursement, administration, and rating classification for both wholesale and retail portfolios are governed by the Bank's overarching Risk Appetite Policy and Credit Policies. Additionally, the Distressed Credit Policy regulates the restructuring, recoveries, and write-offs. The scope of these policies covers all major products and lines of business.

The Bank actively manages credit risk by setting limits and controlling concentrations wherever they are identified, particularly with regard to individual customers and groups, as well as industries and countries. The underwriting standards also define the minimum quality required for onboarding new customers.

The policies, guidelines, and processes outlined in the Credit Policy govern the entire spectrum of the Bank's credit and asset portfolios. These policies are applicable to all Business Units and Departments involved in originating, maintaining, managing, and/or reviewing related credit portfolios, as defined under the Credit Risk Management Regulation & Standards. The objective is to ensure consistent and effective management of credit risk across the Bank, with clear procedures for portfolio origination, monitoring, and review, aligning with the Bank's overall risk appetite and regulatory requirements.

The delegation of credit approval authorities and the scope of delegated responsibilities are governed by the Delegation of Authority (DOA), which is approved by the Board.

c) Structure and organization of the credit risk management and control function

UAB has aligned the internal structure and governance criteria in line with the recent Credit Risk Management Regulation / Standards issued by the CBUAE. Internal framework outlines the roles, responsibilities, and processes necessary to identify, assess, monitor, and mitigate credit risk across the Bank's operations. It ensures that credit risk management is integrated throughout the Bank, with clear accountability at each level, from origination to ongoing monitoring and review. The structure supports the Bank's ability to manage credit risk effectively, align with regulatory requirements, and maintain a strong risk control environment.

All credit proposals for Wholesale Banking and Financial Institutions (FI) are independently reviewed by the Credit Department and recommended to the appropriate approval authority, as defined in the Delegation of Authority (DoA) and the Bank's Credit Policies. For Retail, the Bank has established necessary approval procedures in line with the Delegation of Authority. The Credit Committee, the Board Credit Committee (BCC) and the Board hold ultimate responsibility for approving credit decisions as defined in the Delegation of Authority (DoA).

The underwriting/independent credit review and risk control functions are clearly segregated from origination to maintain independence and effective challenge. The risk control function reports to the Chief Risk Officer (CRO), who reports independently to the Board Risk & Compliance Committee (BRCC). The Credit function responsible for independent credit review/underwriting is led by the Chief Credit Officer (CCO), who reports directly to the CEO, with credit approvals exercised through the management Credit Committee and, where applicable, the Board Credit Committee and the Board as defined in the Delegation of Authority (DoA).

d) Relationships between the credit risk management, risk control, compliance and internal audit functions

All credit proposals submitted are independently reviewed by the Credit Department before subsequent approvals to the management Credit Committee / Board Credit Committee / BoD as per the DoA.

The Compliance team ensures adherence to guidelines throughout the due diligence process, covering aspects such as Know Your Customer (KYC), Anti-Money Laundering (AML), and handling of Politically Exposed Persons (PEPs), related parties, and insider trading. These processes are conducted in strict accordance with established guidelines.

Once final approval is granted, and all documentation and conditions precedent are met, the Credit Administration Department makes the credit limits available for customer utilization. At this stage, transactions can be executed by the customer through the operations team.

As part of the Internal Audit plan, the Internal Audit team, acting as the third line of defense, reviews the credit approval process and submits its findings to the Board Audit Committee for review.

e) Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the Board of Directors

The scope and main content of reporting on credit risk exposure and the credit risk management function to the Executive Management and Board of Directors in the Bank are aligned with the guidelines issued by the CBUAE. These reports are critical for ensuring that senior leadership and the Board are fully informed about the bank's credit risk profile, exposures, and the effectiveness of the credit risk management framework.

The comprehensive Portfolio Reporting with a wide range of information, including but not limited to: loans and advances, total investment book size, trends, risk ratings, sectoral breakdown, past due accounts, restructured information, and geographic concentrations. These reports also cover retail product-wise exposures and performance, large exposure concentrations, top watch list exposures, top non-performing loan (NPL) exposures, and write-offs. The reports are regularly presented to the Management Provisioning Committee, Risk Committee, and Board Risk and Compliance Committee along with the Credit Portfolio Committee and Board Credit Committee.

These reports provide an in-depth overview of the status of exposures, detailing recoveries (if any), collateral, provisions held against the accounts, and the action plans for regularizing or recovering outstanding dues. At the Board level, the Board Risk and Compliance Committee oversees the Risk Management function.

10.2. CR1: Credit quality of assets

31 December 2025 **AED 000s**

		Gross carrying values of		Allowances / Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a + b - c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	418,957	14,564,354	429,016	209,689	219,327	14,554,295
2	Debt securities	-	7,876,068	16,602	-	16,602	7,859,466
3	Off-balance sheet exposures	2,206	3,658,337	19,271	1,078	18,193	3,641,272
4	**Total**	**421,163**	**26,098,759**	**464,889**	**210,767**	**254,122**	**26,055,033**

31 December 2024 **AED 000s**

Gross carrying values of	Allowances / Impairments	Of which ECL accounting provisions for credit	Net values (a + b - c)

		Defaulted exposures	Non-defaulted exposures		losses on SA exposures: Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans	465,234	11,608,894	547,771	328,174	219,597	11,526,357
2	Debt securities	-	6,006,298	31,502	-	31,502	5,974,796
3	Off-balance sheet exposures	105,167	2,532,883	100,150	80,486	19,664	2,537,899
4	**Total**	**570,400**	**20,148,075**	**679,423**	**408,660**	**270,763**	**20,039,052**

10.3. CR2: Changes in stock of defaulted loans and debt securities

31 December 2025		AED 000s
1	**Defaulted loans and debt securities at the end of the previous reporting period**	465,234
2	Loans and debt securities that have defaulted since the last reporting period	213,305
3	Returned to non-default status	(12,777)
4	Amounts written off	(176,090)
5	Other changes	(70,715)
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	**418,957**

31 December 2024		AED 000s
1	**Defaulted loans and debt securities at the end of the previous reporting period**	496,662
2	Loans and debt securities that have defaulted since the last reporting period	116,418
3	Returned to non-default status	(2,664)
4	Amounts written off	(65,919)
5	Other changes	(79,263)
6	**Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)**	**465,234**

10.4. CRB: Additional disclosure related to the credit quality of assets

a) The scope and definitions of 'past due' and 'impaired' exposures for accounting purposes and the differences, if any, between the definition of past due and default for accounting and regulatory purposes

For accounting purposes, "past due" refers to exposures where contractual amounts are unpaid beyond their due date and is monitored through days-past-due ageing (e.g., 1–30, 31–60, 61–90 and 91+ days). "Impaired/credit-impaired" exposures reflect IFRS 9 Stage 3 (objective evidence of impairment).

