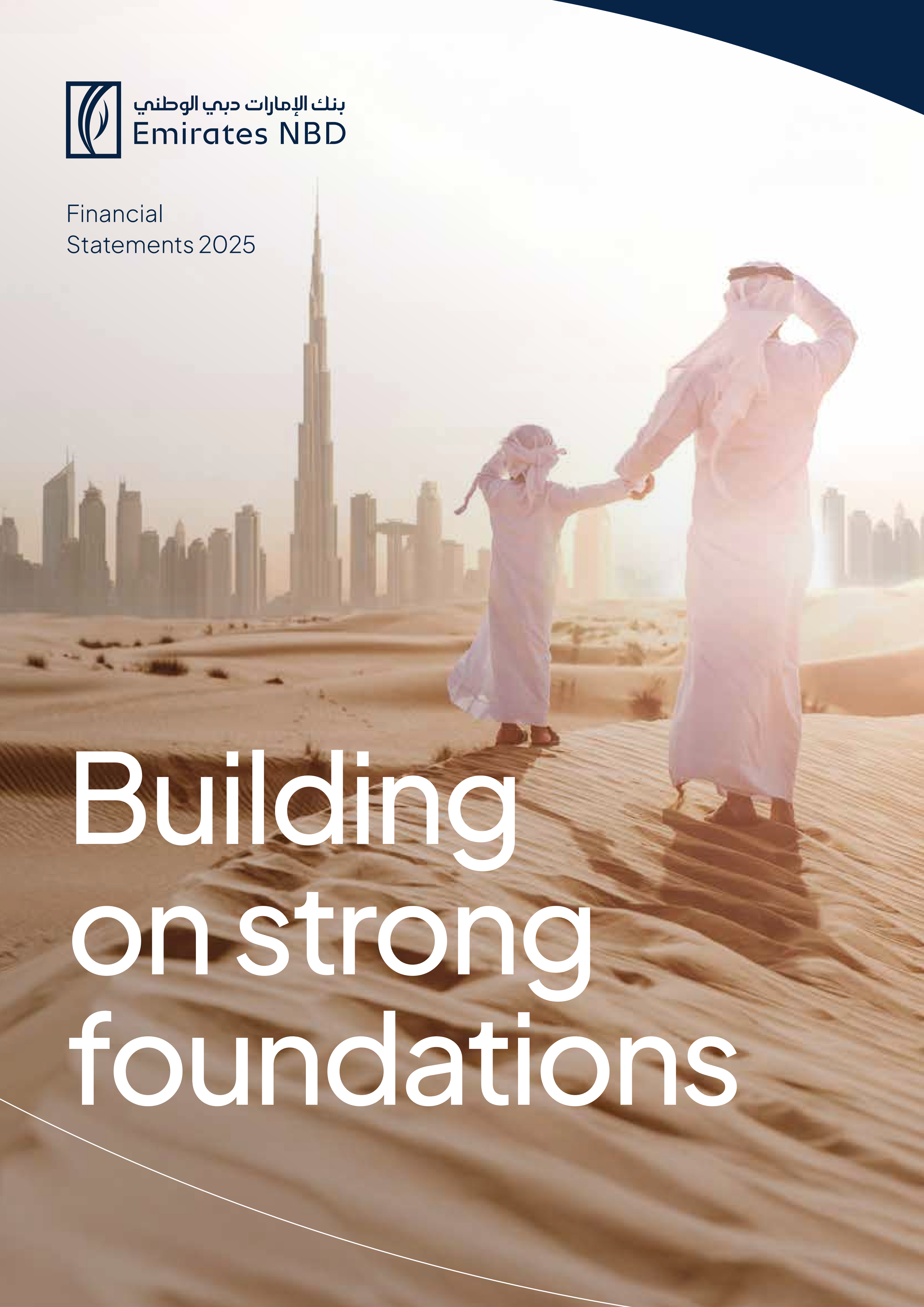
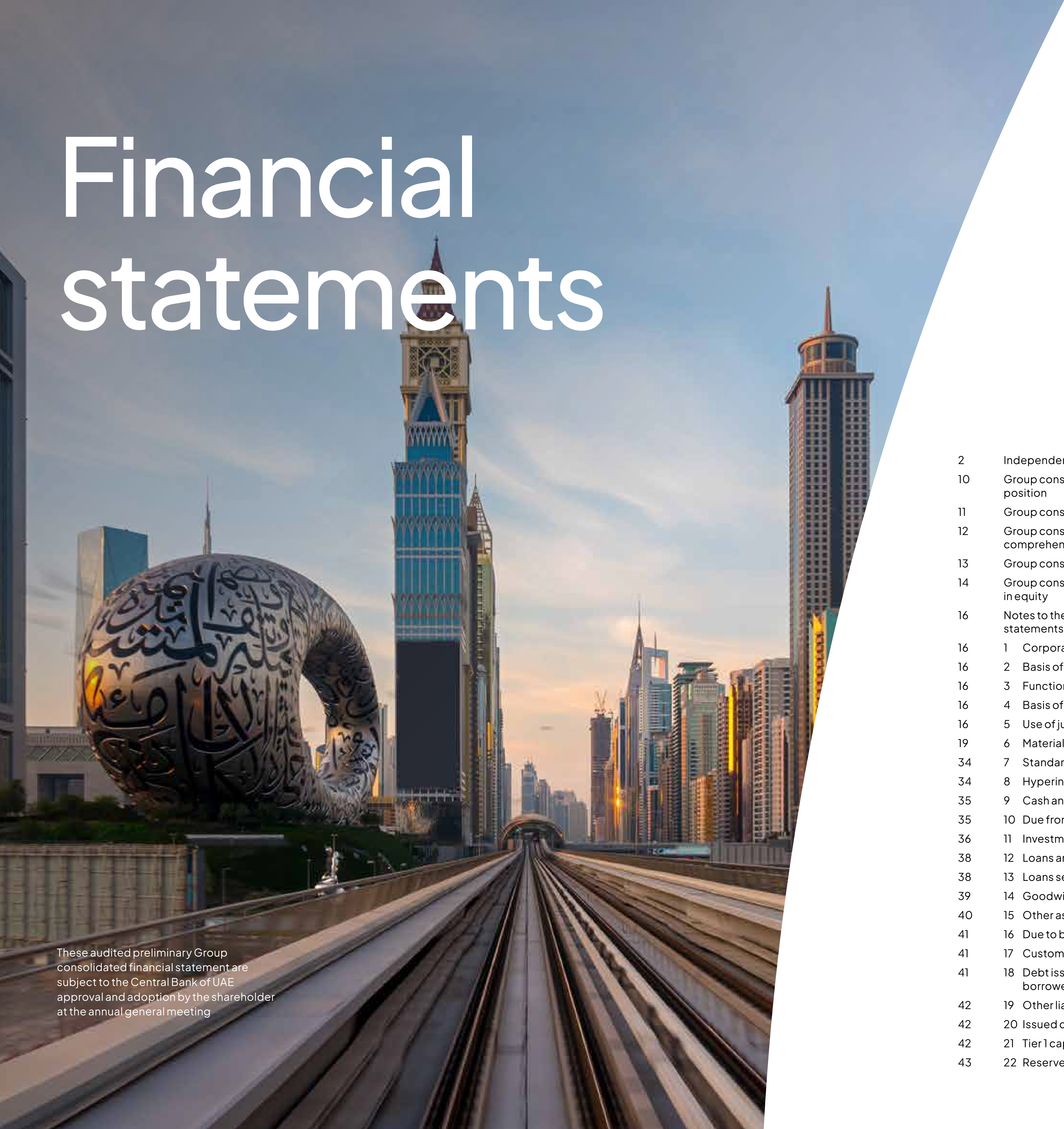
بنك الإمارات دبي الوطني
Emirates NBD

Financial
Statements 2025



Building on strong foundations



Financial statements

These audited preliminary Group consolidated financial statement are subject to the Central Bank of UAE approval and adoption by the shareholder at the annual general meeting

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.)

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of **Emirates NBD Bank (P.J.S.C.)** (the 'Bank') **and its subsidiaries** (together referred to as the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

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

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.)

Report on the audit of the consolidated financial statements continued
Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Expected Credit Loss allowance against Loans and receivables	
The assessment of the Group's determination of Expected Credit Losses ('ECL') against loans and receivables requires management to make judgements over staging financial assets and measurement of ECL. We considered this to be a key audit matter due to the quantitative significance of the loans and receivables (representing 54% of total assets) and the complexity of the judgements, assumptions and estimates used in the ECL calculations. The key areas of judgements, estimates and assumptions include: **Staging:** the determination of what constitutes significant increase in credit risk ('SICR') and consequent timely allocation of qualifying assets to the appropriate stage in accordance with IFRS 9; **ECL models and related outputs:** Modelling assumptions and data used to develop, monitor and run the models that calculate the ECL, including the appropriateness, completeness and valuation of post-model adjustments applied to model output to address identified model deficiencies or risks not fully captured by the models; **Individually assessed ECL allowances:** Measurement of individual provisions including the assessment of probability weighted recovery scenarios, exit strategies, collateral valuations, expected future cashflows and the timing of these cashflows. Overall, the level of judgement and estimation remains elevated as a result of the factors above and consequently the risk of a material misstatement to the ECL remained significant.	We obtained an understanding of the Group's credit risk governance and management process with a particular focus on ECL framework, policies and methodologies applied to determine the ECL allowance against the portfolio of loans and receivables, including the key controls embedded in the ECL estimation process. We assessed the appropriateness of the Group's accounting policies and methodologies for determining the ECL allowance against loans and receivables in accordance with the requirements of IFRS Accounting Standards. We evaluated the key controls over the following areas in terms of their design, implementation and operating effectiveness during the year: • the classification of credit exposures into Stages 1, 2 and 3 and timely identification of SICR; • the ECL computations performed including the credit statistical models used to estimate various underlying ECL assumptions and the governance over such models; and • the IT systems and applications underpinning the ECL computations including key inputs and sources of information used. For a sample of new / renewed corporate credit facilities, we checked that reported exceptions to limits, if any, as set out in the Board approved delegation of authority matrix, were approved by the Board / Board Credit Committee or its approved delegate and the approval process was formally documented.

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

Report on the audit of the consolidated financial statements continued
Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Expected Credit Loss allowance against Loans and receivables continued	
Refer material accounting policies note 6(f)(iii) for the impairment of financial assets; note 5(i) which contains the disclosure of judgements and estimates relating to impairment losses on financial assets and note 44 for risk management disclosures containing disclosure for credit risk measurement policies, credit quality analysis and stage movements.	We assessed, on a sample basis, that reported exceptions to policies and procedures, if any, as outlined in the Board risk appetite statement were approved by the Board / Board Committee and the approval process was formally documented. **Staging:** We performed an independent credit assessment for a sample of loan customers by assessing the quantitative and qualitative factors including assessments of the financial performance, the sources of repayments and its history and other relevant risk factors with the key objective of reviewing the appropriateness of staging of such credit exposures for ECL purposes based on the Group's staging classification policy, knowledge of corresponding customers and analysis of related financial information. **ECL models and related outputs:** We assessed the output from ECL models including reasonableness of underlying assumptions used by the Group in the ECL computations. As part of this assessment, we evaluated the appropriateness of model design, model implementation and validation, sensitivity testing and recalculations. To evaluate data quality we performed sample testing over the completeness and accuracy of key data elements, assessed to be material to the modelled ECL output, back to source evidence. We involved our credit risk modelling specialists to assist us in reviewing model calculations, evaluating outputs and assessing reasonableness of assumptions used in the ECL models applicable. We also assessed reasonableness of material post-model adjustments that were applied as a response to risks not considered to be fully captured by the models.

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

Report on the audit of the consolidated financial statements continued
Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Expected Credit Loss allowance against Loans and receivables continued	
	Individually assessed ECL allowances: We selected a sample of individually assessed provisions to recalculate. Our recalculation procedures included challenging management's forward looking economic assumptions of the recovery outcomes identified and underlying methods used to calculate the ECL allowance for individually assessed exposures. **ECL for stage 3 credit exposures:** For a sample of stage 3 credit exposures, we assessed the adequacy of credit impairment provisions by considering the underlying expected cashflows of the borrowers, where applicable and in cases where collateral is expected to be realized in respect of the credit exposure, we evaluated the appropriateness of the basis used for such collateral valuation. We assessed the adequacy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.
Accounting for hyperinflation in Turkiye operations	
As referred to in note 8 to the consolidated financial statements, Turkiye has been determined a hyperinflationary economy under IAS 29 (Financial Reporting in Hyperinflationary Economies) with the previous three-year accumulated inflation exceeding 100 percent. IAS 29 requires non-monetary assets and liabilities of DenizBank A.S. ('DenizBank'), the Group's subsidiary in Turkiye, to be restated to reflect their current prices using the Consumer Pricing Index (CPI) in the local currency of DenizBank before translation to the Group's functional currency. We consider this area to be a key audit matter due to the significance of the quantitative impact of this matter along with the complexities associated with hyperinflationary accounting including related judgements and the extent of audit effort required. Refer note 8 for the impact of hyperinflation accounting to the consolidated financial statements and the related disclosures	We obtained an understanding of the process implemented by the Group to determine the hyperinflation adjustments and disclosures. We assessed the controls over this area to determine if they had been designed and implemented appropriately. We assessed the inputs into the hyperinflation calculations with specific emphasis on the consumer price index used by agreeing them to independent sources. We reperformed the mathematical accuracy of the hyperinflation adjustments. We determined if the exchange rates used to translate the hyperinflated consolidated statement of financial position, consolidated statement of income, consolidated statement of cashflows, and consolidated statement of changes in equity of DenizBank were determined in accordance with the requirements of IFRS Accounting Standards. We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

Report on the audit of the consolidated financial statements continued
Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
Related party transactions and balances	
We considered related party transactions and balances including its concentration with government and related entities to be key audit matter due to significance of the amounts involved and the disclosures required under IFRS Accounting Standards. For government-controlled entities, such as Emirates NBD Bank (P.J.S.C.), disclosure is required under IAS 24 in respect of a qualitative or quantitative indication of the extent of transactions with the government or related entities. In addition, IFRS 7 requires that specific information be disclosed for each type of risk arising from financial instruments. These include qualitative disclosures around how exposures arise and how they are measured and managed, summary quantitative data about an entity's exposure to each type of risk, and information about an entity's credit risk exposure, including significant credit risk concentrations. Refer material accounting policies note 6(v) for accounting policies pertaining to related party transactions and note 37 for details with respect to related party transactions and balances.	We inspected and reviewed minutes of Board meetings including related committees and management meetings to determine if there were any related party transactions of which we were previously unaware. We obtained an understanding of the Bank's processes and controls in relation to identifying and reporting related party relationships, transactions and balances. We obtained counterparty confirmations for the balances outstanding at the reporting date from the related parties or performed alternative audit procedures in this regard, as appropriate. On sample basis, we tested related party transactions during the year and vouched to the related supporting documentation. We checked the approval of material related party transactions as per the Bank's policies and governance protocols. We assessed the adequacy of disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards.

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

Report on the audit of the consolidated financial statements continued
Other Matter
The consolidated financial statements of the Group as at and for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 28 January 2025.

Other information included in the Group's 2025 Annual Report
Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

Report on the audit of the consolidated financial statements continued
Auditor's responsibilities for the audit of the consolidated financial statements continued
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent Auditor's Report
To the Shareholders of Emirates NBD Bank (P.J.S.C.) continued

Report on other legal and regulatory requirements
As required by the UAE Federal Law No. 32 of 2021, as amended, we report that for the year ended 31 December 2025:
i) the Bank has maintained proper books of account;
ii) we have obtained all the information we considered necessary for the purposes of our audit;
iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Bank's Articles of Association and the UAE Federal Law No. 32 of 2021, as amended;
iv) the financial information included in the Directors' report is consistent with the consolidated books of account of the Bank;
v) investments in shares during the year ended 31 December 2025, if any, are disclosed in note 11 to the consolidated financial statements;
vi) note 37 reflects material related party transactions and the terms under which they were conducted;
vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Bank has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Law No. 32 of 2021, as amended, or of its Articles of Association which would have a material impact on its activities or its consolidated financial position as at the date of issuance of this report; and
viii) note 46 reflects the social contributions made during the year.

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

Ernst & Young Middle East (Dubai Branch)

Anthony O'Sullivan
Registration No: 687
26 January 2026
Dubai
United Arab Emirates

Group Consolidated Statement of Financial Position
As at 31 December 2025

	Notes	2025 AED million	2024 AED million
Assets			
Cash and deposits with central banks	9	**124,647**	104,665
Due from banks	10	**136,147**	132,766
Investment securities	11	**206,608**	199,223
Loans and receivables	12	**632,847**	501,627
Positive fair value of derivatives	33	**12,413**	12,468
Customer acceptances		**9,350**	9,478
Property and equipment		**8,742**	7,941
Goodwill and intangibles	14	**5,620**	5,626
Other assets	15	**28,068**	22,788
Total assets		**1,164,442**	**996,582**
Liabilities			
Due to banks	16	**66,277**	55,487
Customer deposits	17	**786,024**	666,777
Debt issued, sukuks payable and other borrowed funds	18	**90,287**	79,903
Negative fair value of derivatives	33	**19,208**	15,897
Customer acceptances		**9,350**	9,478
Other liabilities	19	**48,477**	42,826
Total liabilities		**1,019,623**	**870,368**
Equity			
Issued capital	20	**6,317**	6,317
Treasury shares		**(46)**	(46)
Tier 1 capital notes	21	**9,129**	9,129
Share premium reserve	20	**17,954**	17,954
Legal and statutory reserve	22	**3,158**	3,158
Other reserves	22	**2,945**	2,945
Fair value reserve	22	**(1,122)**	(1,132)
Currency translation reserve	22	**(4,438)**	(6,071)
Retained earnings		**110,685**	93,736
Total shareholders' equity		**144,582**	**125,990**
Non-controlling interests		**237**	224
Total equity		**144,819**	**126,214**
Total liabilities and equity		**1,164,442**	**996,582**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditor's report on the Group consolidated financial statements is set out on pages 2 to 9.

H.H. Sheikh Ahmad Bin Saeed Al Maktoum
Chairman

Mr. Hesham Abdulla Al Qassim
Vice Chairman

Shayne Nelson
Chief Executive Officer

26 January 2026

Group Consolidated Statement of Income
For the year ended 31 December 2025

	Notes	2025 AED million	2024 AED million
Interest and similar income		**70,892**	69,129
Interest and similar expense		**(42,485)**	(42,760)
Net interest income	23	**28,407**	**26,369**
Income from islamic financing and investment products	24	**11,083**	9,003
Distribution on islamic deposits and profit paid to sukuk holders	25	**(3,988)**	(2,976)
Net income from islamic financing and investment products		**7,095**	**6,027**
Net interest income and net income from islamic financing and investment products		**35,502**	**32,396**
Fee and commission income		**15,738**	13,347
Fee and commission expense		**(7,706)**	(6,554)
Net fee and commission income	26	**8,032**	**6,793**
Net gain on trading securities		**2,263**	838
Other operating income	27	**3,522**	4,107
Total operating income		**49,319**	**44,134**
General and administrative expenses	28	**(15,035)**	(13,751)
Operating profit before impairment		**34,284**	**30,383**
Net impairment	29	**(1,468)**	(106)
Operating profit before taxation and others		**32,816**	**30,277**
Hyperinflation adjustment on net monetary position	8	**(2,978)**	(3,136)
Profit for the year before taxation		**29,838**	**27,141**
Taxation charge	31	**(5,831)**	(4,133)
Profit for the year		**24,007**	**23,008**
Attributable to:			
Equity holders of the parent company		**23,981**	22,973
Non-controlling interests		**26**	35
Profit for the year		**24,007**	**23,008**
Earnings per share (AED)	32	**3.71**	**3.56**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditor's report on the Group consolidated financial statements is set out on pages 2 to 9.

Group Consolidated Statement of Comprehensive Income
For the year ended 31 December 2025

	2025 AED million	2024 AED million
Profit for the year	**24,007**	23,008
Other comprehensive income		
Items that will not be reclassified subsequently to the statement of income:		
Actuarial loss on retirement benefit obligations	**(29)**	(151)
Movement in fair value reserve (equity instruments):		
– Net change in fair value	**(1)**	34
– Net amount transferred to retained earnings	**–**	329
– Related current tax	**(1)**	–
Items that may be reclassified subsequently to the statement of income:		
Cost of hedging for forward element of a forward and currency basis spread excluded from hedge effectiveness testing:		
Net changes in the cost of hedging	**(50)**	(58)
Cash flow hedges:		
– Effective portion of changes in fair value	**(821)**	316
– Net amount transferred to the statement of income	**44**	9
– Related deferred tax	**75**	(23)
Fair value reserve (debt instruments):		
– Net change in fair value	**1,057**	171
– Net amount transferred to the statement of income	**(124)**	(448)
– Related deferred tax	**(169)**	108
Currency translation reserve	**(2,917)**	(3,478)
Hedge of a net investment in foreign operations	**7**	9
Hyperinflation adjustment (refer Note 8)	**4,543**	4,859
Other comprehensive income for the year	**1,614**	1,677
Total comprehensive income for the year	**25,621**	**24,685**
Attributable to:		
Equity holders of the parent company	**25,595**	24,650
Non-controlling interests	**26**	35
Total comprehensive income for the year	**25,621**	**24,685**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditor's report on the Group consolidated financial statements is set out on pages 2 to 9.

Group Consolidated Statement of Cash Flows
For the year ended 31 December 2025

	2025 AED million	2024 AED million
Operating activities		
Profit for the year before taxation	**29,838**	27,141
Adjustment for non-cash items (refer Note 40)	**762**	1,188
Operating profit before changes in operating assets and liabilities	**30,600**	**28,329**
Increase in interest free statutory deposits	**(20,122)**	(15,057)
Decrease / (increase) in certificate of deposits with central banks maturing after three months	**27**	(27)
Increase in amounts due from banks maturing after three months	**(32,805)**	(6,797)
Increase in amounts due to banks maturing after three months	**22,844**	22,468
Increase in other assets	**(2,928)**	(770)
(Decrease) / increase in other liabilities	**(603)**	3,272
(Increase) / decrease in positive fair value of derivatives	**(985)**	3,083
Increase / (decrease) in negative fair value of derivatives	**3,311**	(1,492)
Increase in customer deposits	**119,247**	82,216
Increase in loans and receivables	**(133,951)**	(56,118)
Net cash flows (used in) / generated from operations	**(15,365)**	**59,107**
Taxes paid	**(3,693)**	(1,665)
Net cash flows (used in) / generated from operating activities	**(19,058)**	**57,442**
Investing activities		
Increase in investment securities	**(1,742)**	(22,850)
Increase of property and equipment	**(699)**	(2,903)
Dividends income received	**14**	12
Net cash flows used in investing activities	**(2,427)**	**(25,741)**
Financing activities		
Issuance of debt issued, sukuks payable and other borrowed funds (refer Note 18)	**33,477**	30,443
Repayment of debt issued, sukuks payable and other borrowed funds (refer Note 18)	**(22,402)**	(19,471)
Issuance of Tier 1 capital notes (refer Note 21)	**3,664**	–
Repayment of Tier 1 capital notes (refer Note 21)	**(3,664)**	–
Interest on Tier 1 capital notes	**(539)**	(511)
Dividends paid	**(6,311)**	(7,573)
Acquisition of non-controlling interests	**(70)**	–
Net cash flows generated from financing activities	**4,155**	**2,888**
(Decrease) / increase in cash and cash equivalents (refer Note 40)	**(17,330)**	**34,589**

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditor's report on the Group consolidated financial statements is set out on pages 2 to 9.

Group Consolidated Statement of Changes In Equity
For the year ended 31 December 2025

	Total shareholders' equity											
	Issued capital (a) AED million	**Treasury shares AED million**	**Tier I capital notes (b) AED million**	**Share premium reserve (a) AED million**	**Legal and statutory reserve (c) AED million**	**Other reserve (c) AED million**	**Fair value reserve (c) AED million**	**Currency translation reserve (c) AED million**	**Retained earnings AED million**	**Total AED million**	**Non-controlling interest AED million**	**Group Total AED million**
Balance as at 1 January 2025	**6,317**	**(46)**	**9,129**	**17,954**	**3,158**	**2,945**	**(1,132)**	**(6,071)**	**93,736**	**125,990**	**224**	**126,214**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**23,981**	**23,981**	**26**	**24,007**
Other comprehensive income / (loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**10**	**1,633**	**(29)**	**1,614**	**–**	**1,614**
Tier 1 capital notes issued during the year (refer Note 21)	**–**	**–**	**3,664**	**–**	**–**	**–**	**–**	**–**	**–**	**3,664**	**–**	**3,664**
Tier 1 capital notes redeemed during the year (refer Note 21)	**–**	**–**	**(3,664)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,664)**	**–**	**(3,664)**
Interest on Tier 1 capital notes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(539)**	**(539)**	**–**	**(539)**
Dividends paid*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,311)**	**(6,311)**	**–**	**(6,311)**
Directors' fees (refer Note 30)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(31)**	**(31)**	**–**	**(31)**
Zakat	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(82)**	**(82)**	**–**	**(82)**
Change in non-controlling interests and others	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(40)**	**(40)**	**(13)**	**(53)**
Balance as at 31 December 2025	**6,317**	**(46)**	**9,129**	**17,954**	**3,158**	**2,945**	**(1,122)**	**(4,438)**	**110,685**	**144,582**	**237**	**144,819**

* Dividends paid are net of the amount attributable to treasury shares.

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditor's report on the Group consolidated financial statements is set out on pages 2 to 9.
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Notes:
(a) For further details refer to Note 20
(b) For further details refer to Note 21
(c) For further details refer to Note 22

	Total shareholders' equity											
	Issued capital (a) AED million	Treasury shares AED million	Tier I capital notes (b) AED million	Share premium reserve (a) AED million	Legal and statutory reserve (c) AED million	Other reserve (c) AED million	Fair value reserve (c) AED million	Currency translation reserve (c) AED million	Retained earnings AED million	Total AED million	Non-controlling interest AED million	Group Total AED million
Balance as at 1 January 2024	6,317	(46)	9,129	17,954	3,158	2,945	(1,570)	(7,461)	79,373	109,799	173	109,972
Profit for the year	–	–	–	–	–	–	–	–	22,973	22,973	35	23,008
Other comprehensive income / (loss) for the year	–	–	–	–	–	–	438	1,390	(151)	1,677	–	1,677
Tier 1 capital notes issued during the year (Note 21)	–	–	–	–	–	–	–	–	–	–	–	–
Tier 1 capital notes redeemed during the year (Note 21)	–	–	–	–	–	–	–	–	–	–	–	–
Interest on Tier 1 capital notes	–	–	–	–	–	–	–	–	(511)	(511)	–	(511)
Loss on sale of FVOCI equity instruments	–	–	–	–	–	–	–	–	(329)	(329)	–	(329)
Dividends paid*	–	–	–	–	–	–	–	–	(7,573)	(7,573)	–	(7,573)
Directors' fees (refer Note 30)	–	–	–	–	–	–	–	–	(31)	(31)	–	(31)
Zakat	–	–	–	–	–	–	–	–	(15)	(15)	–	(15)
Change in non-controlling interests and others	–	–	–	–	–	–	–	–	–	–	16	16
Balance as at 31 December 2024	6,317	(46)	9,129	17,954	3,158	2,945	(1,132)	(6,071)	93,736	125,990	224	126,214

* Dividends paid are net of the amount attributable to treasury shares.

The attached notes 1 to 49 form an integral part of these Group consolidated financial statements.
The independent auditor's report on the Group consolidated financial statements is set out on pages 2 to 9.

Notes:
(a) For further details refer to Note 20
(b) For further details refer to Note 21
(c) For further details refer to Note 22

Notes to the Group Consolidated Financial Statements
For the year ended 31 December 2025

1 CORPORATE INFORMATION
Emirates NBD Bank (P.J.S.C.) (the Bank) was incorporated in the United Arab Emirates (UAE) on 16 July 2007 consequent to the merger between Emirates Bank International (P.J.S.C.) and National Bank of Dubai (P.J.S.C.), under the Commercial Companies Law (Federal Law Number 8 of 1984 as amended) as a Public Joint Stock Company.

The consolidated financial statements for the year ended 31 December 2025 comprise the financial statements of the Bank and its subsidiaries (together referred to as the Group).

The Bank is listed on the Dubai Financial Market (TICKER: EMIRATESNBD). The Group's principal business activities are Corporate and Institutional Banking, Retail Banking and Wealth Management, treasury and islamic banking. The Bank's website is www.emiratesnbd.com. For details of activities of subsidiaries, refer to Note 35.

The registered address of the Bank is P. O. Box 777, Dubai, UAE.

The parent company of the Group is Investment Corporation of Dubai, which is wholly owned by the Government of Dubai.

2 BASIS OF ACCOUNTING
Statement of compliance
The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS accounting standards) issued by the International Accounting Standards Board (IASB) and applicable requirements of the laws of the UAE.

Federal Decree-Law No. (32) of 2021 on Commercial Companies has come into effect from 2 January 2022, replacing the existing Federal Law No. 2 of 2015.

The material accounting policies information adopted in the preparation of the Group consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3 FUNCTIONAL AND PRESENTATION CURRENCY
The presentation currency of the Group consolidated financial statements is the United Arab Emirates Dirham (AED). The functional currency for a significant proportion of the Group's assets, liabilities, income and expenses is also AED. However, certain subsidiaries and branches have functional currencies other than AED and AED is their presentation currency.

4 BASIS OF MEASUREMENT
The Group consolidated financial statements have been prepared under the historical cost basis except for the following:
- derivative financial instruments are measured at fair value;
- financial instruments classified as trading and at fair value through profit or loss (FVTPL) are measured at fair value;
- financial assets at fair value through other comprehensive income (FVOCI) are measured at fair value; and
- recognised assets and liabilities that are hedged are measured at fair value in respect of the risk that is hedged.

The preparation of the Group consolidated financial statements in conformity with IFRS accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group consolidated financial statements are disclosed in Note 5.

5 USE OF JUDGEMENTS AND ESTIMATES
The preparation of the Group consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amount of financial assets and liabilities and the resultant allowances for impairment and fair values. Considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowances required for impaired loans and receivables as well as allowances for impairment provision for unquoted investment securities. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Significant items where the use of estimates and judgments are required are outlined below:
(i) Financial instruments
Judgments made in applying accounting policies that have most significant effects on the amounts recognised in the Group consolidated financial statements for the year ended 31 December 2025 pertain to:
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payment of principal and interest of the principal amount outstanding.
- Calculation of expected credit losses (ECL): Assumptions and estimation uncertainties that have a significant impact on ECL for the year ended 31 December 2025. The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9 methodology.

Inputs, assumptions and techniques used for ECL calculation
Key concepts that have the most significant impact and require a high level of judgment, as considered by the Group while determining the ECL, are:

Assessment of Significant Increase in Credit Risk (SICR)
The assessment of SICR is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using early warning and other indicators that are used in the Group's existing risk management processes.

The Group's assessment of significant increases in credit risk is performed at least quarterly for each individual exposure based on various factors. If any of the factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2. These factors include but are not limited to:
1. The Group has established thresholds for significant increase in credit risk based on movement in probability of default relative to initial recognition.
2. Additional qualitative reviews have been performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.
3. IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Movements between Stage 2 and Stage 3 are based on whether financial assets are credit impaired as at the reporting date. The determination of credit-impairment is based on individual assessment of financial assets for objective evidence of impairment.

The Group reviews its loans and receivables portfolio and islamic financing receivables to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the Group consolidated statement of income, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the contractual future cash flows from a loan or homogenous group of loans and receivables or islamic financing receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios
The measurement of ECL for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The estimation and application of forward-looking information requires judgment based on the macroeconomic variables (or changes in macroeconomic variables) such as occupancy rates, oil prices, housing price index and GDP (where applicable), that are closely correlated with credit losses in the relevant portfolio and represent the underlying causal effects of changes in these economic conditions. Each macroeconomic scenario used in the Group's ECL calculation will have projected forecasts of the relevant macroeconomic variables.

The Group estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. These scenarios are based on macroeconomic forecasts published by external experts. If conditions warrant, additional downside scenarios may also be considered.

Probability weights attached to these scenarios are updated on a quarterly basis (if required). All scenarios considered are applied to all portfolios subject to ECL with the same probabilities. In some instances, the inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the Group consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Such cases are subjected to the Group's governance process for oversight.

Sensitivity assessment due to movement in each macroeconomic variable and the respective weights under the three scenarios is periodically assessed by the Group.

5 USE OF JUDGEMENTS AND ESTIMATES continued

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios continued

The table below summarises key macroeconomic indicators included in the economic scenarios for the respective operating regions relevant to their markets during Q4 2025 and for the years ending 2026 to 2029:

	Base Scenario					Upside Scenario					Downside Scenario				
	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029	2025	2026	2027	2028	2029
UAE															
Oil Price – USD	69	65	66	68	69	69	70	70	69	71	69	46	50	64	67
GDP - Change %	4.7	5.4	4.5	4.5	4.0	4.7	7.2	6.0	4.5	4.0	4.7	1.6	-0.03	5.5	5.6
Imports-AED in Bn	2,005	2,155	2,252	2,337	2,456	2,005	2,175	2,311	2,436	2,582	2,005	1,984	1,952	2,041	2,159
KSA															
Oil GDP-SAR in Trn	1.49	1.55	1.56	1.57	1.58	1.49	1.58	1.60	1.62	1.63	1.49	1.50	1.44	1.47	1.52
Unemployment - %	6.65	6.87	7.36	7.44	7.46	6.65	6.62	7.03	7.20	7.38	6.65	8.14	9.21	8.91	8.38
Türkiye															
Real GDP-Growth%	3.3	5.3	4.6	-	-	4.8	5.1	5.8	-	-	3.1	3.0	3.9	-	-
USD-TL Parity	43.07	53.82	63.27	-	-	42.02	48.93	52.73	-	-	44.15	59.21	75.93	-	-

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to inherent uncertainty and therefore the actual outcomes may be different to those projected.