A "default" event, as defined in the Bank's Credit Policy and the IFRS 9 Policy (and aligned to regulatory expectations), is considered to have occurred when either: (i) the obligor is more than 90 days past due on any **material** credit obligation to the Bank; and/or (ii) the obligor is assessed as unlikely to pay ("UTP") based on a holistic assessment supported by objective evidence. As a result, an exposure may be past due without being classified as defaulted/credit-impaired where the 90+ days relates to non-material obligations and/or where impairment/default criteria are not met under the Bank's policies.

b) Description of methods used for determining accounting provisions for credit losses. In addition, banks that have adopted an ECL accounting model must provide information on the rationale for categorization of ECL accounting provisions in general and specific categories for standardized approach exposures.

Impairment of Financial Assets

Financial assets measured at amortized cost are assessed for impairment at each reporting date. The Bank adopts a three-stage approach to measure the allowance for credit losses, using an Expected Credit Loss (ECL) model in accordance with IFRS 9. This approach applies to the following categories of financial instruments measured at amortized cost:

- Financing and investing assets, including investments in Bonds/Sukuks
- Off-balance sheet instruments issued
- Financial guarantee contracts issued
- Due from banks and financial institutions
- Balances with Central Banks
- Other financial assets, such as receivables, loans, and advances

Financial assets migrate through the three stages based on the change in credit risk since initial recognition. No impairment loss is recognized on equity investments.

Expected Credit Loss impairment model

ECL model contains a three-stage approach which is based on the change in credit quality of financial assets since initial recognition. Expected credit losses reflect the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception.

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded. The 12 months ECL is calculated as the portion of lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective interest rate.

- Under Stage 2, where there has been a significant increase in credit Risk since initial recognition, but the financial instruments are not considered credit impaired, an amount equal to the default probability weighted lifetime ECL will be recorded. The PD and LGD are estimated over the lifetime of the instrument and the expected cash shortfalls are discounted by an approximation to the original effective interest rate.

- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments will be classified as credit impaired and an amount equal to the lifetime ECL will be calculated for the financial assets, with the PD set at 100%. The ECL is then based on the present value of the expected shortfalls in cash flows if the financing is drawn down. The expected cash shortfalls are discounted at an approximation to the expected effective interest rate on the financing. Stage 3 provisioning is as per the minimum requirements established by CRMS.

The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the Risk-adjusted rate relevant to the exposure. The ECL model is forward looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increase in credit risk and measurement of ECL.

Assessment of significant increase in Credit Risk

Assessment of a significant increase in Credit Risk (SICR), as per the Credit Risk Management Standards (CRMS), involves evaluating whether the credit quality of an exposure has worsened significantly since initial recognition. To assess whether the Credit Risk on a financial asset has increased significantly since origination, the Bank compares the Risk of default occurring over the expected life of the financial assets at the reporting date to the corresponding Risk of default at origination or last review as per bank's IFRS 9 Policy, using key Risk indicators that are used in the Bank's existing Risk management processes. At each reporting date, the assessment of a change in Credit Risk will be individually assessed for those considered individually significant and at the segment level for retail exposures.

The exposure will be moved from stage 1 to stage 2 if:

- The changes in rating notch since initial recognition are beyond the Bank's established threshold as per the Bank's IFRS 9 Policy;
- Restructuring of account;
- An instrument is past due beyond 30 days; and
- An instrument's Credit Risk is considered higher based on qualitative criteria.

The instruments moved to stage 2 from stage 1 remain in the stage until they perform for a sustained period as per Bank's policy and CBUAE guideline. Movement from stage 2 to stage 3 are based on whether the financial assets are Credit impaired at the reporting date.

Experienced Credit judgment

The Bank's ECL allowance methodology requires the use of experienced Credit judgment to incorporate the estimated impact of factors not captured in the modelled ECL results, in all reporting periods. Default definition followed by the Bank for impairment assessment remains in line with the guidelines of IFRS 9, without any recourse to the assumptions, and consistent with regulatory requirements. Provisioning subcommittee is the ultimate authority in downgrading the wholesale banking account to Stage 3.

Expected life

When measuring expected credit loss, the Bank considers the maximum contractual period over which the Bank is exposed to Credit Risk along with repayment till maturity.

c) The bank's own definition of a restructured approach

a. **Distressed restructuring:** A credit facility must be regarded as a distressed restructuring if any of its terms are formally amended in a context of financial difficulty of the obligor, and in order for the obligor to obtain concessions for economic or legal reasons. This includes restructuring that commences or concludes after a credit facility becomes past due more than 90 days or falls within the unlikeliness to pay status. The assessment of financial difficulty must incorporate at a minimum the same criteria as outlined in this Regulation and the accompanying Standards for the assessment of Significant Increase in Credit Risk (SICR), and in particular the number of deferrals as revealed in the next section related to "Classification and Provisioning".

b. **Non-distressed restructuring:** A credit facility must be regarded as a non-distressed restructuring if any of its terms are formally amended for commercial or regulatory reasons, including the intention to mitigate future financial difficulties, but excluding situations of financial distress at the time of restructuring. Such type of restructuring includes credit facilities for which the contractual obligations and repayments have been made, without any history of past dues on the credit facility.