Definition of default

The definition of default used in the measurement of ECL and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Expected Life

When measuring ECL, the Group must consider the maximum contractual period over which it is exposed to credit risk. All applicable contractual terms are considered when determining the expected life, including prepayment extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Governance

In addition to the existing risk management framework, the Group has established an internal committee to provide oversight to the IFRS 9 impairment process. The committee is comprised of senior representatives from finance, risk management, internal audit and business teams and are responsible for reviewing and approving key inputs and assumptions used in the Group ECL estimates. It also assesses the appropriateness of the overall allowance results to be included in the Group consolidated financial statements.

(ii) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the Group consolidated statement of financial position cannot be derived from quoted prices, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable market data where possible, but where this is not possible, a degree of judgment is required in establishing fair values. The judgments include consideration of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

Fair values are subject to a control framework designed to ensure that they are either determined or validated, by a function independent of the risk taker.

(iii) Impairment of goodwill

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the recoverable amount using value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Contingent liability arising from litigations

Due to the nature of its operations, the Group may be involved in litigations arising in the ordinary course of business. Provision for contingent liabilities arising from litigations is based on the probability (more likely than not) of outflow of economic resources and reliability of estimating such outflow. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are applied prospectively.

6 MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these Group consolidated financial statements.

(a) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

The list of the Group's subsidiary companies is shown in Note 35.

Basis of consolidation

The Group consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the Group consolidated financial statements are prepared for the same reporting date as the Bank. Consistent accounting policies are applied to all transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated at consolidation.

Business combinations are accounted for by applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date, fair value of assets transferred by the Group, liability incurred, and equity interest issued by the Group in exchange for control of the acquiree. Identifiable assets acquired and liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 in profit or loss. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are restated to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 6 (m) (i). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

6 MATERIAL ACCOUNTING POLICIES continued

(a) Principles of consolidation continued

(ii) Special Purpose Entities

Special Purpose Entities (SPE) are entities that are created to accomplish a well-defined objective such as the securitisation of particular assets, or the execution of a specific borrowing or lending transaction. SPE is consolidated if the Group is exposed to variable returns from its involvement in the SPE and has the ability to affect those returns through its power over the SPE based on an evaluation of the substance of its relationship with the Group.

The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE:

a. the Group has power over the SPE;
b. the Group has exposure to, or rights, to variable returns from its involvement with the SPE; and
c. the Group has the ability to use its power over the SPE to affect the amount of the Group's returns.

The assessment of whether the Group has control over an SPE is carried out at inception and reassessed at each period end date or if there are changes in the structure / terms of additional transactions between the Group and the SPE.

Information about the Group's securitisation activities is set out in Note 13.

(iii) Fund Management

The Group manages and administers funds on behalf of investors. The financial statements of these funds are not consolidated in these Group consolidated financial statements. Information about the Group's fund management activity is set out in Note 42.

(iv) Fiduciary activities

Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and, accordingly, are not consolidated in these Group consolidated financial statements. Income earned by the Group from its fiduciary activities is recognised in accordance with the accounting policies on fee and commission income. Information about the Group Fiduciary activities is set out in Note 43.

(v) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Group and is presented separately in the Group consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Group.

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

(b) Foreign currencies

Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. The resulting gain / loss on monetary items is taken to the Other operating income in the Group consolidated statement of income. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the Group consolidated financial statements, assets and liabilities in foreign operations are translated into AED at rates of exchange ruling at the reporting date, and the resulting gains and losses are taken to the currency translation reserve.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

Forward exchange contracts are valued at market rates applicable to their respective maturities.

Exchange differences arising from the translation of the net investment in foreign operations are taken directly to currency translation reserve.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedge is effective, are recognised in Other comprehensive income (OCI).

(c) Interest

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, excluding ECL. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation of the difference between the initial amount and the maturity amount using the effective interest method and, for financial assets, adjusted for any loss allowance.

Gross carrying amount

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost (as explained above) of the financial asset. If the financial asset is no longer credit-impaired, then the calculation of interest income reverts to the gross carrying amount (as explained above).

For the financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost (as explained above) of the financial asset. The calculation of interest income does not revert to a gross carrying amount (as explained above), even if the credit risk of the asset improves.

Presentation

Interest income and expense presented in the Group consolidated statement of income include:
- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

(d) Fees and commission

Fee income, which is not an integral part of the effective interest rate of a financial instrument, is earned from a diverse range of services provided by the Group to its customers, and are accounted for in accordance with IFRS 15 *Revenue from Contracts with Customers*. Under the IFRS 15, fee income is measured by the Group based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Fee income is accounted for as follows:
- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);
- income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
- other fees and commission income and expense are recognised as the related services are performed or received.

Fee income which forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and recorded in Interest income.

6 MATERIAL ACCOUNTING POLICIES continued

(e) Income taxes and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Bank and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be settled with the tax authorities.

Deferred tax is accounted for using the asset and liability method. Deferred tax assets and liabilities are recognised for the full tax consequences of all temporary differences between the Group consolidated financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Recognition of deferred tax assets are, however, restricted to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period in which the asset is expected to be realised or the liability is expected to be settled.

Deferred tax assets are reviewed periodically to reduce the carrying amount by the extent to which it is no longer probable that sufficient taxable profits will be available to utilise the differences.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to set off current tax asset against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

(f) Financial assets and financial liabilities

(i) Classification of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured: at amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Recognition and initial measurement

The Group initially recognises loans and receivables, customer deposits, debt issued, sukuks payable and other borrowed funds on the date on which they are originated or acquired. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

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

Business model assessment:
The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level as this best reflects the way the business is managed and information is provided to Management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest:
For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:
- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rate.

See note on investment securities, loans and receivables and cash and cash equivalents for further details.

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

The Group classifies financial liabilities as held for trading when they have been issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together for which there is evidence of a recent pattern of short-term profit making. Gains and losses arising from changes in fair values are included in the Group consolidated statement of income in the year in which they arise.

Reclassifications:
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

(iii) Impairment

The Group recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:
- financial assets that are loans and receivables;
- financial assets that are debt instruments;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

6 MATERIAL ACCOUNTING POLICIES continued
(f) Financial assets and financial liabilities continued
(iii) Impairment continued
The Group measures loss allowances at an amount equal to lifetime ECL, except for the financial instruments on which credit risk has not increased significantly since their initial recognition.

12-month ECL are the portion of life time ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL
ECL are probability-weighted estimate of credit losses. They are measured as follows:
- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets
If the terms of a financial asset are modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:
- if the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- if the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Revolving facilities
The Group's product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Group has the right to cancel and/or reduce the facilities at a short notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities.

Based on past experience and the Group's expectations, the period over which the Group calculates ECL for these products, is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Write-off
Loans and debt securities are written off (either partially or in full) when there is no reasonable prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Read in conjunction with Note 44 (D).

(iv) Financial guarantees and loan commitments
Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss they incur because a specified debtor fails to make payment when due, in accordance with the terms of a debt instrument. The financial guarantee liability is carried at amortised cost when payment under the contract has become probable.

Loans commitments are firm irrevocable commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or irrevocable commitments to provide credit are initially measured at fair value and their initial fair value is amortised over the life of the guarantee or the commitment. Subsequently, they are measured at amortised cost, net of loss allowance.

(v) Foreign currencies
Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of equity investments in respect of which an election has been made to present subsequent changes in fair value in OCI are recognised through OCI.

(vi) Loans and receivables
Loans and receivables caption in the Group consolidated statement of financial position include:
- Loans and receivables measured at amortised cost: they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method and are presented net of expected credit losses; and
- Loans and receivables measured at FVTPL or designated as at FVTPL: these are measured at fair value with changes recognised immediately in profit or loss, if applicable.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance or due from banks, and the underlying asset is not recognised in the Group's consolidated financial statements.

Islamic financing receivables
Islamic financing receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These products are carried at amortised cost less impairment.

(i) Definitions
The following terms are used in islamic financing:

Murabaha
An agreement whereby the Group sells to a customer an asset, which the Group has purchased and acquired, based on a promise received from the customer to buy the asset purchased at a deferred selling price comprised of the cost of the asset and an agreed profit margin.

Istisna'a
A Sale Istisna'a agreement between the Group and a customer whereby the Group would sell to the customer a fully described property according to the agreed upon specifications. The Group would construct/develop the property either on its own or through a subcontractor and then hand it over to the customer on a fixed date for a deferred agreed price.

Ijara
An agreement, whereby the Group (lessor) leases an asset to a customer (lessee), for a specific period and against certain rent instalments. Ijara ends by transferring the ownership of the asset to the lessee through an independent sale agreement at the end of the Ijara agreement pursuant to a sale undertaking granted by the Group.

Mudaraba
An agreement between two parties; wherein one of them provides the funds and is called Rab-Ul-Mal and the other provides efforts and expertise and is called the Mudarib and he is responsible for investing such funds in an enterprise or activity in return for pre-agreed percentage of the Mudaraba profit. In case of loss not attributable to any misconduct or negligence by the Mudarib, the Rab-Ul-Mal would bear the loss of his funds while the Mudarib would bear the loss of his efforts. However, in case of misconduct, negligence or violation of any of the terms and conditions of the Mudaraba agreement by the Mudarib, the Mudarib shall be responsible to make good the losses. The Group acts as Mudarib when accepting Mudaraba funds from depositors and as Rab-Ul-Mal when investing such funds on a Mudaraba basis.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

6 MATERIAL ACCOUNTING POLICIES continued
(f) Financial assets and financial liabilities continued
(vi) Loans and receivables continued
Islamic financing receivables continued
(i) Definitions continued
Wakala
An agreement whereby the Group provides a certain sum of money to an agent who invests it according to specific conditions in return for a certain fee (a lump sum of money or a percentage of the amount invested). The agent is obliged to return the invested amount in case of misconduct, negligence or violation of any of the terms and conditions of the Wakala.

(ii) Revenue recognition
Revenue is recognised on the above islamic products as follows:

Murabaha
The profit is quantifiable and contractually determined at the commencement of the contract. Profit is recognised on a time proportion basis over the life of the contract using an effective profit method on the balance outstanding.

Istisna'a
Istisna'a revenue and the associated profit margin (difference between the cash price to the customer and the Group total Istisna'a cost) are accounted for on a time proportion basis.

Ijara
Income from Ijara is recognised on an accrual basis over the period of the contract.

Mudaraba
Income on Mudaraba financing is recognised on distribution by the Mudarib, whereas the losses are charged to the Group consolidated statement of income on their declaration by the Mudarib.

Wakala
Estimated income from Wakala is recognised on account on a time proportion basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

Profit equalisation reserve
Profit equalisation reserves are amounts appropriated out of the common mudaraba pool's income, before allocating the mudarib's share of profit, in order to maintain a certain level of return on investments for all the investment account holders and other investors in the common mudaraba pool. The allocation and distribution to depositors is approved by the Profit Equalisation Committee, Internal Shari'ah Supervision Committee of the Group and the islamic banking subsidiary respectively.

Depositors' investment risk reserve
Depositors' investment risk reserve represents a portion of the depositors' share of profits set aside as a reserve. This reserve is payable to the depositors upon the approval of the Profit Equalisation Committee and the Internal Shari'ah Supervision Committee. Zakat on depositors' investment risk reserve is included under Zakat payable and is deducted from the depositors' investment risk reserve balance.

(vii) Investment securities
The investment securities caption in the Group consolidated statement of financial position includes:
- debt investment securities measured at amortised cost: these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt and equity investment securities measured at FVTPL or designated as at FVTPL: these are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as FVOCI.

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

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

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends from such equity instruments are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses on equity instruments recognised in OCI are transferred to retained earnings on disposal of an investment.

(viii) Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as FVOCI is not recognised in profit or loss account on derecognition of such securities.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

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

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

(ix) Modification of financial assets and financial liabilities
If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(x) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the Group consolidated statement of financial position when, and only when, the Group currently has legally enforceable rights to set off amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

6 MATERIAL ACCOUNTING POLICIES continued

(f) Financial assets and financial liabilities continued

(xi) Fair value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

Fair value is applicable to both financial and non-financial instruments.

(xii) Designated at FVTPL

At initial recognition, the Group designates certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

The Group has designated certain financial liabilities as at FVTPL in either of the following circumstances:

a) The liabilities are managed, evaluated and reported internally on a fair value basis; or
b) The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

A description of the basis of each designation is set out in relevant notes for the asset or liability class.

(xiii) Sale and repurchase agreements

Securities sold subject to repurchase agreements (repos) are disclosed in the notes to the Group consolidated financial statements when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included as a separate deposit. Securities purchased under agreements to resell (reverse repos) are recorded as loans and receivables to either banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

(g) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with Central Banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the Group consolidated statement of financial position.

(h) Trading securities

Trading assets are those assets that the Group acquires or incurs principally for the purpose of selling or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets are initially recognised and subsequently measured at fair value in the Group consolidated statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net gain / (loss) on trading securities in profit or loss.

Interest income on trading securities is recognised as a part of interest income.

(i) Derivatives and hedge accounting

The Group follows a hedge accounting model that aligns hedge accounting more closely with risk management. The model measures hedge effectiveness through an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship.

The Group also performs rebalancing of hedging relationships, whereby, if a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio under IFRS 9, but the risk management objective for that designated hedging relationship remains the same, the Group shall adjust the hedge ratio of the hedging relationship so that it meets the qualifying criteria again.

Gains and losses arising from changes in the fair value of derivatives that are not the hedging instrument in a qualifying hedge are recognised as they arise in profit or loss under other operating income.

Hedging instruments include futures, forwards, options and swaps in the interest rate and foreign exchange markets. The Group utilises these instruments to satisfy the requirements of its customers, for proprietary trading purposes and to hedge its own exposure to interest rates and currency risk.

Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value, with any resultant gains and losses being accounted as set out below.

The fair value of derivative hedging instruments is calculated in the same way as the fair value of financial instruments.

The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the exposure to changes in fair value of recognised assets or liabilities or firm commitments (fair value hedge);
- Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge); or
- Hedge of net investment in a foreign operation.

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

(i) Fair value hedge

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item that are attributable to the hedged risk.

If the hedging derivative expires or is sold, terminated, or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. Any adjustment up to that point to a hedged item for which the effective interest method is used, is amortised to profit or loss as part of the recalculated effective interest rate of the item over its remaining life.

(ii) Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of derivative is recognised in OCI within Cash flow hedges – fair value gains / (losses). Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the Group consolidated statement of income.

The accumulated gains and losses recognised in OCI are reclassified to the Group consolidated statement of income in the periods in which the hedged item will affect profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are removed from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting or the hedge designation is revoked, then hedge accounting is discontinued prospectively, and any cumulative gain or loss recognised in OCI at that time remains in equity until the forecast transaction is eventually recognised in the Group consolidated statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in OCI is immediately reclassified to the Group consolidated statement of income.

6 MATERIAL ACCOUNTING POLICIES continued

(iii) Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognised in OCI and accumulated in the translation reserve. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in Group consolidated statement of income. The amount recognised in OCI is reclassified to the Group consolidated statement of income as an adjustment on disposal of the foreign operation.

(iv) Embedded derivatives

Derivatives embedded in financial assets, liabilities and non-financial host contacts, are treated as separate derivatives and recorded at fair value if they meet the definition of a derivative, their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at FVTPL. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the Group consolidated statement of income.

(j) Inventory

Properties acquired in settlement of debt are held as inventory and are stated at lower of cost or net realisable value. Directly attributable costs incurred in the acquisition of inventory is included as part of cost of the inventory.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date.

(k) Property, equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Group consolidated statement of income during the financial period in which they are incurred.

Freehold land and fixed assets not commissioned are not depreciated. The estimated useful life of fixed assets for the Group is as follows:

Freehold premises	25 - 60 years
Freehold improvements	10 years
Leasehold improvements	7 years
Furniture, fixtures and office equipment	5 years
Computer hardware and software	4 - 5 years
Core banking software	5 - 7 years
Motor vehicles	3 - 5 years

Assets are depreciated on a straight-line basis over their estimated useful lives as given above.

Fixed assets not commissioned are stated at cost. When commissioned, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Group's policies.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Group consolidated statement of income.

(l) Investment properties

The Group holds certain properties as investments to earn rental income, for capital appreciation, or both. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment (if any).

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Group consolidated statement of income in other operating income in the year of retirement or disposal.

Transfers to and from investment properties are made only when there is a change in use based on the business model.

(m) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

Goodwill acquired in a business combination represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable net assets, including intangibles, liabilities and contingent liabilities of the acquiree. When the excess is negative (bargain purchase), it is recognised immediately in the Group consolidated statement of income.

Measurement

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the Group consolidated statement of income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(ii) Capitalised software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in the Group consolidated statement of income on a straight-line basis over the estimated useful life of the software, from the date that it is available for use.