Geographical Distribution of Exposure

31 December 2025 **AED 000s**

Country	Wholesale Banking	Retail Banking	Unfunded	Debt Securities	Total
UAE	8,065,185	3,079,973	3,616,399	2,948,752	17,710,308
TURKEY	1,019,502	-	150	328,146	1,347,798
SAUDI ARABIA	508,363	-	-	410,737	919,100
OMAN	419,870	-	4,218	295,774	719,863
BAHRAIN	386,759	-	-	519,403	906,162
SUPRANATIONALS	385,613	-	-	16,211	401,824
SOUTH AFRICA	332,361	-	-	127,080	459,441
EGYPT	295,636	-	10	199,858	495,504
BRAZIL	128,538	-	-	406,437	534,974
TOGO	91,813	-	-	-	91,813
VIET NAM	88,140	-	-	-	88,140
INDIA	55,088	-	-	203,257	258,345
UNITED KINGDOM	36,725	-	730	439,311	476,766
MAURITIUS	36,725	-	-	27,233	63,958
JORDAN	33,053	-	-	91,265	124,318
KUWAIT	19,969	-	-	294,481	314,450
QATAR	-	-	6,000	110,359	116,359
FRANCE	-	-	10,155	224,659	234,813
SPAIN	-	-	-	115,553	115,553
PAKISTAN	-	-	-	-	-
UNITED STATES	-	-	-	-	-
CANADA	-	-	-	-	-
NORWAY	-	-	-	-	-
SWEDEN	-	-	-	-	-
NETHERLANDS	-	-	-	122,410	122,410
JAPAN	-	-	-	-	-
CHINA	-	-	13,828	-	13,828
GERMANY	-	-	716	-	716
SWITZERLAND	-	-	92	197,164	197,256
CYPRUS	-	-	1,820	-	1,820
MEXICO	-	-	-	421,621	421,621
DENMARK	-	-	-	-	-
PHILIPPINES	-	-	-	91,903	91,903
POLAND	-	-	-	91,295	91,295
BELGIUM	-	-	-	76	76
CHILE	-	-	-	155,400	155,400
FINLAND	-	-	-	37,682	37,682
GERMANY	-	-	-	-	-
IRAQ	-	-	6,427	-	6,427
Total	**11,903,338**	**3,079,973**	**3,660,543**	**7,876,068**	**26,519,922**

Exposure by Industry Sector

31 December 2025 **AED 000s**

Industry	Wholesale Banking	Retail Banking	Unfunded	Debt Securities	Total
Financial institutions	3,563,859	4	172,367	2,634,756	6,370,985
Real Estate	2,837,615	37,985	114,628	54,141	3,044,369
Services	2,435,947	-	64,544	628,423	3,128,914
Retail Mortgage	-	2,432,116	-	-	2,432,116
Trade	829,192	116	630,311	-	1,459,619
Government and public sector	802,548	-	0	4,460,129	5,262,677
Manufacturing	923,810	-	320,114	90,002	1,333,926
Transport and communication	69,054	-	22,403	8,616	100,072
Personal loans (retail and business)	370,427	609,273	12,926	-	992,626
Construction	70,257	-	2,314,231	-	2,384,488
Others	631	480	8,914	-	10,025
Agriculture	-	-	105	-	105
Total	**11,903,338**	**3,079,973**	**3,660,543**	**7,876,068**	**26,519,922**

Funded Exposure by Residual Maturity

31 December 2025 **AED 000s**

Tenor Bracket	Wholesale Banking	Retail Banking	Total
0-1 Y	4,331,155	31,129	4,362,284
1-3 Y	2,470,232	129,657	2,599,889
3-5 Y	3,163,075	462,987	3,626,062
5-7 Y	861,644	75,411	937,055
7-10 Y	266,754	127,895	394,649
>10 Y	810,836	2,252,536	3,063,372
Total	**11,903,697**	**3,079,614**	**14,983,311**

Impaired Exposure by Industry Sector

31 December 2025 **AED 000s**

Economic Sector	Gross Exposure	Specific Provision
Trade	1,476	1,458
Personal loans (retail and business)	14,103	7,672
Manufacturing	27	27
Construction	753	753
Services	239,900	81,931
Financial institutions	0	0
Transport and communication	4	4
Agriculture	0	0
Real Estate	145,141	115,634
Retail Mortgage	17,554	2,209
Total	**418,958**	**209,689**

Impaired Exposure by Geography

31 December 2025 **AED 000s**

Country	WB Exposure	WB Specific Provision	RB Exposure	RB Specific Provision	Total Exposure	Total Provision
UAE	387,302	199,809	31,656	9,880	418,958	209,689

Ageing analysis of accounting past-due but not impaired exposures

AED 000s

FY 2025	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
Loans and advances	175,818	165	315	2,598	178,897
FY 2024	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Loans and advances	32,780	269	628	224	33,901

Breakdown of restructured exposures between impaired and not impaired exposures

31 December 2025 **AED 000s**

Renegotiated Loans & advances	Outstanding	Stage 1	Stage 2	Stage 3
Loans & advances whose terms have been renegotiated	177,818	16,595	104,797	56,427
Provision	119,963	401	69,762	49,800

10.5. CRC: Qualitative disclosure requirements related to credit risk mitigation techniques

a) Core features of policies and processes for, and indication of the extent to which the bank makes use of, on- and off-balance sheet netting

The Credit Risk Management Standards (CRMS) outlines the policies and processes that govern the use of on- and off-balance sheet netting to manage and mitigate credit risk. These policies are designed to ensure that the Bank properly accounts for its exposures, optimizes its risk management practices, and complies with regulatory standards.

Financial assets and liabilities are offset and reported on a net basis in the financial position only when there is a legally enforceable right to set off the recognized amounts, and the Bank intends to either settle on a net basis or simultaneously realize the asset and settle the liability. Income and expenses are presented on a net basis only when permitted by accounting standards or for gains and losses arising from a group of similar transactions, such as those in the Bank's trading activities.

The Bank is involved in various arrangements, including master netting agreements, that provide it with the right to offset financial assets and liabilities. However, when the Bank does not intend to settle the amounts on a net basis or simultaneously, the related assets and liabilities are presented on a gross basis. The recognition of netting for risk management and regulatory purposes is subject to documented arrangements and legal enforceability (including, where applicable, receipt of relevant legal opinions), consistent with applicable regulatory standards.

Credit – Related Commitments Risks

The products offered by the Bank include Letter of Guarantees and Letters of Credit to beneficiaries, on behalf of the obligor. In such product offering, Bank commits to pay the beneficiary in an event of default of obligor. This exposes the Bank to a similar Risk to financing and investing assets and these are mitigated by the same control processes and policies.

b) Core features of policies and processes for collateral evaluation and management

Security is defined as all cash or near-cash items, including cash margin, fixed deposits under lien, unconditional financial guarantees from acceptable banks, negotiable instruments such as bankers' checks, demand drafts, bills of exchange issued by prime banks, pledge over listed shares and certain government securities or bonds

Collateral refers to additional security that backs the Bank's exposure in case the primary source of repayment or the liquidity of the security above is insufficient to fully settle the Bank's exposure. Collateral is eligible for risk mitigation when the Bank holds the first right of legally enforceable lien and meets the minimum requirements outlined herein. Examples of such collateral include property mortgages, pledges of blue-chip quoted and listed company shares, and mortgages on plant, machinery, and vehicles.