(iii) Other intangible assets

Intangibles acquired separately are measured on initial recognition at cost. The cost of the intangibles acquired in a business combination is at fair value as at the date of acquisition. Following initial recognition, intangibles are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangibles with finite lives are amortised over their respective useful lives and assessed for impairment whenever there is an indication that the intangibles may be impaired. The amortisation period and amortisation method for intangibles with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in an accounting estimate prospectively. The amortisation expense on intangibles with finite lives is recognised in the Group consolidated statement of income in the expense category consistent with the function of the intangibles.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

6 MATERIAL ACCOUNTING POLICIES continued

(n) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed periodically to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Group consolidated statement of income. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit (group or units) on a pro rata basis.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(o) Customer deposits, debts issued and other borrowed funds and sukuks payables

Customer deposits, debts issued and other borrowed funds and sukuks payables are the main sources of funding for the Group.

Customer deposits, debts issued and other borrowed funds and sukuks payables are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable (more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(q) Employee benefits

(i) Pension obligations

The Group operates a pension scheme in respect of eligible UAE national employees in compliance with the UAE Federal Law on Pensions and Social Security. Arrangements for benefits for overseas employees is made in accordance with local regulations and customs. Full provision is made for all accrued benefits.

The Group also pays contributions to trustee administered funds on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

(ii) Termination gratuity benefit scheme

In compliance with UAE labour law, the Group has a termination gratuity benefit scheme covering all of its expatriate salaried employees who have been employed with the Group for more than one year. The provision for gratuity is recorded through the Group consolidated statement of income.

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost / (income) for gratuities include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The value of the gratuity obligations is based on the report submitted by an independent actuarial firm.

(r) Dividends distribution on shares

Dividends on ordinary shares classified as equity are recognised in equity in the year in which they are declared. Dividends on ordinary equity shares are recorded in the year in which they are declared and, in respect of the final dividend, have been approved by the shareholders. Approval is also required from the Central Bank of the UAE in order to make a dividend payment.

The Board considers a number of factors such as Group's profitability, growth ambitions, opportunities for future investment and desire to maintain healthy capital ratios in excess of the minimum regulatory requirements.

Retained earnings that are not paid out as dividends are deployed within the business to support future profit growth and drive sustainable dividend growth.

(s) Share capital and reserves

(i) Perpetual Bonds

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Group's perpetual bonds are not redeemable by holders and bear an entitlement to distributions that is non-cumulative and at the discretion of the board of directors. Accordingly, they are presented as a component of issued capital within equity. Distributions thereon are recognised in equity.

(ii) Share issue costs

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(t) Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders (further adjusted for interest expense on Tier 1 capital notes) of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, if any.

(u) Operating segments

For management purposes, the Group is organised into operating segments based on their products, services and certain subsidiaries which are independently managed by the respective segment managers responsible for the performance of the segments under their charge.

The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 34.

(v) Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries:
- controls, is controlled by, or is under common control with, the Group;
- has an interest in the Group that gives it significant influence over the Group; or
- has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly controlled entity;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

(w) Revenue recognition

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group also operates a rewards programme which allows customers to accumulate points when they purchase products on the Group's credit cards. The points can then be redeemed for shopping rewards, cash back or air miles, subject to a minimum number of points being obtained.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

7 STANDARDS ISSUED BUT NOT YET ADOPTED

Certain new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2025, with the Group not opting for early adoption.

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 9 and IFRS 7 The amendments address matters identified during the post implementation review of the classification and measurement requirements of IFRS 9.	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability IFRS 19 specifies the permitted disclosure requirements for an eligible subsidiary to apply instead of the disclosure requirements in other IFRS accounting standards.	1 January 2027

The Group anticipates that these new standards, interpretations, and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

8 HYPERINFLATION

Türkiye has been determined a hyperinflationary economy under IAS 29 (Financial Reporting in Hyperinflationary Economies) with the previous three-year accumulated inflation exceeding 100 per cent. IAS 29 requires non-monetary assets and liabilities of DenizBank A.S.(DenizBank), the Group's subsidiary in Türkiye, to be restated to reflect their current prices using the Consumer Pricing Index (CPI) in the local currency of DenizBank before translation to the Group's functional currency.

As at 31 December 2025, the three-year cumulative inflation rate has been 211% (2024: 291%) based on the Turkish CPI. The consumer price index at the beginning of the reporting period was 2,685 and closed at 3,514 resulting in an increase of 31% (2024: 44%).

- Net non-monetary position (excluding equity) has been indexed by applying the difference in CPI from 31 December 2024 to 31 December 2025 resulting in a gain of AED 1.8 billion (2024: AED 1.6 billion) in the Group consolidated statement of income to the extent determined to be recoverable.
- Monetary assets and liabilities are already reported at the current measuring unit and are not adjusted for inflation. However, the CPI index is applied to measure the loss of purchasing power and for the net monetary position, a hyperinflation adjustment is made in the Group consolidated statement of income, amounting to AED 4.6 billion (2024: AED 5.0 billion) with an equal corresponding credit to OCI.
- Group consolidated statement of income is indexed using the respective period index movement for the year. For the year ended 31 December 2025, the indexation impact on the Group consolidated statement of income is as follows:

In AED Billion	**31 December 2025 Hyperinflation Impact**	31 December 2024 Hyperinflation Impact
Total operating income	**0.97**	0.43
General and administrative expenses	**(0.54)**	(0.58)
Net impairment on financial assets	**(0.28)**	(0.09)
Taxation charge	**(0.01)**	(0.04)

During the year ended 31 December 2025, the loss due to hyperinflation accounting for DenizBank was AED 3.0 billion (2024: AED 3.1 billion) and is recognised in the Group consolidated statement of income as hyperinflation adjustment on net monetary position. Overall, the hyperinflation adjustment results in a credit of AED 1.6 billion (2024: AED 1.8 billion) in OCI after netting off loss on net monetary position recognised in the Group consolidated statement of income.

The positive impact of 28 bps (2024: 29bps), arising from the AED 3.2 billion (2024: AED 2.8 billion) non-monetary items credit adjustment to equity partially offset by AED 5.5 billion (2024: AED 4.9 billion) indexation impact on risk-weighted assets, has been excluded from the capital adequacy computations.

9 CASH AND DEPOSITS WITH CENTRAL BANKS

	2025 AED million	2024 AED million
Cash	**7,303**	6,402
Statutory and other deposits with central banks	**107,494**	87,377
Interest-bearing placements with central banks	**348**	295
Murabahas and interest-bearing certificates of deposits with central banks	**9,518**	10,602
Less: Expected credit losses	**(16)**	(11)
	124,647	104,665

The reserve requirements which are kept with the central banks of the countries in which the Group operates are not available for use in the Group's day to day operations and cannot be withdrawn without the approval of the relevant central bank. The level of reserves required changes periodically in accordance with the directives of the respective central banks.

10 DUE FROM BANKS

31 December 2025	**Local* AED million**	**Foreign** AED million**	**Total AED million**
Time loans	**22,237**	**103,046**	**125,283**
Overnight, call and short notice	**582**	**10,651**	**11,233**
Gross due from banks	**22,819**	**113,697**	**136,516**
Less: Expected credit losses			**(369)**
			136,147

31 December 2024	Local* AED million	Foreign** AED million	Total AED million
Time loans	16,147	92,492	108,639
Overnight, call and short notice	1,095	23,252	24,347
Gross due from banks	17,242	115,744	132,986
Less: Expected credit losses			(220)
			132,766

The average yield on the above placements averaged 5.04% p.a. (2024: 8.06% p.a.).

* Local: These are in UAE
** Foreign: These are outside UAE

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

11 INVESTMENT SECURITIES

31 December 2025	Domestic* AED million	Regional** AED million	International*** AED million	Total AED million
TRADING SECURITIES MEASURED AT FVTPL				
Government bonds	2,525	12,459	7,570	22,554
Corporate bonds	2,983	3,119	1,531	7,633
Equity	–	–	170	170
Others	–	–	1,173	1,173
	5,508	15,578	10,444	31,530
DESIGNATED AS AT FVTPL				
Equity	–	127	2	129
Others	–	3	5	8
	–	130	7	137
MEASURED AT AMORTISED COST				
Government bonds	64,646	22,313	36,367	123,326
Corporate bonds	5,390	4,606	1,401	11,397
	70,036	26,919	37,768	134,723
Less: Expected credit losses				(221)
				134,502
MEASURED AT FVOCI – DEBT INSTRUMENTS				
Government bonds	5,443	4,004	16,605	26,052
Corporate bonds	6,230	4,461	3,544	14,235
	11,673	8,465	20,149	40,287
Less: Expected credit losses				(83)
				40,204
MEASURED AT FVOCI – EQUITY INSTRUMENTS				
Equity	121	18	96	235
	121	18	96	235
Gross investment securities	87,338	51,110	68,464	206,912
Net investment securities				206,608

As at 31 December 2025, the fair value of investment securities measured at amortised cost amounted to AED 132,109 million (2024: AED 153,362 million). These investments are classified under level 1.

31 December 2024	Domestic* AED million	Regional** AED million	International*** AED million	Total AED million
TRADING SECURITIES MEASURED AT FVTPL				
Government bonds	2,826	979	2,675	6,480
Corporate bonds	1,190	922	480	2,592
Equity	-	-	145	145
Others	-	-	1,009	1,009
	4,016	1,901	4,309	10,226
DESIGNATED AS AT FVTPL				
Equity	-	73	2	75
Others	-	3	5	8
	-	76	7	83
MEASURED AT AMORTISED COST				
Government bonds	91,317	18,250	39,179	148,746
Corporate bonds	4,380	3,650	1,423	9,453
	95,697	21,900	40,602	158,199
Less: Expected credit losses				(103)
				158,096
MEASURED AT FVOCI – DEBT INSTRUMENTS				
Government bonds	3,001	1,362	13,766	18,129
Corporate bonds	5,539	3,724	3,267	12,530
	8,540	5,086	17,033	30,659
Less: Expected credit losses				(51)
				30,608
MEASURED AT FVOCI – EQUITY INSTRUMENTS				
Equity	114	2	94	210
	114	2	94	210
Gross investment securities	108,367	28,965	62,045	199,377
Net investment securities				199,223

* Domestic: These are securities issued within the UAE.
** Regional: These are securities issued within the Middle East excluding the UAE.
*** International: These are securities issued outside the Middle East region.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

12 LOANS AND RECEIVABLES

		2025 AED million	2024 AED million
(a)	By type		
	Gross loans and receivables	**657,771**	529,179
	Less: Expected credit losses	**(24,924)**	(27,552)
	Net loans and receivables	**632,847**	501,627
	At amortised cost		
	Overdrafts	**23,371**	21,182
	Time loans	**424,517**	344,958
	Loans against trust receipts	**12,315**	9,707
	Bills discounted	**12,383**	9,202
	Credit card receivables	**30,573**	26,243
	Gross loans - conventional	**503,159**	411,292
	Murabaha	**116,218**	86,497
	Ijara	**36,117**	28,908
	Wakala	**1,256**	1,820
	Istisna'a	**2,149**	1,749
	Credit cards receivable	**4,553**	3,685
	Others	**1,994**	603
	Less: Deferred income	**(7,675)**	(5,375)
	Gross islamic financing receivables	**154,612**	117,887
	Gross loans and receivables	**657,771**	529,179
	Total of credit impaired loans and receivables	**15,614**	17,639
(b)	By business units		
	Corporate and Institutional Banking	**407,163**	314,777
	Retail Banking and Wealth Management	**225,684**	186,850
		632,847	501,627

Ijara assets amounting to AED 7.3 billion (2024: AED 5.2 billion) were securitised for the purpose of issuance of sukuks (refer Note 13 and 18).

ECL on Loans and receivables have been disclosed in further detail in Note 44 (I).

13 LOANS SECURITISATION

Securitisation of islamic financing receivables

The Group transferred certain identified Ijara assets totalling to AED 7.3 billion (the co-owned assets) of its subsidiary, Emirates Islamic Bank (P.J.S.C.), to El Sukuk Company Limited – (the Issuer), a special purpose vehicle formed for the issuance of these sukuk.

In substance, the co-owned assets remain in control of the Group; accordingly these assets continue to be recognised by the Group. In case of any default, the Group has provided an undertaking to make good all losses to the sukuk holders. The assets are in the control of the Group and shall continue to be serviced by the Group.

14 GOODWILL AND INTANGIBLES

	Goodwill	Intangibles on Acquisition				Total
31 December 2025	AED million	Banking license AED million	Customer relationships AED million	Core deposit intangibles AED million	Brands AED million	AED million
Cost						
Balance as at 1 January 2025	**5,520**	**52**	**495**	**913**	**59**	**7,039**
Exchange and other adjustments*	**1**	**3**	**–**	**–**	**(10)**	**(6)**
Balance as at 31 December 2025	**5,521**	**55**	**495**	**913**	**49**	**7,033**
Less: amortisation and impairment						
Balance as at 1 January 2025	**5**	**–**	**495**	**913**	**–**	**1,413**
Amortisation and impairment for the year	**–**	**–**	**–**	**–**	**–**	**–**
Balance as at 31 December 2025	**5**	**–**	**495**	**913**	**–**	**1,413**
Net goodwill and intangibles	**5,516**	**55**	**–**	**–**	**49**	**5,620**
31 December 2024						
Cost	5,520	52	495	913	59	7,039
Less: amortisation and impairment	5	-	495	913	-	1,413
Net goodwill and intangibles	5,515	52	-	-	59	5,626

* Exchange and other adjustments relate to translation of acquired goodwill and intangibles pertaining to Emirates NBD Egypt S.A.E. and DenizBank using the year end exchange rate.

The goodwill and intangibles were acquired through business combinations. Goodwill and brands have indefinite life and are reviewed annually for impairment.

Impairment testing of goodwill
The goodwill acquired through business combinations with an indefinite life is reviewed annually for impairment by comparing the recoverable amount based on value-in-use calculations for cash generating units (CGUs) to which goodwill has been allocated with its carrying value.

The goodwill has been allocated to four cash-generating units:
- Corporate and Institutional Banking
- Retail Banking and Wealth Management
- Global markets and treasury
- Emirates NBD Egypt S.A.E.

Key assumptions used in impairment testing for goodwill
The recoverable amount of the cash-generating units has been determined based on a value in use calculation, using cash flow projections covering a five-year period and by applying a terminal growth rate thereafter.

The calculation of value in use in the cash-generating units is most sensitive to the following assumptions:
- Interest margins;
- Discount rates;
- Market share during the projection period;
- Projected growth rates used to extrapolate cash flows beyond the projection period;
- Current local gross domestic product; and
- Local inflation rates.

Interest margins
Interest margins are based on prevailing market rates at the start of the budget period. These are changed over the budget period for anticipated market conditions.

Discount rates
Discount rates reflect Management's estimate of return on capital employed required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using the weighted average cost of capital.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

14 GOODWILL AND INTANGIBLES continued

Projected growth rate, gross domestic product and local inflation rates
Assumptions are based on published industry research.

The recoverable amount of goodwill of CGUs, determined on the basis of value in use calculation, uses cash flow projections covering a five year period, with an appropriate terminal growth rate applied thereafter. The forecast cash flows have been discounted using the WACC (8.6% for UAE and 31.01% for Egypt) in the jurisdiction where the CGU operates. A one percentage point change in the discount rate or the terminal growth rate would reduce the recoverable amount of the CGUs as mentioned in the table below:

Cash generating units (CGUs)	Goodwill allocated to CGUs (AED million)	Recoverable amount (AED million)	One percentage change in discount rate (AED million)	One percentage change in terminal growth rate (AED million)
Corporate and Institutional Banking	3,589	118,303	15,541	12,092
Retail Banking and Wealth Management	1,700	137,021	18,000	14,005
Global markets and treasury	206	72,519	10,481	8,403
Emirates NBD Egypt S.A.E	21	2,761	105	42

Based on the current impairment assessment, goodwill is not impaired as at 31 December 2025.

Intangibles
Acquired intangibles are recognised at their fair value upon initial recognition.

The specific criteria which needs to be satisfied for an intangible asset to be recognised separately from goodwill in an acquisition is that the intangible asset must be clearly identifiable, in that it either;

- Be separable, that is, be capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- Arise from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangibles excluding banking license and brand are amortised using the straight-line method over the useful life of the asset, which is estimated to be between 3 and 11 years. If an indication of impairment arises, the recoverable amount is estimated and an impairment loss is recognised if the recoverable amount is lower than the carrying amount.

The banking license and brands have indefinite lives and are tested for impairment annually. For impairment testing purposes, the banking license and brands are allocated to the relevant cash generating unit. Based on the current assessment, banking license and brands are not impaired as at 31 December 2025.