The Credit Risk Management Standards (CRMS) outlines a robust framework for collateral evaluation and management, designed to mitigate credit risk by ensuring that collateral is appropriately valued, monitored, and managed throughout the life of the exposure. Bank's policies and processes for collateral evaluation and management are as prescribed by CRMS.

The credit policy defines acceptable practices for asset valuation and establishes the frequency based on the type of asset. Rigorous collateral management and valuation policies are in place to ensure a fair assessment of credit risk mitigation (CRM). A list of approved valuation firms is maintained for conducting these assessments. The Bank has defined processes and systems to identify, store, measure, and monitor all collateral and guarantees associated with financial instruments that generate credit risk.

c) Information about market or credit risk concentrations under the credit risk mitigation instruments used (i.e., by guarantor type, collateral and credit derivative providers)

Concentrations of credit risk arise when multiple customers are involved in similar business activities, operate in the same geographic region, or share similar economic characteristics that could make their ability to meet contractual obligations similarly vulnerable to changes in economic, political, or other conditions. These concentrations highlight the Bank's relative sensitivity to developments affecting specific industries or regions.

In accordance with the Credit Risk Management Standards (CRMS), the Bank's policies and procedures are structured to assess and manage concentrations of market or credit risk that arise from the utilization of credit risk mitigation (CRM) instruments, which include:

a) Credit Risk Mitigation – Comprehensive information covering all types of collaterals, guarantees, and other forms of CRM instruments accepted by the Bank.

b) Credit Risk Mitigation from a Counterparty Credit Risk Perspective – Detailed information on collaterals and margins related to derivative transactions (DX), as well as securities pledged and margins associated with repurchase (Repo) transactions.

These risk concentrations may arise when the Bank's exposure to a single type of CRM instrument, such as guarantees from certain types of counterparties, or a particular form of collateral, is disproportionately large, potentially leading to a concentration of risk in the event of counterparty defaults or market disruptions. The CRMS framework helps in identifying, monitoring, and managing such concentrations to minimize the Bank's overall risk.

The Bank manages its credit risk exposure by diversifying its financing activities to prevent undue concentration of risk with individuals, groups of customers, or specific geographic areas or economic sectors. This is achieved through the establishment of Risk Appetite thresholds, Target Market Criteria, and Risk Acceptance Criteria.

To further manage credit risk, the Bank sets limits on the amount of risk it is willing to accept in relation to individual customers, customer groups, and economic segments. Additionally, credit risk is mitigated by securing exposures with tangible collateral and guarantees.

10.6. Credit – Related Commitments Risks

The products offered by the Bank include Letter of Guarantees and Letters of Credit to beneficiaries, on behalf of the obligor. In such product offering, Bank commits to pay the beneficiary in an event of default of obligor. This exposes the Bank to a similar Risk to financing and investing assets and these are mitigated by the same control processes and policies.

Security is defined as all cash or near cash items, such as cash margin, fixed deposits under lien, unconditional financial guarantees from acceptable banks, negotiable instruments like bankers' check, demand draft, bills of exchange issued by prime banks and certain government securities / bonds.

Collateral means additional security, which secures the bank's exposure in case the primary source of repayment and liquidity of security stated above is not sufficient to settle in full the bank's exposure.

Example of such collaterals are mortgage of property, pledge of blue-chip quoted and listed company shares, mortgage of plant, machinery and vehicles etc. Credit policy defines the acceptable practice for valuation and frequency based on the type of asset. A list of approved valuation firms is maintained to conduct such valuation.

Concentrations of credit risks arise when a number of customers are engaged in similar business activities, activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risks indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

The Bank seeks to manage its credit risk exposure through diversification of its financing to ensure there is no undue concentration of risks with to individuals or groups of customers in specific geographical locations or economic sectors, which is achieved through Risk Appetite thresholds, Target Market Criteria and Risk Acceptance Criteria.

The Bank manages credit risk by placing limits on the amount of risk accepted in relation to individual customers, customer groups and economic segments. Credit risk is also mitigated by securing the exposure using tangible collaterals and guarantees.

10.7. CRD: Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

The Standardized Approach for computation of Credit RWA, as described in the CBUAE issued Standards re Capital Adequacy of Banks in the UAE, allows the use of risk assessments by External Credit Assessment Institutions (ECAIs) to determine the risk weights applied to externally rated counterparties. The Bank uses risk assessments by CBUAE approved ECAIs - Moody's Investors Service, Standard & Poor's and Fitch Ratings - to determine the risk weights for externally rated counterparties within the following asset classes: Sovereigns, Public Sector Entities (PSEs), Multilateral Development Banks (MDBs), Banks, Securities Firms and Corporates. The bank follows a 'Second-Best' approach when selecting an external rating pertaining to a counterparty, ultimately to assign the respective risk weight for said counterparty.

The process of assigning risk-weights based on issuer credit ratings onto comparable assets in the banking book involves several steps to ensure that credit risk is accurately assessed and that appropriate risk weights are applied to those assets. Here's a detailed description of this process:

- **Issuer Credit Rating Assignment**
  The first step is to assess the creditworthiness of the issuer (e.g., a sovereign, corporate, or financial institution). This involves using external credit ratings provided by External Credit Assessment Institutions (ECAIs) or internal credit ratings assigned by the bank's credit risk assessment processes. The issuer's credit rating reflects its ability to meet its debt obligations and serves as the basis for determining the risk weight for exposures related to the issuer. The second-best credit rating is chosen.

- **Issue-specific Credit Rating Assignment**
  Where an issue-specific external rating exists for an exposure, the Bank applies that rating to determine the applicable risk weight. Where issue-specific ratings are not available, the Bank applies the issuer rating in accordance with the CBUAE standards and the nature of the exposure. Where more than one eligible ECAI rating is available, the Bank applies the CBUAE "Second-best" approach (e.g., lower of two ratings; second lowest where three or more ratings are available).

- **Asset Identification and Categorization**
  The bank identifies assets in its banking book that are directly or indirectly linked to the issuer. These could include loans, bonds, or other forms of credit exposure to the issuer. These assets are categorized based on the nature of the underlying issuer (e.g., Sovereign, Corporate, PSE, Bank, etc.).
  - For Sovereign Assets: If the asset is related to a sovereign issuer, its risk weight will depend on the credit rating assigned to that sovereign.
  - For Corporate or Financial Institution Assets: The assets linked to corporates or financial institutions are similarly assigned a risk weight based on the issuer's credit rating. In issuer's credit rating is capped at their sovereign's credit rating.