15 OTHER ASSETS

	2025 AED million	2024 AED million
Accrued interest receivable	**9,231**	8,945
Islamic profit receivable	**491**	376
Prepayments and other advances	**3,421**	2,763
Sundry debtors and other receivables	**4,469**	3,223
Inventory	**3,869**	3,807
Deferred tax asset	**96**	420
Investment properties	**347**	348
Others	**6,144**	2,906
	28,068	22,788

16 DUE TO BANKS

	2025 AED million	2024 AED million
Demand and call deposits	**2,255**	8,302
Balances with correspondent banks	**2,832**	2,330
Repurchase agreements with banks	**14,883**	7,412
Time and other deposits	**46,307**	37,443
	66,277	55,487

The interest incurred on the above averaged 9.10% p.a. (2024: 10.21% p.a.).

17 CUSTOMER DEPOSITS

	2025 AED million	2024 AED million
(a) **By Type**		
Demand, call and short notice	**304,745**	262,856
Time	**315,033**	273,297
Savings	**100,229**	76,115
Others (including escrow)	**66,017**	54,509
	786,024	666,777

	2025 AED million	2024 AED million
(b) **By Business Units**		
Corporate and Institutional Banking and Treasury	**343,998**	301,629
Retail Banking and Wealth Management	**442,026**	365,148
	786,024	666,777

Included in the above customer deposits are islamic deposits totalling to AED 150,459 million (2024: AED 107,193 million)

The interest incurred and profit distribution to depositors on the above deposits averaged 5.14% p.a (2024: 6.07% p.a.).

18 DEBT ISSUED, SUKUKS PAYABLE AND OTHER BORROWED FUNDS

	2025 AED million	2024 AED million
Medium term note programmes	**61,290**	56,014
Term loans from banks	**15,394**	13,884
Sukuks payable	**10,181**	7,427
Borrowings raised from loan securitisations	**3,422**	2,578
	90,287	79,903

Some of the debts issued and other borrowed funds have been hedged for cash flow and fair value risks and amount to AED 32,546 million (2024: AED 25,696 million). For details of hedging instruments please refer to Note 33.

	2025 AED million	2024 AED million
Balance as at 1 January	**79,903**	70,789
New issuances	**33,477**	30,443
Repayments	**(22,402)**	(19,471)
Other movements*	**(691)**	(1,858)
Balance as at 31 December	**90,287**	79,903

* Represents exchange rate and fair value movements on debts issued in foreign currency. The Group hedges the foreign currency risk on public issuances through derivative financial instruments.

18 DEBT ISSUED, SUKUKS PAYABLE AND OTHER BORROWED FUNDS continued

As at 31 December 2025 and 31 December 2024, the outstanding medium term notes, sukuks payable and borrowings are falling due as below:

	2025 AED million	2024 AED million
2025	–	23,679
2026	**18,106**	11,926
2027	**17,056**	12,424
2028	**9,803**	6,823
2029	**9,986**	9,494
2030	**14,816**	3,456
Beyond 2030	**20,520**	12,101
	90,287	79,903

The interest rate paid on debt issued, sukuks payable and other borrowed funds averaged 4.36% p.a in 2025 (2024: 5.42% p.a.).

19 OTHER LIABILITIES

	2025 AED million	2024 AED million
Accrued interest payable	**6,004**	8,065
Profit payable to islamic depositors	**834**	678
Managers' cheques	**3,458**	3,298
Trade and other payables	**10,606**	9,783
Staff related liabilities	**2,407**	2,226
Provision for taxation (refer Note 31)	**4,207**	2,734
Others	**20,961**	16,042
	48,477	42,826

20 ISSUED CAPITAL AND SHARE PREMIUM RESERVE

Authorised, issued and fully paid: 6,316,598,253 ordinary shares of AED 1 each (2024: 6,316,598,253 ordinary shares).

At the forthcoming annual general meeting, the Group is proposing a cash dividend of AED 1.00 per share for the year (2024: AED 1.00 per share) amounting to AED 6,317 million (2024: AED 6,317 million).

21 TIER 1 CAPITAL NOTES

The Group has issued a number of regulatory Tier 1 capital notes with details mentioned in the table below. The notes are perpetual, subordinated and unsecured. The Group can elect not to pay a coupon at its own discretion. Note holders will not have a right to claim the coupon and such event will not be considered an event of default. The notes carry no maturity date and have been classified as equity.

The Group has exercised its option to call back Tier 1 capital notes amounting to AED 3.67 billion issued in March 2019.

Issuance Month/Year	Issued Amount	Coupon Rate
July 2020	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset after six years
May 2021	USD 750 million (AED 2.75 billion)	Fixed interest rate with a reset after six years
February 2025	USD 1 billion (AED 3.67 billion)	Fixed interest rate with a reset after six years

22 RESERVES

Legal and statutory reserves

In accordance with the Bank's Articles of Association, and in compliance with Federal Decree-Law no. (32) of 2021 on Commercial Companies, a minimum of 10% of profit should be transferred to a non-distributable legal and statutory reserve until such time as this reserve equals 50% of the Bank's issued capital. Since the legal and statutory reserve is equal to 50% of the Bank's issued capital, profit was not appropriated to the legal and statutory reserve during the year.

Other reserve

10% of the profit is also transferable to a non-distributable regular reserve until such time as this reserve equals 10% of the Bank's issued capital as per the Bank's Articles of Association. Since the regular reserve is equal to 10% of the Bank's issued capital, profit was not appropriated to the regular reserve during the year.

	Legal and statutory reserve AED million	Regular reserve AED million	Other reserves AED million	Total AED million
At 1 January 2025	3,158	631	2,314	6,103
Transfer from retained earnings	–	–	–	–
At 31 December 2025	3,158	631	2,314	6,103

Fair value reserve

Fair value reserve includes the net change in fair value of FVOCI financial assets and the net effective portion of changes in fair value of cash flow hedges.

Currency translation reserve

Currency translation reserve represents the exchange differences arising from re-translating the opening net investment in foreign operations.

23 NET INTEREST INCOME

	2025 AED million	2024 AED million
Interest and similar income		
Loans and receivables to customers	**50,236**	47,380
Loans and receivables to banks	**9,736**	11,661
Investment securities at FVOCI	**3,393**	3,133
Investment securities at amortised cost	**3,814**	4,141
Trading securities and designated at FVTPL investment securities	**933**	591
Others	**2,780**	2,223
Total interest income	**70,892**	69,129
Interest and similar expense		
Deposits from customers	**(34,474)**	(34,814)
Borrowings from banks and financial institutions	**(4,159)**	(2,088)
Debt issued and other borrowed funds	**(3,441)**	(5,443)
Others	**(411)**	(415)
Total interest expense	**(42,485)**	(42,760)
Net interest income	**28,407**	26,369

24 INCOME FROM ISLAMIC FINANCING AND INVESTMENT PRODUCTS

	2025 AED million	2024 AED million
Murabaha	**4,826**	4,153
Ijara	**1,732**	1,544
Others	**4,525**	3,306
	11,083	9,003

25 DISTRIBUTION ON ISLAMIC DEPOSITS AND PROFIT PAID TO SUKUK HOLDERS

	2025 AED million	2024 AED million
Distribution to depositors	**3,588**	2,761
Profit paid to sukuk holders	**400**	215
	3,988	2,976

Distribution on islamic deposits represents the share of income between depositors and equity holders (including gift amount). The allocation and distribution to depositors is approved by the Profit Equalization Committee, Internal Shari'ah Supervision Committee of the Group and the islamic banking subsidiary respectively.

Profit paid to sukuk holders represents the distribution of returns received in respect of leased assets transferred to the El Sukuk Company Limited which was specifically formed for this transaction.

26 NET FEE AND COMMISSION INCOME

	2025 AED million	2024 AED million
Fee income	**13,696**	11,716
Commission income on trade finance products / services	**1,455**	1,170
Portfolio and other management fees	**519**	385
Brokerage fees	**68**	76
Total fee and commission income	**15,738**	13,347
Fee and commission expense	**(7,706)**	(6,554)
	8,032	6,793

27 OTHER OPERATING INCOME

	2025 AED million	2024 AED million
Dividend income on equity investments	**14**	12
Gain from sale of debt investment securities measured at FVOCI	**124**	448
Gain from investment securities designated at fair value through profit or loss	**1**	6
Rental income	**71**	63
Loss on sale of investment properties / inventories	**(37)**	(6)
Foreign exchange and derivative income (net)*	**2,927**	3,481
Other income (net)	**422**	103
	3,522	4,107

* Foreign exchange income comprises of trading and translation gain / (loss) and gain / (loss) on dealings with customers. This also includes fair value loss on the structured derivatives transactions, the underlying assets' fair value gain is recorded in the net gain on trading securities.

28 GENERAL AND ADMINISTRATIVE EXPENSES

	2025 AED million	2024 AED million
Staff cost	**9,229**	8,282
Occupancy cost	**396**	346
Equipment and supplies	**284**	288
Information technology cost	**939**	808
Communication cost	**433**	394
Service, legal and professional fees	**522**	549
Marketing related expenses	**331**	333
Depreciation	**1,248**	1,150
Others	**1,653**	1,601
	15,035	13,751

29 NET IMPAIRMENT

The charge to the Group consolidated statement of income for the net impairment is made up as follows:

	2025 AED million	2024 AED million
Net impairment of cash and deposits with central banks	**5**	-
Net impairment of due from banks	**148**	70
Net impairment of investment securities	**142**	44
Net impairment of loans and receivables (refer note – 44 l)	**2,731**	(404)
Net impairment of unfunded exposures	**(314)**	1,069
Bad debt written off / (recovery) - net	**(1,298)**	(789)
Net impairment on financial assets	**1,414**	(10)
Net impairment of non-financial assets	**54**	116
	1,468	106

30 DIRECTORS FEES

This comprises of fees payable to the directors of the Group of AED 31 million (2024: AED 31 million).

31 TAXATION

The Group implemented UAE corporate tax from 1 January 2024 in line with Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses. The entities within the UAE corporate tax group were subject to 9% corporate tax.

The Group implemented UAE domestic minimum top-up tax from 1 January 2025 in line with Cabinet Decision No. 142 of 2024 on the Imposition of Top-up Tax on Multinational Enterprises (Pillar Two legislation). The entities within scope are subject to an overall effective rate of 15%.

The overall minimum tax rate applied to UAE and other applicable profits is 15%.

Amendments to IAS 12 introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing Pillar Two. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The tax charge for the year ended 31 December 2025 is AED 5,831 million (2024: AED 4,133 million), representing Group effective tax rate of 17.8% (2024: 13.7%). The UAE effective tax rate is 14.6% (2024: 9.0%) and Türkiye effective tax rate is 27.9% (2024: 29.2%).

A. Amounts recognised in the Statement of Income:

	2025 AED million	2024 AED million
Current income tax expense:		
Corporate tax charge (excluding Pillar Two tax charge)	**3,916**	3,858
Pillar Two tax charge	**1,251**	-
Deferred tax expense:		
Origination of temporary differences	**407**	275
Reversal of temporary differences	**257**	-
Income tax expense reported in the Statement of Income	**5,831**	4,133

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

31 TAXATION continued

B. Reconciliation of effective tax rate

	2025 AED million	2024 AED million
Profit before tax (before hyperinflation)	**32,816**	30,277
Domestic tax at 15% (2024: 9%)	**3,781**	2,097
Tax in foreign jurisdictions	**2,199**	1,986
Increase in tax rates	**-**	-
Tax effect of:		
Income not taxable	**(267)**	(58)
Non-deductible expenses	**134**	160
Deductible amount not included in PBT	**(114)**	(2)
Others	**96**	(71)
Current year losses for which no deferred tax asset is recognized	**2**	21
Total income tax expense	**5,831**	4,133

32 EARNINGS PER SHARE

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders (further adjusted for interest expense on Tier 1 capital notes) of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all diluted potential ordinary shares, if any.

	2025 AED million	2024 AED million
Profit for the year attributable to equity holders	**23,981**	22,973
Deduct: Interest on Tier 1 capital notes	**(539)**	(511)
Net profit attributable to equity holders	**23,442**	22,462
Weighted average number of equity shares in issue (million)	**6,311**	6,311
Earnings per share* (AED)	**3.71**	3.56
Adjusted earnings per share** (AED)	**4.19**	4.06

* The diluted and basic earnings per share were the same for the year ended 31 December 2025 and 31 December 2024.

** Adjusted EPS for the year ended 31 December 2025 and 31 December 2024 represent net profit for the period attributable to equity holders excluding the non-cash impact of hyperinflation adjustment on net monetary position divided by weighted average number of equity shares in issue.

33 DERIVATIVES

The table below shows the positive and negative fair values of derivative financial instruments, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

31 December 2025 notional amounts by term to maturity

	Positive fair value AED million	Negative fair value AED million	Notional amount AED million	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Over 5 years AED million
Derivatives held for trading:								
Forward foreign exchange contracts	**1,287**	**(1,098)**	**418,020**	**237,928**	**141,849**	**22,860**	**5,608**	**9,775**
Foreign exchange options	**158**	**(120)**	**27,032**	**22,934**	**3,650**	**115**	**333**	**-**
Interest rate swaps/caps	**10,039**	**(12,930)**	**798,010**	**125,524**	**160,033**	**251,664**	**132,588**	**128,201**
Commodity options	**339**	**(282)**	**7,609**	**2,172**	**1,077**	**4,337**	**23**	**-**
	11,823	**(14,430)**	**1,250,671**	**388,558**	**306,609**	**278,976**	**138,552**	**137,976**
Derivatives held as cash flow hedges:								
Interest rate swaps	**262**	**(1,189)**	**35,921**	**4,985**	**21,387**	**4,316**	**3,653**	**1,580**
Derivatives held as fair value hedges:								
Interest rate swaps	**317**	**(3,589)**	**35,620**	**3,854**	**1,378**	**9,099**	**6,479**	**14,810**
Derivatives held as hedge of a net investment in foreign operations:								
Forward foreign exchange contracts	**11**	**-**	**302**	**42**	**260**	**-**	**-**	**-**
Total	**12,413**	**(19,208)**	**1,322,514**	**397,439**	**329,634**	**292,391**	**148,684**	**154,366**

Hedging instruments are issued to hedge against interest rate and foreign exchange risks pertaining to hedged items. Hedged items include certain loans and receivables amounting to AED 26,347 million (Note 12), investment securities amounting to AED 12,038 million (Note 11), customer deposits amounting to AED 610 million (Note 17) and debt issued, sukuks payable and other borrowed funds amounting to AED 32,546 million (Note 18). All the hedges were determined to be effective as on 31 December 2025.

The hedged forecast cash flows which are expected to occur over the future years and are expected to affect profit or loss are insignificant.

31 December 2024 notional amounts by term to maturity

	Positive fair value AED million	Negative fair value AED million	Notional amount AED million	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Over 5 years AED million
Derivatives held for trading:								
Forward foreign exchange contracts	1,076	(854)	253,542	178,753	53,246	15,671	5,326	546
Foreign exchange options	210	(168)	12,591	7,172	4,659	183	577	-
Interest rate swaps/caps	10,453	(9,712)	718,772	99,729	183,200	225,751	99,997	110,095
Commodity options	70	(58)	5,296	438	979	2,889	990	-
	11,809	(10,792)	990,201	286,092	242,084	244,494	106,890	110,641
Derivatives held as cash flow hedges:								
Interest rate swaps	419	(575)	38,536	5,529	10,851	20,912	815	429
Derivatives held as fair value hedges:								
Interest rate swaps	236	(4,530)	26,367	-	1,344	7,411	5,461	12,151
Derivatives held as hedge of a net investment in foreign operations:								
Forward foreign exchange contracts	4	-	333	43	290	-	-	-
Total	12,468	(15,897)	1,055,437	291,664	254,569	272,817	113,166	123,221

Hedging instruments are issued to hedge against interest rate and foreign exchange risks pertaining to hedged items. Hedged items include certain loans and receivables amounting to AED 29,976 million (Note 12), investment securities amounting to AED 8,966 million (Note 11), customer deposits amounting to AED 265 million (Note 17) and debt issued and borrowed funds amounting to AED 25,696 million (Note 18). All the hedges were determined to be effective as on 31 December 2024.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

33 DERIVATIVES continued

Derivative product types

Forwards are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps are contractual agreements between two parties to exchange interest or foreign currency differentials based on a specific notional amount. For interest rate swaps, counterparties generally exchange fixed and floating rate interest payments based on a notional value in a single currency. For currency swaps, the underlying amounts are exchanged in different currencies.

Options are contractual agreements that convey the right, but not the obligation, to either buy or sell a specific amount of a commodity or financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

Derivative related credit risk

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive fair value of instruments that are favourable to the Group and potential future fluctuations. The majority of the fair value of favourable contracts (and therefore credit risk) is exposure to financial institutions. All credit exposure is managed under approved facilities, and in many cases are collateralised under Credit support annexure. The Group takes a Credit Value Adjustment (CVA) on outstanding derivative transactions. The methodology for CVA calculation relies on three components: the probability of default of the counterparty, the expected positive exposure and the recovery rate. CVA is computed on all asset classes including Foreign Exchange, Interest Rates and Commodities.

Derivatives held or issued for trading purposes

Most of the Group's derivative trading activities relate to sales and position coverage. Sales activities involve offering products to customers at competitive prices in order to enable them to transfer, modify or reduce current and expected risks.