- **Mapping Issuer Credit Rating to Asset Class**
  Once the credit rating for the issuer is determined, the next step is to map this rating to the appropriate risk weight for the specific asset class in the banking book. This process typically follows regulatory guidelines such as those outlined in Basel III, where each credit rating is associated with a predetermined risk weight.

  The Bank maps external ratings to the applicable risk weight buckets using the CBUAE prescribed mapping/approach for recognized ECAIs; where the supervisor publishes a standard mapping, the Bank applies that mapping, as outlined in the table below.

Assessments			Risk Weights				
					Banks		
S&P/Fitch	Moody's	Capital Intelligence	Sovereign	MDB/PSE	Mat. > 3 months	Mat. <= 3 months (Domestic CCY only)	Corporate/GREs
AAA to AA-	Aaa to Aa3	AAA	0%	20%	20%	20%	20%
A+ to A-	A1 to A3	AA to A	20%	50%	50%	20%	50%
BBB+ to BBB-	Baa1 to Baa3	BBB	50%	50%	50%	20%	100%
BB+ to BB-	Ba1 to Ba3	BB	100%	100%	100%	50%	100%
B+ to B-	B1 to B3	B	100%	100%	100%	50%	150%

CCC+ and below	Caa1 and below	B and below	150%	150%	100%	150%	150%
Unrated	Unrated	Unrated	100%	50%	50%	20%	100%

10.8. CR3: Credit risk mitigation techniques – overview

31 December 2025 **AED 000s**

		Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	13,189,674	1,346,276	530,015	18,345	18,345	-	-
2	Debt securities	7,859,466	-	-	-	-	-	-
3	**Total**	**21,049,140**	**1,346,276**	**530,015**	**18,345**	**18,345**	**-**	**-**
4	Of which defaulted	209,251	18	18	-	-	-	-

10.9. CR4: Standardized approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

December 2025 **AED 000s**

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
1	Sovereigns and their central banks	7,603,075	20,552	7,603,075	20,552	2,266,371	30%
2	Public Sector Entities	2,103,646	0	2,069,922	0	1,158,568	56%
3	Multilateral development banks	405,456	0	405,456	0	202,728	50%
4	Banks	5,907,924	2,225,630	5,907,924	486,336	3,421,432	54%
5	Securities firms	0	2,445	0	2,445	1,222	50%
6	Corporates	4,212,227	6,276,420	3,744,767	2,028,123	5,524,107	96%
7	Regulatory retail portfolios	601,568	65,971	601,556	0	451,167	75%
8	Secured by residential property	2,529,382	0	2,529,382	0	1,139,650	45%
9	Secured by commercial real estate	3,097,037	110	2,997,389	0	2,997,389	100%
10	Equity Investment in Funds (EIF)	0	0	0	0	0	0%
11	Past-due loans	475,259	2,205	241,749	0	241,749	100%
12	Higher-risk categories	52,362	0	26,090	0	39,135	150%
13	Other assets	599,832	775	509,032	648	252,248	49%
14	**Total**	**27,587,768**	**8,594,107**	**26,636,342**	**2,538,103**	**17,695,766**	

10.10. CR5: Standardized approach - exposures by asset classes and risk weights

December 2025 **AED 000s**

	Asset Classes / Risk weight	0%	20%	35%	50%	75%	85%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	4,623,454	516,007	-	641,992	-	-	1,842,174	-	-	7,623,627
2	Public Sector Entities	-	902,450	-	378,789	-	-	788,683	-	-	2,069,922
3	Multilateral development banks	-	-	-	405,456	-	-	-	-	-	405,456
4	Banks	-	1,588,708	-	3,403,725	-	-	1,401,826	1	-	6,394,260
5	Securities firms	-	-	-	2,445	-	-	-	-	-	2,445
6	Corporates	-	-	-	490,081	-	156,074	5,126,736	-	-	5,772,890
7	Regulatory retail portfolios	-	-	-	-	601,556	-	-	-	-	601,556
8	Secured by residential property	-	-	2,138,048	-	-	-	391,333	-	-	2,529,382
9	Secured by commercial real estate	-	-	-	-	-	-	2,997,389	-	-	2,997,389
10	Equity Investment in Funds (EIF)	-	-	-	-	-	-	-	-	-	-
11	Past-due loans	-	-	-	-	-	-	241,749	-	-	241,749
12	Higher-risk categories	-	-	-	-	-	-	-	26,090	-	26,090
13	Other assets	256,483	2,000	-	-	-	-	249,896	1,301	-	509,680
14	**Total**	**4,879,936**	**3,009,165**	**2,138,048**	**5,322,488**	**601,556**	**156,074**	**13,039,786**	**27,392**	**-**	**29,174,445**

11. Counterparty Credit Risk

Counterparty credit risk arises when the counterparty to a transaction could default before the final settlement of the transaction in cases where there is a bilateral risk of loss. The bilateral risk of loss is the key concept on which counterparty risk is calculated. Broad definition of counterparty credit risk includes wrong way risk. The Bank calculates the counterparty credit risk charge for all exposures that give risk to counterparty credit risk. The categories of transaction that give risk to counterparty credit risk are:

- Over the counter (OTC) derivatives
- Exchange traded derivative
- Long settlement transaction
- Securities financing transaction

The transactions listed above generally exhibit the following abstract characteristics:

- The transactions generate a current exposure or market value
- The transactions have an associated random future market value based on market variable

11.1. CCRA: Qualitative disclosure related to counterparty credit risk

Counterparty credit risk (CCR) is the risk that the bank's counterparty to a derivative transaction could default before the final settlement of the transaction's cash flows and bank will incur loss if the transaction has a positive economic value at the time of counterparty default.

SA-CCR method is used for estimation of capital for CCR, where Exposure at Default (EAD) is calculated as sum of Replacement Cost (RC) & Potential Future Exposure (PFE) scaled using the multiplier defined by regulator. RC estimates current replacement cost of the derivatives transactions by considering the current market value along with netting and margining agreements. PFE estimates future exposure calculated by multiplying the notional with add-on defined by regulator. The size of the add-on depends on the remaining maturity of the derivative transaction and the underlying asset.

CCR risk is mitigated using International Swaps and Derivatives Association (ISDA) Master Agreement and Credit Support Annex (CSA) or equivalent agreements in place with all counterparties. Counterparty limits based on counterparty risk profile are in place for all derivatives counterparties.