Derivatives trading is conducted under board approved limits.

Derivatives held or issued for hedging purposes

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to currency and interest rate risks. This is achieved by hedging specific financial instruments and forecasted transactions as well as strategic hedging against overall balance sheet exposures.

The Group designates its derivatives held or issued for hedging purposes as:

- Fair value hedges: Hedges of the fair value of recognised assets or liabilities or firm commitments;
- Cash flow hedges: Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a highly probable forecast transaction; and
- Net investment hedges: Hedges of net investments in foreign operations.

Further, in terms of the hedging transactions carried out by the Group, the Group documents:

- At the inception of the transaction, the relationship between hedging instruments and hedged items, the risk being hedged and the Group's risk management objective and strategy for undertaking a hedge transaction.
- The manner in which effectiveness will be measured throughout the life of the hedge relationship.
- The Group's assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Hedge effectiveness is measured by the Group on a prospective basis at inception, as well as retrospectively (where applicable) and prospectively over the term of the hedge relationship. Sources of ineffectiveness in hedge accounting include the impact of derivative related credit risk on the valuation of the hedging derivative and hedged item. To mitigate this credit risk, the Group executes hedging derivatives with high quality counterparties and the majority of the Group's hedging derivatives are collateralised.

Fair value hedges:

The Group uses interest rate swaps to hedge against changes in value of investment securities due to interest rate movements. These are designated by the Group as fair value hedges and, therefore the fair value hedge accounting is applied to hedge movements in the value of fixed interest rate assets and liabilities subject to interest rate risk, as well as assets and liabilities subject to foreign exchange risk.

Subsequent to initial designation, changes in the fair value of derivatives designated as fair value hedges are accounted for in the other operating income, along with any changes in the fair value of the hedged asset or liability attributable to the hedged risk.

Cash flow hedges:

The Group uses interest rate swaps and forward rate agreements to hedge against the cash flow risks arising on certain floating rate customer deposits and medium-term borrowings. Interest rate swaps are also used to hedge against the cash flow risks arising on certain floating rate loans and receivables. These are designated by the Group as cash flow hedges, and, as such, the Group applies cash flow hedge accounting to hedge the variability in highly probable forecast future cash flows attributable to interest rate risk on variable rate assets and liabilities, and assets and liabilities subject to foreign exchange risk.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges are recognised in the fair value reserve within equity. Any gain or loss relating to the ineffective portion is recognised immediately in the Group consolidated statement of income.

Net investment hedges:

Net investment hedging instruments often consist of derivatives such as forward rate which are accounted for in the same manner as cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the foreign currency translation reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Group consolidated statement of income.

34 OPERATING SEGMENTS

The Group is organised into the following main businesses:

(a) Corporate and Institutional Banking represents corporate loans, customer deposits (including current and saving accounts), trade finance (including cash), islamic products (including Emirates Islamic Bank P.J.S.C.) and structured financing for the Group excluding DenizBank;
(b) Retail Banking and Wealth Management represents retail loans, customer deposits, private banking and wealth management, islamic products (including Emirates Islamic Bank P.J.S.C.), equity broking services, asset management and consumer financing for the Group excluding DenizBank;
(c) Global Markets and Treasury activities comprise of managing the Group's portfolio of investments, funds management, islamic products (including Emirates Islamic Bank P.J.S.C.) and interbank treasury operations for the Group excluding DenizBank;
(d) DenizBank is managed as a separate operating segment; and
(e) Other operations of the Group include Emirates NBD Global Services LLC, property management, operations and support functions.

Transactions between operating segments is on an arm's-length basis in a manner similar to transactions with third parties.

Audited 31 December 2025	Corporate and Institutional Banking AED million	Retail Banking and Wealth Management AED million	Global Markets and Treasury AED million	DenizBank AED million	Others AED million	Total AED million
Net interest income and income from islamic products net of distribution to depositors	5,833	13,580	1,869	9,931	4,289	35,502
Net fees, commission and other income	3,211	6,169	417	3,875	145	13,817
Total operating income	9,044	19,749	2,286	13,806	4,434	49,319
General and administrative expenses	(943)	(5,785)	(253)	(5,035)	(3,019)	(15,035)
Net impairment (loss) / reversal	2,833	(2,196)	(8)	(2,508)	411	(1,468)
Hyperinflation adjustment on net monetary position	–	–	–	(2,978)	–	(2,978)
Profit for the year before taxation	10,934	11,768	2,025	3,285	1,826	29,838
Segment assets	525,117	226,986	225,901	177,520	8,918	1,164,442
Segment liabilities and equity	346,912	386,766	60,921	156,055	213,788	1,164,442

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

34 OPERATING SEGMENTS continued

Audited 31 December 2024	Corporate and Institutional Banking AED million	Retail Banking and Wealth Management AED million	Global Markets and Treasury AED million	DenizBank AED million	Others AED million	Total AED million
Net interest income and income from islamic products net of distribution to depositors	5,528	12,474	2,842	7,125	4,427	32,396
Net fees, commission and other income	2,625	5,293	(111)	3,915	16	11,738
Total operating income	8,153	17,767	2,731	11,040	4,443	44,134
General and administrative expenses	(859)	(5,306)	(244)	(4,478)	(2,864)	(13,751)
Net impairment (loss) / reversal	2,677	(2,440)	(43)	(493)	193	(106)
Hyperinflation adjustment on net monetary position	-	-	-	(3,136)	-	(3,136)
Profit for the year before taxation	9,971	10,021	2,444	2,933	1,772	27,141
Segment assets	392,847	188,264	239,175	165,339	10,957	996,582
Segment liabilities and equity	280,583	338,031	42,866	147,244	187,858	996,582

35 SUBSIDIARIES

The direct subsidiaries of the Group are as follows:

As at 31 December 2025

	Subsidiaries:	Group % Share holding	Nature of business	Country of incorporation
1	Buzz Contact Centre Solutions LLC	100	Call centre management services	Dubai, U.A.E.
2	DenizBank Anonim Sirketi	100	Banking	Türkiye
3	Emirates Funds LLC	100	Asset management	Dubai, U.A.E.
4	Emirates Funds Managers (Jersey) Limited	100	Asset management	Jersey, England
5	Emirates Islamic Bank (P.J.S.C.)	100	Islamic banking	Dubai, U.A.E.
6	Emirates Money Consumer Finance LLC	100	Consumer finance	Dubai, U.A.E.
7	Emirates NBD Asset Management Limited	100	Asset management	Dubai, U.A.E.
8	Emirates NBD Capital (KSA) LLC	100	Investment services	KSA
9	Emirates NBD Capital P.S.C.	100	Investment services	Dubai, U.A.E.
10	Emirates NBD Egypt S.A.E.	100	Banking	Egypt
11	Emirates NBD Global Funding Limited	100	Medium term borrowing and money market transactions	Cayman Islands
12	Emirates NBD Properties LLC	100	Real estate management	Dubai, U.A.E.
13	Emirates NBD Securities LLC	100	Brokerage services	Dubai, U.A.E.
14	Emirates NBD Trust Company (Jersey) Limited (1)	100	Trust administration services	Jersey, England
15	ENBD London Branch Nominee Company	100	Nominee Company for Investment business	England
16	Emirates NBD Global Services LLC	100	Shared services organization	Dubai, U.A.E.
17	Emirates NBD Capital India Private Limited	100	Asset management	India

(1) Under liquidation

The Group consolidates ENBD Global Markets Limited, an SPE, for funding purposes, on the basis of assessment of control

36 COMMITMENTS AND CONTINGENCIES

(a) The Group's commitments and contingencies are as follows:

	2025 AED million	2024 AED million
Letters of credit	**18,789**	17,118
Guarantees	**106,914**	80,028
Liability on risk participations	**122**	416
Irrevocable loan commitments*	**59,559**	95,414
	185,384	192,976

* Irrevocable loan commitments represent a contractual commitment to permit drawdowns on a facility within a defined period subject to conditions precedent and termination clauses. Since commitments may expire without being drawn down, and as conditions precedent to draw down have to be fulfilled the total contract amounts do not necessarily represent exact future cash requirements.

As at 31 December 2025 and 31 December 2024, ECL on unfunded exposures amounted to:

	2025			2024		
AED million	**12-month ECL**	**Lifetime ECL not credit-impaired**	**Lifetime ECL credit-impaired**	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired
Exposure	**186,014**	**6,443**	**2,277**	193,362	5,967	3,125
Expected credit losses	**(951)**	**(176)**	**(2,199)**	(903)	(177)	(2,561)
	185,063	**6,267**	**78**	192,459	5,790	564

Unfunded exposure includes guarantees, standby letter of credit, liability on risk participations, customer acceptances and irrevocable loan commitments.

(b) Acceptances
Acceptances are recognised on the Group's consolidated statement of financial position with a corresponding liability. Accordingly, there is no off-balance sheet commitment for acceptances.

(c) Capital commitments
The Group has capital commitments as at 31 December 2025 for branch refurbishments and automation projects of AED 1,452 million (2024: AED 1,802 million).

37 RELATED PARTY TRANSACTIONS

Investment Corporation of Dubai (40.92%) together with Dubai holding (14.83%), both of which are wholly owned by the Government of Dubai, hold a controlling interest in the Group.

Deposits from and loans to Dubai government related entities, other than those that have been individually disclosed, amount to 4% (2024: 5%) and 7% (2024: 7%) respectively, of the total deposits and loans of the Group. These entities are independently run business entities, and all financial dealings with the Group are on normal commercial terms.

The Group has also entered into transactions with certain other related parties who are non government related entities. Such transactions were also made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with third parties and do not involve more than a normal amount of risk.

Related party balances and transactions are carried out on normal commercial terms and are as follows:

	2025 AED million	2024 AED million
Loans and receivables:		
To majority shareholder of the parent	**36,504**	57,333
To parent	**2,200**	2,262
To directors and related companies	**2,228**	1,949
	40,932	61,544

	2025 AED million	2024 AED million
Customer and islamic deposits:		
From majority shareholder of the parent	**16,459**	8,056
From parent	**2,163**	2,278
	18,622	10,334

	2025 AED million	2024 AED million
Investment in Government of Dubai bonds	**6,307**	6,370
Payments made to other related parties	**57**	17
Fees received in respect of funds managed by the Group	**23**	24
Directors' sitting and other fee	**21**	28
Key management compensation:		
Short term employment benefits	**103**	112
Post-employment benefits	**2**	2
	105	114

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

38 GEOGRAPHICAL DISTRIBUTION OF ASSETS AND LIABILITIES

The Group's financial position, before taking into account any collateral held or other credit enhancement, can be analysed by the following regions:

31 December 2025	UAE AED million	Other GCC AED million	International AED million	Total AED million
Assets				
Cash and deposits with central banks	**92,630**	**2,807**	**29,210**	**124,647**
Due from banks	**22,450**	**40,056**	**73,641**	**136,147**
Investment securities	**87,338**	**35,744**	**83,526**	**206,608**
Loans and receivables	**423,293**	**53,908**	**155,646**	**632,847**
Positive fair value of derivatives	**2,834**	**449**	**9,130**	**12,413**
Customer acceptances	**7,509**	**809**	**1,032**	**9,350**
Property and equipment	**3,500**	**480**	**4,762**	**8,742**
Goodwill and intangibles	**5,491**	**–**	**129**	**5,620**
Other assets	**13,903**	**955**	**13,210**	**28,068**
Total assets	**658,948**	**135,208**	**370,286**	**1,164,442**
Liabilities				
Due to banks	**10,402**	**7,676**	**48,199**	**66,277**
Customer deposits	**570,203**	**47,398**	**168,423**	**786,024**
Debt issued, sukuks payable and other borrowed funds	**12,751**	**–**	**77,536**	**90,287**
Negative fair value of derivatives	**3,533**	**519**	**15,156**	**19,208**
Customer acceptances	**7,509**	**809**	**1,032**	**9,350**
Other liabilities	**33,312**	**1,313**	**13,852**	**48,477**
Total equity	**144,819**	**–**	**–**	**144,819**
Total liabilities and equity	**782,529**	**57,715**	**324,198**	**1,164,442**
Geographical distribution of letters of credit and guarantees	**82,047**	**10,611**	**33,045**	**125,703**

31 December 2024				
Geographical distribution of assets	577,035	88,099	331,448	996,582
Geographical distribution of liabilities and equity	674,269	41,286	281,027	996,582
Geographical distribution of letters of credit and guarantees	62,997	8,480	25,669	97,146

39 FINANCIAL ASSETS AND LIABILITIES

A. Classification of financial assets and financial liabilities

The table below sets out the Group's classification of each class of financial assets and liabilities, and their carrying values.

31 December 2025	FVTPL AED million	FVOCI – Debt instruments AED million	FVOCI – Equity instruments AED million	Amortised cost AED million	Hedging instruments AED million	Total carrying value* AED million
Financial assets						
Cash and deposits with central banks	–	–	–	124,647	–	124,647
Due from banks	–	–	–	136,147	–	136,147
Investment securities	31,667	40,204	235	134,502	–	206,608
Loans and receivables	–	–	–	632,847	–	632,847
Positive fair value of derivatives	11,823	–	–	–	590	12,413
Others	–	–	–	29,685	–	29,685
	43,490	40,204	235	1,057,828	590	1,142,347
Financial liabilities						
Due to banks	–	–	–	66,277	–	66,277
Customer deposits	–	–	–	786,024	–	786,024
Debt issued, sukuks payable and other borrowed funds	–	–	–	90,287	–	90,287
Negative fair value of derivatives	14,430	–	–	–	4,778	19,208
Others	–	–	–	57,827	–	57,827
	14,430	–	–	1,000,415	4,778	1,019,623

31 December 2024	FVTPL AED million	FVOCI – Debt instruments AED million	FVOCI – Equity instruments AED million	Amortised cost AED million	Hedging instruments AED million	Total carrying value* AED million
Financial assets						
Cash and deposits with central banks	-	-	-	104,665	-	104,665
Due from banks	-	-	-	132,766	-	132,766
Investment securities	10,309	30,608	210	158,096	-	199,223
Loans and receivables	-	-	-	501,627	-	501,627
Positive fair value of derivatives	11,809	-	-	-	659	12,468
Others	-	-	-	24,928	-	24,928
	22,118	30,608	210	922,082	659	975,677
Financial liabilities						
Due to banks	-	-	-	55,487	-	55,487
Customer deposits	-	-	-	666,777	-	666,777
Debt issued, sukuks payable and other borrowed funds	-	-	-	79,903	-	79,903
Negative fair value of derivatives	10,792	-	-	-	5,105	15,897
Others	-	-	-	52,304	-	52,304
	10,792	-	-	854,471	5,105	870,368

* The carrying values of the financial assets and liabilities (that are not stated at fair value) are not significantly different to their fair values, except for investment securities at amortised cost, disclosed in note 11.

B. Fair value of financial instruments

The table below analyses financial instruments measured at fair value on a recurring basis. The different levels in the fair value hierarchy have been defined as follows:

- Level 1: quoted prices (unadjusted) in principal markets for identified assets or liabilities.
- Level 2: valuation using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: valuation using inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

31 December 2025	Level 1 AED million	Level 2 AED million	Level 3 AED million	Total AED million
Investment securities				
Trading securities at FVTPL				
Government bonds	22,554	–	–	22,554
Corporate bonds	7,633	–	–	7,633
Equity	170	–	–	170
Others	1,173	–	–	1,173
	31,530	–	–	31,530
FVOCI - Debt instruments				
Government bonds	26,033	19	–	26,052
Corporate bonds	14,235	–	–	14,235
	40,268	19	–	40,287
FVOCI - Equity instruments	19	8	208	235
Designated at FVTPL				
Equity	64	–	65	129
Others	8	–	–	8
	72	–	65	137
Positive fair value of derivatives				
Derivatives held for trading	–	11,823	–	11,823
Derivatives held as cash flow hedges:				
Interest rate swaps	–	262	–	262
Derivatives held as fair value hedges:				
Interest rate swaps	–	317	–	317
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	–	11	–	11
	–	12,413	–	12,413
Negative fair value of derivatives				
Derivatives held for trading	–	(14,430)	–	(14,430)
Derivatives held as cash flow hedges:				
Interest rate swaps	–	(1,189)	–	(1,189)
Derivatives held as fair value hedges:				
Interest rate swaps	–	(3,589)	–	(3,589)
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	–	–	–	–
	–	(19,208)	–	(19,208)
	71,889	(6,768)	273	65,394

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy.

	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – debt instrument AED million	FVOCI– equity instrument AED million	Total AED million
Balance as at 1 January 2025	–	65	–	206	271
Total gains or losses:					
- in profit or loss	–	–	–	–	–
- in other comprehensive income	–	–	–	2	2
Purchases	–	–	–	–	–
Issues	–	–	–	–	–
Settlements and other adjustments	–	–	–	–	–
Transfers into Level 3	–	–	–	–	–
Transfers out of Level 3	–	–	–	–	–
Balance as at 31 December 2025	–	65	–	208	273

39 FINANCIAL ASSETS AND LIABILITIES continued
B. Fair value of financial instruments continued

31 December 2024	Level 1 AED million	Level 2 AED million	Level 3 AED million	Total AED million
Investment securities				
Trading securities at FVTPL				
Government bonds	6,480	-	-	6,480
Corporate bonds	2,592	-	-	2,592
Equity	145	-	-	145
Others	1,009	-	-	1,009
	10,226	-	-	10,226
FVOCI - Debt instruments				
Government bonds	18,108	21	-	18,129
Corporate bonds	12,530	-	-	12,530
	30,638	21	-	30,659
FVOCI - Equity instruments	4	-	206	210
Designated at FVTPL				
Equity	10	-	65	75
Others	8	-	-	8
	18	-	65	83
Positive fair value of derivatives				
Derivatives held for trading	-	11,809	-	11,809
Derivatives held as cash flow hedges:				
Interest rate swaps	-	419	-	419
Derivatives held as fair value hedges:				
Interest rate swaps	-	236	-	236
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	-	4	-	4
	-	12,468	-	12,468
Negative fair value of derivatives				
Derivatives held for trading	-	(10,792)	-	(10,792)
Derivatives held as cash flow hedges:				
Interest rate swaps	-	(575)	-	(575)
Derivatives held as fair value hedges:				
Interest rate swaps	-	(4,530)	-	(4,530)
Derivatives held as hedge of a net investment in foreign operations:				
Forward foreign exchange contracts	-	-	-	-
	-	(15,897)	-	(15,897)
	40,886	(3,408)	271	37,749

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy.

	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – debt instrument AED million	FVOCI– equity instrument AED million	Total AED million
Balance as at 1 January 2024	-	66	-	115	181
Total gains or losses:					
- in profit or loss	-	(1)	-	-	(1)
- in other comprehensive income	-	-	-	(1)	(1)
Purchases	-	-	-	92	92
Settlements and other adjustments	-	-	-	-	-
Transfers out of Level 3	-	-	-	-	-
Balance as at 31 December 2024	-	65	-	206	271

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. Any changes in the assumptions used for such instruments are not expected to have material impact on the financial statements.

There have been no transfers between level 1 and level 2 or from level 2 to level 1 during the years ended 31 December 2025 and 31 December 2024.

40 NOTES TO THE GROUP CONSOLIDATED CASH FLOW STATEMENT

	2025 AED million	2024 AED million
(a) Analysis of changes in cash and cash equivalent during the year		
Balance at beginning of year	**54,094**	19,505
Net cash (outflow) / inflow	**(17,330)**	34,589
Balance at end of year	**36,764**	54,094
(b) Analysis of cash and cash equivalents		
Cash and deposits with central banks	**124,647**	104,665
Due from banks	**136,147**	132,766
Due to banks	**(66,277)**	(55,487)
	194,517	181,944
Less: deposits with central banks for regulatory purposes	**(107,494)**	(87,377)
Less: certificates of deposits / placements with central banks maturing after three months	**-**	(27)
Less: amounts due from banks maturing after three months	**(103,599)**	(70,942)
Add: amounts due to banks maturing after three months	**53,340**	30,496
	36,764	54,094
(c) Adjustment for non-cash items		
Net impairment on cash and deposits with central banks	**5**	-
Net impairment loss / (reversal) on loans and receivables	**2,731**	(404)
Net impairment on investment securities	**142**	44
Net impairment (reversal) / loss on unfunded exposures	**(314)**	1,069
Net impairment on due from banks	**148**	70
Amortisation of fair value	**108**	117
Discount on investment securities	**(3,419)**	(3,343)
Unrealised foreign exchange gain	**(2,866)**	(2)
Depreciation / impairment of property and equipment / investment property	**1,314**	1,279
Unrealised (gain) / loss on investments	**(1,191)**	14
Dividend income on equity investments	**(14)**	(12)
Unrealised loss / (gain) on FV hedged item	**1,098**	(790)
Loss on sale of properties (investment properties / inventories)	**37**	6
Amortisation of discount on sukuks	**5**	4
Hyperinflation adjustment on net monetary position	**2,978**	3,136
	762	1,188

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

41 CAPITAL MANAGEMENT AND ALLOCATION

The CBUAE supervises the Group on a consolidated basis, and therefore receives information on the capital adequacy of, and sets capital requirements for, the Group as a whole. Effective from 2017, the capital is computed at a Group level using the Basel III framework of the Basel Committee on Banking Supervision (Basel Committee), after applying the amendments advised by the CBUAE, within national discretion. The Basel III framework, like Basel II, is structured around three pillars: minimum capital requirements, supervisory review process and market discipline.

Minimum Capital Requirements

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 (CET 1), Additional Tier 1 (AT1) and Total Capital.

Additional capital buffers (Capital Conservation Buffer and Countercyclical Capital Buffer - maximum up to 2.5% for each buffer) were introduced over and above the minimum CET 1 requirement of 7%. Effective January 2026, CBUAE will increase CCyB rate for exposures to private corporate sector in the UAE to 0.5%. The Group estimates the impact to be an increase of 30 bps in minimum capital ratio.

Over and above additional capital buffers, the Group as a Domestic Systematically Important Bank (D-SIB) is required to keep an additional D-SIB buffer of 1.5% of the capital base.

Regulatory Capital

The Group's capital base is divided into three main categories, namely CET 1, AT1 and Tier 2 (T2), depending on their characteristics.

- CET 1 capital is the highest quality form of capital, comprising share capital, share premium, legal, statutory and other reserves, fair value reserve, retained earnings, non-controlling interest after deductions for goodwill and intangibles and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes under CBUAE guidelines.
- AT1 capital comprises eligible non-common equity capital instruments.
- T2 capital comprises qualifying subordinated debt, and general loan loss provisions subject to a maximum limit of 1.25% of CRWA.

The regulatory capital ratios exclude the impact of hyperinflation accounting on Group's consolidated financial statements.

The capital overview as per Basel III framework is given below:

	2025 AED million	2024 AED million
Available capital		
Common equity Tier 1 capital	**118,999**	101,273
Tier 1 capital	**128,128**	110,402
Total eligible capital	**137,168**	117,934
Risk-weighted assets		
Credit risk	**723,240**	602,535
Market risk	**23,884**	16,550
Operational risk	**80,494**	71,290
Total risk-weighted assets	**827,618**	690,375
Capital ratio for consolidated Group		
a. Total capital ratio	**16.57%**	17.08%
b. Tier 1 ratio	**15.48%**	15.99%
c. CET 1 ratio	**14.38%**	14.67%

The capital adequacy ratios as per Basel III capital regulation are given below:

	2025 AED million	2024 AED million
Common Equity Tier 1 Capital		
Share capital	**6,317**	6,317
Share premium account	**17,954**	17,954
Eligible reserves	**(15,766)**	(13,572)
Transitional arrangement: Partial addback of IFRS 9 ECL impact to CET 1	**-**	921
Retained earnings	**123,600**	103,287
Dividend expected/proposed[1]	**(6,317)**	(6,317)
Eligible amount of non-controlling interests	**-**	-
CET 1 capital before the regulatory adjustments and threshold deduction	**125,788**	108,590
Less: Regulatory deductions	**(6,789)**	(7,317)
Total CET 1 capital after the regulatory adjustments and threshold deduction (A)	**118,999**	101,273
Additional Tier 1 capital		
Eligible AT1 capital	**9,129**	9,129
Other AT1 capital (e.g. Share premium, non-controlling interest)	**-**	-
Total AT1 capital	**9,129**	9,129
Total AT1 capital after transitional arrangements (AT1) (B)	**9,129**	9,129
Tier 2 (T2) capital		
Tier 2 Instruments e.g. subordinated loan	**-**	-
Other Tier 2 capital (including General Provisions, etc.)	**9,040**	7,532
Total T2 capital (C)	**9,040**	7,532
Total regulatory capital (A+B+C)	**137,168**	117,934

1 Proposed dividend for the year ended 31 December 2025 is subject to shareholders' approval at Annual General Meeting.

42 FUND MANAGEMENT

The Group manages a number of funds which are not consolidated in the financial statements. The funds have no recourse to the general assets of the Group and further the Group has no recourse to the assets of the funds. Third party funds managed by the Group were AED 72,610 million at 31 December 2025 (2024: AED 60,117 million).

43 ASSETS HELD IN FIDUCIARY CAPACITY

The Group holds assets in a fiduciary capacity and provides custodian services for some of its customers. The underlying assets held in a custodial or fiduciary capacity are excluded from the Group consolidated financial statements.

44 RISK MANAGEMENT

The primary risks to the Group arise from extending credit to Corporate and Institutional Banking and retail banking customers. The Group is also exposed to a range of other risk types such as market, operational, liquidity, compliance, reputational, country, conduct, legal and environmental and social risks that drive the direction of its risk management, product range and risk diversification strategies.

Risk Management Framework:

The risk management framework enables the Group to manage group-wide risks with the objective of maximising returns while adhering to our risk appetite.

The Group uses three lines of defence model to support its approach to risk management by clarifying responsibility, encouraging collaboration, and enabling efficient coordination of risk and control activities. The three lines of defence are summarised below:

- Business units: required to ensure the effective management of risks within the scope of their direct organisational responsibilities. All employees within the business units are sufficiently trained and have access to appropriate tools to ensure risk-taking is controlled. Each business unit primarily owns the risk that it underwrites and is equally responsible for designing and implementing necessary controls to mitigate risks emanating from its activities.
- Risk control units: responsible for implementing policies and procedures, monitoring risks taken to ensure all risks are within the Group's risk appetite. Appropriate controls are designed and implemented with adequate reporting in place to anticipate future risks and improve the level of preparedness across the management chain.
- Group Internal Audit: provides independent assurance and reports its findings to all relevant management and governance bodies, accountable line managers, relevant oversight function and committee(s) of the Board.

44 RISK MANAGEMENT continued

A. Risk governance

The Group's risk governance structure ensures central oversight and control with clear accountability for and ownership of risk.

The Board of Directors (the Board) has the ultimate responsibility for setting the Group's risk appetite and for the establishment and oversight of the Group's risk management framework. This is managed through a number of committees; namely Board Risk Committee (BRC), Board Credit & Investment Committee (BCIC) and Board Audit Committee (BAC).

The Management level committees also actively manage risk. Key ones include Group Risk Committee (GRC), Model Oversight Committee (MOC), Management Credit Committee (MCC), Management Investment Committee (MIC) and Group Asset Liability Management Committee (Group ALCO).

BRC supports the Board with its risk oversight responsibilities with regards to risk governance, risk appetite and the risk management framework. The BRC approves risk policies and reviews reports and updates on risk management including risk profile, portfolio trends, stress testing, liquidity and capital adequacy and is authorised to investigate or seek any information relating to any activity within its terms of reference.

BCIC supports the Board to manage the credit and investment portfolio and is responsible for approval of credit and investment decisions above the MCC and MIC's authority, which do not meet the Board's materiality threshold. It oversees the execution of Group's credit lending approach and reviews the credit profile of material portfolios to ensure alignment with business strategy and risk appetite.

The primary role of BAC is to have oversight and review of financial, audit and internal control issues as well as oversee the independence and performance of the Group's external and internal auditors.

MCC is a management level committee with delegated authority to carry out credit lending decisions including but not limited to approval and renewal of credit facilities, review, and monitoring of portfolio performance, decisions on debt settlement, provisioning write off and amendments to pricing, grades, and waivers.

The role of the MIC is to support the Board in the management of the Group's investment portfolios as well as the monitoring and reporting of their performance to ensure they conform to the Group's strategic vision.

The Group ALCO is responsible for balance sheet management, the funding plan, the management of capital and the establishment of, and compliance with, policies relating to balance sheet management, including management of liquidity, capital adequacy, structural foreign exchange and interest rate risk. The committee also reviews the contingency funding plan as well as the funds transfer pricing framework, and other key matters.

The GRC is a senior management committee responsible for the management of all risks throughout the Group other than those delegated to MCC, MIC and Group ALCO and ensures the effective management of risk in support of the Group's business strategy and Group's risk appetite. The committee supports Board Risk Committees in the review of policies to ensure effective management of risks the Group faces, including credit, market, operational, reputational, compliance, legal, conduct and environmental and social risks.

The MOC, a sub-committee of GRC, is responsible for the oversight of model risk management within the Group. The MOC oversees all stages of the model life cycle for effective identification, measurement, monitoring, controlling, mitigation and reporting of model risk in a consistent manner and in compliance with applicable internal and regulatory standards.

B. The Risk Function

The Risk Function is independent of the business (origination, trading and sales functions) and credit (credit review and assessment) functions to ensure that the necessary balance in risk/return decisions is not compromised by pressures for better results in terms of revenues and to ensure transparency of decisions in accordance with Group standards and policies.

The Risk Function assists in controlling and actively managing the Group's overall risk profile. The role of the function is:

- To ensure the risk management framework is effectively communicated and implemented across the Group and is appropriate to the Group's activities.
- To exercise direct oversight for various risk types including but not limited to credit, market, country, operational, reputational, environmental and social risks.
- To ensure that the Group's business strategies, risk policies, procedures and methodologies are consistent with the Group's risk appetite.
- To ensure the integrity of the Group's risk/return decisions guaranteeing their transparency.
- To ensure that appropriate risk management architecture and systems are developed and implemented.

C. Risk appetite

The risk appetite statement is an articulation of the risk that the Group is willing to accept, underwrite and/or be exposed to in the normal course of its business conduct.

The risk appetite statement is a critical component and extension of the risk management framework. It is used by the Group to proactively establish and subsequently monitor the Group's risk profile using a set of pre-defined key risk metrics and respective thresholds.

D. Credit risk

Credit risk is the risk of financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligation to the Group. Credit risk arises mainly from interbank, Corporate and Institutional Banking, Retail Banking and Wealth Management, business banking and private banking loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancements provided, such as credit derivatives (credit default swaps), financial guarantees, letter of credit, endorsement, and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities (trading exposures) including non-equity trading portfolio assets and derivatives as well as settlement of balances with market counterparties and reverse repurchase agreements.

Credit risk management

Group's approach to credit risk management is based on the foundation of independence and integrity of risk management as well as applicable regulatory standards. This is ensured through a well-defined and robust organisation structure duly supported by various risk committees, forums, systems, policies, procedures and processes providing a strong risk infrastructure and management framework.

The Group's credit policy focuses on the core credit principles, lending guidelines and parameters, control and monitoring requirements, problem loan identification, management of high-risk counterparties provisioning and write-offs. Standard procedures specific to businesses are in place to manage various types of risks across different business segments, products and portfolios.

Portfolio performance is regularly measured against the risk appetite parameters and breaches, if any, are actioned by the Group's senior management.

Corporate and Institutional Banking, Business Banking and Private Banking credit risk management:

Credit facilities are granted based on the detailed credit risk assessment of the counterparty. The assessment is undertaken in accordance with Bank's policies and procedures and considers the risk profile and characteristics of the obligor along with drivers of their credit performance. Further, the assessment considers amongst other things, the purpose of the facility, sources of re-payment, prevailing and potential macro-economic factors, industry trends, customers' credit worthiness and standing within the industry.

The credit facility administration process is undertaken by an independent function to ensure proper execution of all credit approvals, maintenance of documentation and proactive controls over maturities, expiry of limits and collaterals.

Operations are managed by independent units responsible for processing transactions in line with credit approvals and standard operating guidelines.

Management of Early Alert (EA), Watch List (WL) and impaired Non-Performing Loans (NPL)

The Group has a well-defined process for identification of EA, WL and NPL accounts and dealing with them effectively. There are policies which govern credit grading of these accounts and their impairment, in line with IFRS and regulatory guidelines. Once an account has be classified as NPL, it is assessed for recoverability by an independent Group Financial Restructuring and Remedial unit reporting directly to Group Chief Risk Officer (GCRO) to ascertain commensurate levels of provisions.

Retail banking credit risk management:

The Group has a structured management framework for retail banking risk management. The framework enables the Group in identification and evaluation of the significance of all credit risks that the Group faces, which may have an adverse material impact on its financial position.

In the retail banking portfolio, losses stem from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending transactions.

The Group's provisioning policy, which is in line with the IFRS and the regulatory guidelines, allows the Group to prudently recognise impairment on its retail portfolios.

44 RISK MANAGEMENT continued

D. Credit risk continued

Credit approving authorities

The BOD has delegated credit approving authorities to the BCIC, MCC, MIC and members of senior Management to facilitate and effectively manage the business. However, in line with regulatory standards, BOD has retained the ultimate authority to approve credits beyond BCIC authority.

Credit risk measurement

The estimation of credit risk for risk management purpose is complex and requires use of models, as the risk exposure varies with changes in market condition, expected cash flows and the passage of time. The assessment of credit risk entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Group quantifies credit risk using Probability of Default (PD), Exposures at Default and Loss Given Default. The same parameters are used to calculate ECL under IFRS 9.

Credit risk grading

The Group uses internal credit risk grading that reflects its assessment of the PD of individual counterparties. The Group uses internal rating models tailored to various categories of counterparty to capture borrower and loan specific information collected at the time of facility application (such as disposable income, level of collateral for retail exposure, turnover and industry type considerations.