11.2. CCR1: Analysis of counterparty credit risk (CCR) exposure by approach

December 2025 **AED 000s**

		Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	22,811	183,414		1.4	288,715	122,677
2	[redacted]						
3	Simple Approach for credit risk mitigation (for SFTs)						
4	Comprehensive Approach for credit risk mitigation (for SFTs)						
5	[redacted]						
6	**Total**						**122,677**

11.3. CCR2: Credit Valuation Adjustment (CVA) capital charge

December 2025 **AED 000s**

		EAD post-CRM	RWA
1	All portfolios subject to the Standardised CVA capital charge*	288,715	122,677
2	All portfolios subject to the Simple alternative CVA capital charge	-	-

11.4. CCR3: Standardized approach - CCR exposures by regulatory portfolio and risk weights

December 2025 **AED 000s**

Regulatory Portfolio / Risk weight	0%	20%	50%	75%	100%	150%	Others	Total credit exposure
Sovereigns	20,552							20,552
Public Sector Entities (PSEs)								0
Multilateral development banks (MDBs)								0
Banks		50,971	206,975		4,672			262,619
Securities firms			2,445					2,445
Corporates					3,100			3,100
Regulatory retail portfolios								0
Secured by residential property								0
Secured by commercial real estate								0
Equity Investment in Funds (EIF)								0
Past-due loans								0
Higher-risk categories								0
Other assets								0
Total	**20,552**	**50,971**	**209,420**	**0**	**7,772**	**0**	**0**	**288,715**

11.5. CCR5: Composition of collateral for CCR exposure

December 2025 **AED 000s**

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash - domestic currency	-	-	-	-	-	-
Cash - other currencies	12,852	-	1,656	-	-	3,401
Domestic sovereign debt	-	-	-	-	-	-
Government agency debt	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	**12,852**	**-**	**1,656**	**-**	**-**	**3,401**

11.6. CCR6: Credit derivative exposures

This disclosure is not applicable as the Bank does not have any exposure to credit derivatives.

11.7. CCR8: Exposures to central counterparties

This disclosure is not applicable as the Bank does not have any exposure to central counterparties.

12. Securitization

This disclosure is not applicable as the Bank does not hold any securitisation positions.

13. Market Risk

13.1. MRA: General qualitative disclosure requirements related to market risk

Market Risk is the risk that the Bank's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as foreign exchange rates, interest / profit rates, credit spreads, equity and sukuk / bond market prices etc. The Bank, keeping in view the size and scale, doesn't encourage proprietary trading activities. The Bank has a low appetite for market risk exposure(s) guided by approved tolerances. The Bank provides hedging solutions to its customers to mitigate their market risk on their underlying commitments and not for any speculative purposes. The Bank allows limited products for hedging purposes. These positions are monitored and reported on a regular basis. The Bank squares off its customer deals with the interbank counterparties in order to not carry any significant market risk on these positions.

Market Risk is governed by the Enterprise Risk Management Framework, Risk Appetite Framework and the Market Risk Policy approved by the Bank's Board of Directors. The Board has delegated the responsibility of managing Market risk of the Bank to the Board Risk & Compliance Committee (BRCC). BRCC & Risk Management Committee (RC) reviews Market risk policy, Market risk appetite and tolerance limits proposed by Risk Management for the Bank in line with the Bank's objectives, strategy and overall risk appetite. ERM framework and the Market Risk Policy are reviewed annually and changes / enhancements if any are approved by the RC and BRCC. Asset Liability Committee (ALCO) monitors the market risk positions, Head of Capital, Market, & ALM Risk will report related management information to ALCO for necessary discussion, resolutions and decisions. The Market Risk function folds under Enterprise Risk Management Unit, under Risk Management, and reports to the Chief Risk Officer. MRM department reviews the framework periodically and ensure that it remains aligned with changing market conditions and updates in regulatory guidelines that impact operations of the Bank.

The Bank calculates market risk capital requirements using Basel III Standardized Approach. As the Bank was not holding any trading positions as of 31 December 2025, market risk capital charge was applicable only for foreign exchange risk.

Following are the key reports used in Market Risk:

- Limit Monitoring across product, asset class
- Market Intelligence and alerts reporting
- Mark to Market and valuation report
- Hedge Effectiveness Reports (IRS Deals) & Hedge Ratio calculation
- Monitoring Country Limit and CDS / Rating
- DV01 Balance and Trading Portfolio
- Interest Rate mismatch report
- NII, EVE Report
- Stress Testing

13.2. MR1: Market risk under the Standardized approach (SA)

AED 000s

		31 December 2025
		RWA
1	General Interest rate risk (General and Specific)	-
2	Equity risk (General and Specific)	-
3	Foreign exchange risk	22,367
4	Commodity risk	-
	Options	
5	Simplified approach	-
6	Delta-plus method	-
7	[redacted]	
8	Securitisation	
9	**Total**	**22,367**

14. Interest Rate Risk in Banking Book

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 and Capital Markets in its day to day monitoring activities.

Economic Value of Equity (EVE)

Measurement of the Bank's IRRBB through change in Economic Value of Equity:

Interest rate sensitive banking book positions are distributed based on repricing cash flows. Commercial margins are not included in the cash flows and discounting curves.

ΔEVE is determined for each of the following six Basel prescribed interest rate shock scenarios for each significant currency.

i. Parallel shock up;

ii. Parallel shock down;

iii. Steepener shock (short rates down and long rates up);

iv. Flattener shock (short rates up and long rates down);

v. Short rates shock up; and

vi. Short rates shock down.

Add-ons for changes in the value of options are added to the delta EVE. IRRBB ΔEVE is computed as the maximum of worst ΔEVE across all the six Basel prescribed stress scenarios.

Earnings at Risk (EaR)

Measurement of the Bank's IRRBB through earnings-based measure, ΔNII, is similar to ΔEVE measure with the exception that earnings-based measures are limited to a shorter time horizon.

Interest rate sensitive banking book positions are distributed based on repricing cash flows. All notional repricing cash flows are distributed in the respective time buckets. All notional repricing cash flows within a given time bucket are netted to form a single long or short position. For each time bucket, ΔNII is computed for each stress scenario and currency as product of long or short position and the assumed change in interest rate.

Banking book positions without a fixed maturity are distributed with various maturity profiles. Early withdrawal risk on term deposits and prepayment risk on loans with fixed rate in the banking book are not considered to be material. Interest rate risk in the banking book is managed using interest rate swaps to some extent.

Key assumptions used in IRRBB computations

- The Bank has exposure to multiple currencies. For IRRBB calculation, the exposures have been grouped as "AED and Others" and USD", based on materiality.
- Overdrafts have been bucketed as per behavioural assumptions for NMDs as defined in the liquidity policy.
- NMDs have been bucketed as per the applicable regulatory caps in maturity buckets of greater than 1 year, with the balance allocated to buckets of less than 1 year.

Average repricing maturity assigned to NMDs: 2.4 years

Longest repricing maturity assigned to NMDs: 6.5 years

14.1. IRRBB1: Quantitative information on IRRBB

Impact of interest rate shocks is as follows:

AED 000s

In reporting currency (AED)	**ΔEVE**	**ΔNII**	**ΔEVE**	**ΔNII**
Period	**December 2025**	**December 2025**	**December 2024**	**December 2024**
Parallel up	(534,001)	63,576	(359,338)	4,047
Parallel down	638,067	(63,576)	420,276	(4,047)
Steepener	(236,452)		(140,930)	
Flattener	120,631		60,376	
Short rate up	(129,183)		(102,614)	
Short rate down	135,237		107,981	
Maximum	(534,001)		(359,338)	
Tier 1 capital		**3,854,158**		**2,526,912**

15. Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events, it includes legal risk, but excludes strategic and reputational risk. Operational risk is inherent in all departments of the Bank, including all banking products, channels, processes and systems. Therefore, the effective management of operational risk is a fundamental element of the Bank's risk management program. The Board assumes an overall responsibility for operational risk management in the bank defining the tone at the top. The Bank has an established Operational Risk framework consisting of policies and procedures to ensure identification, assessment, reporting & monitoring of controls towards management of operational risk. We implement tools to lessen the probability of the occurrence of risk events that could have an impact on the Bank's reputation, the quality of our services and products, or the efficiency of our processes. Ongoing management of operational risk is reviewed and monitored by dedicated Operational Risk Champions across the bank. The Operational Risk Management unit continues to lead the effort to embed the Operational Risk Management Framework ('ORMF') across the Bank. The ORMF (RCSA, Risk assessment, KRI, Control Testing and Incident reporting) have been embedded into bank's people, process and systems which enables an end-to-end view of Operational risk, facilitating focus on the risks that are critical to achieving the Bank's strategic objectives.

Risk identification, monitoring and reporting

The risk identification and assessment process involve risk assessment of all new activities which has material impact on process, system, customer and people and it includes products, processes, systems, third party, outsourcing engagements or strategic alliances etc. Risk assessment methodology employs a more detailed and objective assessment of operational risk exposures for material risks identified through the risk identification processes, which enables us to prioritize risks and related mitigating actions. A robust manual and system controls that are commensurate with the level of operational risks to be managed are in place. The review of existing controls through testing process helps the bank to identify gaps proactively and facilitate timely remedial action. The timely reporting of issues and Risk events is a critical component of the Bank's operational risk management process. Monitoring and reporting processes are in place for periodic status update of key operational risks. Risk profiles are generated and monitored for each unit. The unit also assists in conducting Outsourcing risk assessments in line with Outsourcing Risk Policy/ regulation and obtaining relevant approval either internally or externally while engaging vendors for underlying services. The reports are submitted to the Board Risk and Compliance Committee (BRCC) and also to Risk Committee members (RC) for information, approval and governance.

Fraud risk management

The Fraud Risk Management and Investigations (FRM) unit manages fraud risk and investigations for the Bank. The unit monitors transactions originating from Cards, POS, ATM and Retail and Wholesale Banking Digital channels through outsourced vendor arrangements. The Bank has adopted a 'zero tolerance' policy towards fraud, bribery and corruption and takes disciplinary and / or legal action against those who perpetrate, are involved in, or assist with fraudulent or suspicious activities. The unit is also responsible for managing incidents and conducting investigations across the Bank. Proactive and preventive approaches adopted for fraud-risk management is a key success factor in combating the increasing frauds perpetrated against financial institutions in UAE and internationally keeping in line with the fraud trends. Fraud monitoring has been strengthened through implementation of rules with defined thresholds following preventive and detective approach. The Bank continued to strengthen its anti-fraud measures by centralizing its fraud management capabilities, conducting timely fraud risk assessments, increased fraud awareness to the employees and customers, as well as initiating various projects to drive fraud prevention through use of technology and systems to strengthen the controls in digital channels.

Business Continuity Management

The safety of employees and the ability to recover from a crisis in a timely manner are of utmost importance to the Bank. To appropriately handle crisis situations, Business Continuity Management Policy, emergency response procedures and business continuity plans (BCPs) have been prepared and updated frequently, following BIA/RA methodology. As a part of Business Continuity Management initiatives, the Bank has taken necessary actions to ensure effective measures in case of a crisis situation, e.g. evacuation drills, call tree testing, testing of critical systems and applications from the Business Alternate and Disaster Recovery site. The Bank has the capability to ensure that critical banking processes and applications are tested to ascertain availability during such situations with minimal disruption to business-as-usual activities. The bank has capability to work from home for all critical staff through providing bank owned devices for enabling continuity of services.

Capital Risk Management

For operational risk measurement and determination of the amount that the bank needs to hold to absorb potential operational losses, the bank follows the Basic Indicator Approach under Basel III.

16. Remuneration Policy

UAB aims to attract, retain and reward talented individuals by offering compensation that is competitive within the industry, motivates them to achieve the Bank's goals, and encourages high level of performance. To achieve these objectives and have an effective governance of our remuneration policies, the remuneration implementation is overseen by the Board Governance & Remuneration Committee (GRC).

Board GRC

The Board Governance & Remuneration Committee (GRC) provides oversight to the Bank's Human Resources policies and is the main body that oversees remuneration for the Bank, on behalf of the Board of Directors. The GRC has an independent oversight and control to review and approve HCM policies endorsed by the Bank's Management Committee (ManCom) or the Chief Executive Officer (CEO).

Key elements of the Remuneration Policy

UAB's compensation approach is to provide a Total Reward offering to employees based on a fair, transparent and performance driven culture ensuring that our compensation practices are aligned with our business strategy, risk management objectives and long-term sustainability. The policy clearly outlines risk considerations to ensure that remuneration practices do not incentivize excessive risk taking and are aligned with CBUAE regulations. These risks are factored into performance assessments and reflect on variable pay components which are subject to malus, claw back and deferral to mitigate excessive risk and ensure alignment with long term sustainability.

Our principles are:

- Pay for performance, based on balanced risk taking and good business conduct as measured on a performance appraisal rating process
- Attract, retain top performers, talent and business critical resources and motivate all employees to achieve results with integrity and fairness
- Monitor compensation trends and practices in the relevant markets
- Comply with Corporate Governance guidelines and regulatory requirements

The compensation in UAB is based on the role (assessed through Job Evaluation), the individual performance and the employee's potential and capabilities. UAB has established a robust framework to link Performance with remuneration, ensuring that compensation reflects both financial and non financial performance metrics at individual and business level over a period of time. Employees are assessed based on a balanced scorecard that includes individual performance, department objectives, adherence to risk and compliance standards. UAB incorporates long term performance considerations into its remuneration framework to promote sustainable value creation and align with the interests of stakeholders. For senior executives and material risk takers, part of the variable remuneration is deferred and subject to continued performance, behaviour and risk alignment over the deferral period. The deferred components are subject to claw back and malus and may be reduced or forfeited if future performance doesn't align with expectations.

Control functions such as Risk, Compliance and Audit are remunerated independently from the Bank's performance. In these control functions, the Fixed Pay to Variable Pay ratio is higher than other functions.

Key compensation elements

Fixed Pay – UAB aim to attract and retain employees by offering a fixed salary that is competitive with the market. Fixed pay shall be determined based on job responsibilities, experience required and market benchmark

Benefits – Out of salary benefits are provided to employees in accordance with market benchmarks. This includes, but not limited to, UAE and GC pension, medical insurance, life insurance and other cash allowances related to the nature of the role. These benefits will be reviewed regularly to ensure they remain competitive with market rates

Variable Pay – Employees may be eligible for variable pay in the form of performance-based bonus or incentives. The amount of variable pay shall be based on the employee, function and Bank's performances and aligned with the Bank's risk management objectives

Senior Managers and Material Risk Takers (MRTs)

UAB have identified the CEO and his Direct Reports (Exc. Administrative staff) as senior managers of the Bank responsible for the sound and prudent management of UAB.

In compliance with the Corporate Governance Regulations and Standards (Circular no. 83/2019) issued by the UAE Central Bank for banks, UAB's Reward and Remuneration Framework covers the remuneration principles incorporating the Risk and Reward alignment. These principles prescribe specific requirements that are applicable to all employees, however primarily targeting employees in high-risk roles taking critical and strategic decisions for the Bank, who are identified as Material Risk Takers (MRTs).

The risk and reward alignment is meant to ensure that potential risks and rewards of the Bank are aligned with its overall strategic goals and objectives and therefore its shareholders' interests.

MRT Compensation Structure

The total compensation structure of an MRT will comply with the requirements set out in the CBUAE regulations on remuneration. The Reward and Remuneration Framework will provide mechanisms to adjust variable compensation, including through in-year adjustment, Malus or Clawback arrangements, which can reduce variable compensation after it is awarded or paid.

Malus and Clawback criteria for MRTs:

- Malus means the adjustment, reduction, cancellation, forfeiture and/or the prevention of vesting in any other way of any unvested Variable Pay awards granted to an employee
- Clawback means action taken by the Bank to enforce the repayment of a paid Variable Pay Award

The GRC will, in accordance with the principles set out in the Policy, apply Malus to all or part of the unvested Variable Pay awards granted to employee(s) under the Plans and Clawback to all paid Variable Pay awards wherever applicable.

16.1. REM1: Remuneration awarded during the financial year

AED 000s

			31 Dec 2025		31 Dec 2024	
	Remuneration Amount		**Senior Management**	**Other Material Risk-takers**	**Senior Management**	**Other Material Risk-takers**
1	Fixed Remuneration	Number of employees	14	-	13	-
2		Total fixed remuneration (3 + 5 + 7)	22,677	-	20,082	-
3		Of which: cash-based	22,677	-	20,082	-
4		Of which: deferred	-	-	-	-
5		Of which: shares or other share-linked instruments	-	-	-	-
6		Of which: deferred	-	-	-	-
7		Of which: other forms	-	-	-	-
8		Of which: deferred	-	-	-	-
9	Variable Remuneration	Number of employees	14	-	11	-
10		Total variable remuneration (11 + 13 + 15)	8,784	-	13,584	-
11		Of which: cash-based	8,784	-	13,584	-
12		Of which: deferred	4,800	-	4,800	-
13		Of which: shares or other share-linked instruments	-	-	-	-
14		Of which: deferred	-	-	-	-
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17	**Total Remuneration (2+10)**		**31,461**	-	**33,666**	**-**

16.2. REM2: Special payments

31 December 2025 **AED 000s**

Special Payments	Guaranteed Bonuses		Sign on Awards		Severance Payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior Management	0	0	1	60	0	0
Other material risk-takers	0	0	0	0	0	0

31 December 2024

Special Payments	Guaranteed Bonuses		Sign on Awards		Severance Payments	
	Number of employees	Total amount	Number of employees	Total amount	Number of employees	Total amount
Senior Management	0	0	1	60	1	480
Other material risk-takers	0	0	0	0	0	0

Severance payments includes payments towards retirements.

16.3. REM3: Deferred payments

31 December 2025 **AED 000s**

Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and / or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Senior management	7,063	0	0	0	1,584
Cash	*7,063*	*0*	*0*	*0*	*1,584*
Shares	*0*	*0*	*0*	*0*	*0*
Cash-linked instruments	*0*	*0*	*0*	*0*	*0*
Other	*0*	*0*	*0*	*0*	*0*
Other material risk-takers	0	0	0	0	0
Cash	*0*	*0*	*0*	*0*	*0*
Shares	*0*	*0*	*0*	*0*	*0*
Cash-linked instruments	*0*	*0*	*0*	*0*	*0*
Other	*0*	*0*	*0*	*0*	*0*
Total	**7,063**	**0**	**0**	**0**	**1,584**

31 December 2024

Deferred and retained remuneration	Total amount of outstanding deferred remuneration	Of which: Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and / or implicit adjustment	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
Senior management	7,063	0	0	0	1,584
Cash	*7,063*	*0*	*0*	*0*	*1,584*
Shares	*0*	*0*	*0*	*0*	*0*
Cash-linked instruments	*0*	*0*	*0*	*0*	*0*
Other	*0*	*0*	*0*	*0*	*0*
Other material risk-takers	0	0	0	0	0
Cash	*0*	*0*	*0*	*0*	*0*
Shares	*0*	*0*	*0*	*0*	*0*
Cash-linked instruments	*0*	*0*	*0*	*0*	*0*
Other	*0*	*0*	*0*	*0*	*0*
Total	**7,063**	**0**	**0**	**0**	**1,584**