The credit grades are calibrated to historical default data, such that the risk of default increases exponentially at each higher risk grade. For example, the difference in the PD between a 1A and 2A rating grade is lower than the difference in the PD between a 3A and 4A rating grade.

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

Retail:
After the date of initial recognition, for retail business, the payment behaviour of the borrower is monitored on a periodic basis to develop a behavioural score. Any other known information about the borrower which impacts their credit worthiness such as: unemployment and previous delinquency history is also incorporated into the behaviour score. This score is mapped to a PD.

Corporate and Institutional Banking, Business Banking and Private Banking:
Ratings are determined at the borrower level for these segments. A relationship/portfolio manager incorporates any updated or new information/credit assessment into the credit system on an ongoing basis. In addition, the relationship manager also updates information about the creditworthiness of the borrower every year from sources such as, but not limited to, published financial statements. This will determine the updated internal credit rating and PD.

Treasury:
For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group's rating method comprises of 25 rating levels for instruments not in default (1 to 25) and 3 default classes (26 to 28). The Group's internal rating scale is mapped with external ratings. The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating models are reviewed for recalibration so that they reflect the latest projections in the light of all actually observed defaults.

ECL measurement

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

- A financial instrument that is not credit-impaired on initial recognition is classified as Stage 1 and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to Stage 3.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on a lifetime basis.
- ECL is measured after factoring forward-looking information.
- ECL on Purchase or originated credit-impaired financial assets is measured on a lifetime basis.

Significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

Quantitative criteria:
Corporate and Institutional Banking, Business Banking and Private Banking:
Significant increase in credit risk is measured by comparing the risk of default estimated at origination with the risk of default at reporting date in addition to assessing qualitative and quantitative factors.

Retail:
Thresholds have been set for each portfolio based on historical default rates. Facilities exceeding the threshold are considered for significant increase in credit risk.

Qualitative criteria:
The Group also considers in its assessment of significant increase in credit risk, various qualitative factors like significant adverse changes in business, deterioration in financial performance, other available public information from external parties such as rating agencies/ credit bureau, extension of term granted, actual and expected forbearance or restructuring, early sign of cash flows and liquidity problems.

Backstop:
A backstop is applied, and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

The IFRS 9 Governance Forum is the committee responsible for the oversight of provisions considering the regulatory requirement and IFRS 9. The committee has reviewed the calculation process, methodology, and the results of provisions as presented by the GCRO. Further, the Board approved the provisioning process and associated provisions as presented by the GCRO, as per Article 9.16 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024.

Definition of default and credit-impaired assets

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

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

Qualitative:
The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. Indicators of unlikeliness to pay may include, but are not limited to, sector crisis, repeated restructurings, significant deterioration in operating assets, and high likelihood of bankruptcy.

Curing

The Group continues to monitor such financial instruments for a probationary period of up to 24 months, depending on the repayment frequency, to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12 months ECL (Stage 1).

The Group is observing a probationary period of a minimum of 3 instalments (for repayments which are on a quarterly basis or shorter) and 12 months (in cases where instalments are on a longer frequency than quarterly) after the restructuring, before upgrading such exposure from Stage 3 to 2.

Forward-looking information incorporated in the ECL model

The forward-looking information is incorporated through macro adjusted PD and LGD parameters which thereby affect the stage and ECL. The Group has performed historical analysis and identified key economic variables impacting credit risk and ECL for each portfolio.

These economic variables and their associated impact on PD, EAD and LGD vary by financial instrument. Expert judgement has also been applied in this process. Forecast of these economic variables (the "base, upside and downside economic scenario along with scenario weighting") are obtained externally on a quarterly basis.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

44 RISK MANAGEMENT continued

Credit risk monitoring

Corporate and Institutional Banking, business banking and private banking: The Group's exposures are continuously monitored through a system of triggers and early warning signals. These are supplemented by monitoring of account conduct, assessment of collateral and market intelligence and early alerts.

Early Alert accounts are identified based on oversight, vigilance and risk triggers. Account strategy and action plans on these accounts are regularly monitored and discussed in the Early Alert Committee meetings.

Additionally, for IFRS 9 ECL computation, credit exposures are monitored and reported as per IFRS 9 and regulatory requirements. Stage migrations, any exceptions to SICR criteria, and other credit and impairment related matters are reviewed and approved by IFRS 9 Governance Forum.

Retail banking: risks of the Group's loan portfolio are continuously assessed and monitored on the basis of exceptions, management information reports and returns generated by the business and credit units. Credit risk is also monitored on an ongoing basis with formal monthly and quarterly reporting to ensure that senior management is aware of shifts in the credit quality of the portfolio along with changing external factors.

Group credit risk mitigation strategy

The Group operates within prudential exposure ceilings set by the Board in line with UAE Central Bank guidelines. There are well laid out processes for exception management and escalation.

The Group has adopted measures to diversify the exposures to various sectors. Diversification is achieved by limiting concentration through setting customer, industry and geographical limits.

The risk transfer in the form of syndicated loans, risk participation agreements with other banks, credit default swaps and sale of loans are globally accepted practices followed by the Group, where appropriate, to limit its exposure.

Collateral management

Collaterals and guarantees are effectively used as mitigating tools by the Group. The quality of collateral is monitored and assessed periodically, and the Group seeks to ensure enforceability of the collateral. Major categories of collaterals include cash/ fixed deposits, inventories, shares, guarantees (corporate, bank and personal guarantees), immovable properties, receivables, gold and vehicles.

Collaterals are revalued regularly as per the Group's credit policy and applicable regulations. In addition, ad hoc valuations are also carried out depending on the nature of collateral and general economic condition. This enables the Group to assess the fair market value of the collateral and ensure that risks are appropriately managed. Security structures and legal covenants are also subject to regular review.

When eligible collaterals are used in calculating provisions for stage 3 accounts, the Group employs haircuts which are conservative vis-à-vis regulatory requirements.

Please refer to Pillar III disclosures for additional information on collaterals.

Write offs

Loans and debt securities in Corporate and Institutional Banking are written off (either partially or in full) when there is no reasonable prospect of recovery, typically more than 5 years past due, aligned with regulatory requirements. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-performing consumer loans and credit cards, except for mortgage facilities and overdrafts, are written off at 181 days past due. All receivables remain active on the loan management system for recovery and any legal strategy the Group may deem fit to use.

E Analysis by economic activity for assets:

The Group monitors concentrations of credit risk by economic activity sector. The analysis by economic activity is as follows:

	2025		2024	
	AED million	AED million	AED million	AED million
	Loans and Receivables	Others*	Loans and Receivables	Others*
Manufacturing	38,695	5,517	29,137	2,128
Construction	14,530	434	10,629	325
Trade	46,898	2	35,025	2
Transport and communication	44,032	2,463	40,632	1,545
Utilities and services	34,475	3,185	26,824	2,056
Sovereign	75,624	171,932	66,505	173,355
Personal	199,014	-	161,195	-
Real estate	55,697	209	46,360	239
Hotels and restaurants	12,639	-	12,336	-
Management of companies and enterprises	57,010	-	36,233	-
Financial institutions and investment companies	49,015	158,235	31,521	152,179
Agriculture	10,730	-	16,328	-
Others	27,087	1,451	21,829	534
Total assets	665,446	343,428	534,554	332,363
Less: Deferred income	(7,675)	-	(5,375)	-
Less: Expected credit loss	(24,924)	(673)	(27,552)	(374)
	632,847	342,755	501,627	331,989

*Others include due from banks and investment securities.

F. Classification of investment securities as per their external ratings
As of 31 December 2025

Ratings	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – Debt instruments AED million	FVOCI– Equity instruments AED million	Amortised cost AED million	Total AED million
AAA	169	2	224	-	2,432	2,827
AA- to AA+	5,153	-	10,844	-	87,841	103,838
A- to A+	3,280	-	9,545	-	16,049	28,874
Lower than A-	20,901	4	19,197	1	21,962	62,065
Unrated	2,027	131	477	234	6,439	9,308
Less: Expected credit losses	-	-	(83)	-	(221)	(304)
	31,530	137	40,204	235	134,502	206,608

Of which issued by:

	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – Debt instruments AED million	FVOCI– Equity instruments AED million	Amortised cost AED million	Total AED million
Governments	22,554	-	26,052	-	123,326	171,932
Public sector enterprises	7,076	-	11,858	-	11,121	30,055
Private sector and others	1,900	137	2,377	235	276	4,925
Less: Expected credit losses	-	-	(83)	-	(221)	(304)
	31,530	137	40,204	235	134,502	206,608

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

44 RISK MANAGEMENT continued
F. Classification of investment securities as per their external ratings continued
As of 31 December 2024

Ratings	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – Debt instruments AED million	FVOCI– Equity instruments AED million	Amortised cost AED million	Total AED million
AAA	36	2	75	-	2,283	2,396
AA- to AA+	3,158	-	6,247	-	116,136	125,541
A- to A+	923	-	6,882	-	18,109	25,914
Lower than A-	4,663	3	14,900	1	15,342	34,909
Unrated	1,446	78	2,555	209	6,329	10,617
Less: Expected credit losses	-	-	(51)	-	(103)	(154)
	10,226	83	30,608	210	158,096	199,223

Of which issued by:

	Trading securities at FVTPL AED million	Designated at FVTPL AED million	FVOCI – Debt instruments AED million	FVOCI– Equity instruments AED million	Amortised cost AED million	Total AED million
Governments	6,480	-	18,129	-	148,746	173,355
Public sector enterprises	2,551	-	10,530	-	9,355	22,436
Private sector and others	1,195	83	2,000	210	98	3,586
Less: Expected credit losses	-	-	(51)	-	(103)	(154)
	10,226	83	30,608	210	158,096	199,223

G. Risk gross maximum exposure
The table below shows the gross maximum exposure to credit risk for the components of the Group consolidated statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of use of master netting and collateral agreements.

	2025 AED million	2024 AED million
Deposits with central banks	**117,344**	98,263
Due from banks	**136,147**	132,766
Investment securities	**204,893**	197,776
Loans and receivables	**632,847**	501,627
Positive fair value of derivatives	**12,413**	12,468
Customer acceptances	**9,350**	9,478
Total (A)	**1,112,994**	952,378
Contingent liabilities	**125,825**	97,562
Irrevocable loan commitments	**59,559**	95,414
Total (B)	**185,384**	192,976
Total credit risk exposure (A + B)	**1,298,378**	1,145,354

H. Credit quality analysis
The following table sets out information about the credit quality of financial assets measured at amortised cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts.

31 December 2025	**12-month ECL AED million**	**Lifetime ECL not credit-impaired AED million**	**Lifetime ECL credit-impaired AED million**	**Total AED million**
Balance at 1 January	**486,412**	**25,128**	**17,639**	**529,179**
Transfers from stage 1	**(21,004)**	**19,310**	**1,694**	**-**
Transfers from stage 2	**8,228**	**(15,231)**	**7,003**	**-**
Transfers from stage 3	**208**	**753**	**(961)**	**-**
New financial assets, net of repayments	**142,125**	**937**	**(5,051)**	**138,011**
Amounts written off during the year	**-**	**-**	**(4,542)**	**(4,542)**
Exchange and other adjustments	**(3,996)**	**(713)**	**(168)**	**(4,877)**
Total gross loans and receivables	**611,973**	**30,184**	**15,614**	**657,771**
Expected credit losses	**(5,758)**	**(5,591)**	**(13,575)**	**(24,924)**
Carrying amount	**606,215**	**24,593**	**2,039**	**632,847**
By business units				
Corporate and Institutional Banking	**399,213**	**13,929**	**9,845**	**422,987**
Retail Banking and Wealth Management	**212,760**	**16,255**	**5,769**	**234,784**
Total gross loans and receivables	**611,973**	**30,184**	**15,614**	**657,771**

31 December 2024	12-month ECL AED million	Lifetime ECL not credit-impaired AED million	Lifetime ECL credit-impaired AED million	Total AED million
Balance at 1 January	433,219	25,644	22,022	480,885
Transfers from stage 1	(14,749)	14,749	-	-
Transfers from stage 2	4,194	(10,627)	6,433	-
Transfers from stage 3	-	626	(626)	-
New financial assets, net of repayments	65,104	(4,387)	(3,172)	57,545
Amounts written off during the year	-	-	(6,451)	(6,451)
Exchange and other adjustments	(1,356)	(877)	(567)	(2,800)
Total gross loans and receivables	486,412	25,128	17,639	529,179
Expected credit losses	(5,767)	(6,223)	(15,562)	(27,552)
Carrying amount	480,645	18,905	2,077	501,627
By business units				
Corporate and Institutional Banking	306,757	15,097	13,221	335,075
Retail Banking and Wealth Management	179,655	10,031	4,418	194,104
Total gross loans and receivables	486,412	25,128	17,639	529,179

The stage 1 and stage 2 are performing loans having grades 1a - 4f while stage 3 are non performing loans having grades 5a - 5d.

Corporate and Institutional Banking – performing includes AED 1,141 million (2024: AED 1,956 million) for exposure against watchlist customers.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

44 RISK MANAGEMENT continued

I. Amounts arising from ECL

Loans and receivables

31 December 2025	12-month ECL AED million	Lifetime ECL not credit-impaired AED million	Lifetime ECL credit-impaired AED million	Total AED million
Balance at 1 January	5,767	6,223	15,562	27,552
Transfers from stage 1	(548)	532	16	-
Transfers from stage 2	553	(1,864)	1,311	-
Transfers from stage 3	-	207	(207)	-
Allowances for impairment made during the year	32	629	7,011	7,672
Write back / recoveries made during the year	-	-	(4,941)	(4,941)
Amounts written off during the year	-	-	(4,542)	(4,542)
Exchange and other adjustments	(46)	(136)	(635)	(817)
Closing balance	5,758	5,591	13,575	24,924

31 December 2024	12-month ECL AED million	Lifetime ECL not credit-impaired AED million	Lifetime ECL credit-impaired AED million	Total AED million
Balance at 1 January	6,266	7,596	21,918	35,780
Transfers from stage 1	(522)	522	-	-
Transfers from stage 2	525	(1,187)	662	-
Transfers from stage 3	-	296	(296)	-
Allowances for impairment made during the year	(273)	(962)	3,939	2,704
Write back / recoveries made during the year	-	-	(3,108)	(3,108)
Amounts written off during the year	-	-	(6,451)	(6,451)
Exchange and other adjustments	(229)	(42)	(1,102)	(1,373)
Closing balance	5,767	6,223	15,562	27,552

The contractual amount outstanding on loans and receivables which were written off during the year and are still subject to enforcement activity amounted to AED 4,542 million (2024: AED 6,451 million).

J. Market risk

Market risk is the risk that the value of financial instruments in the Group's books – with the inclusion of some other financial assets and liabilities could produce a loss because of changes in future market conditions.

The Group takes on Market risks in the pursuit of its strategic and business objectives.

The Group predominantly pursues opportunities in the market that exposes itself to the following categories of market risk - which are actively managed and monitored:

1. Interest Rate Risk: losses in value due to changes in the level, slope and curvature of yield curves, the volatility of interest rates and changes in credit spreads;
2. FX Risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of currency rates;
3. Credit Spread Risk: losses in the value due to change in credit spreads driven by associated credit risk of the security issuer/ underlying;
4. Commodity Price Risk: losses in value due to exposures to changes in spot prices, forward prices and volatilities of commodities such as petrochemicals, base and precious metals, and food stocks.

Respective portfolio managers are accountable for managing market risk within the approved limits. These managers have extensive knowledge of markets and products, their risk exposures and of the financial instruments available to hedge their exposures.

The Group's risk exposures to market risk are segregated into trading and banking books. The trading book include those financial instruments held with trading intent arising from market-making, position-taking and other so designated financial instruments accounted for at fair value daily. The banking book includes financial instruments not held with trading intent that arise from the management of Interest rate risk and FX risk from the Group's retail and Corporate and Institutional Banking assets and liabilities, and other financial investments designated as either FVOCI or Amortised cost.

Market risk oversight and management process

As part of the Group's enterprise-wide risk management framework, an extensive governance processes is applied to the market risk taking activities. This governance framework includes, inter alia:

- Approval by the Board Risk Committee and Group Asset-Liability Committee of a set of risk limits with appropriate monitoring, reporting and limits excesses' escalation procedures;
- Independent valuation of financial instruments in the trading book and measurement of market risk;
- A comprehensive set of policies, procedures and limits; and
- Monitoring a wide range of risk metrics appropriate for the respective trading activities - such as risk sensitivities, Gross and Net open positions, Value-at-Risk (VaR) and stop-loss limits.

The Group uses appropriate and independently validated market standard models for the revaluation and risk measurement of its linear and non-linear financial products and receives regular market information from independent market data providers in order to measure and monitor market risk.

Details of allocation of assets and liabilities subject to market risk between trading and non-trading portfolios are as follows:

	Market risk measure		
December 2025	Total AED million	Trading Portfolio AED million	Non Trading Portfolio AED million
Assets subject to market risk			
Cash and deposits with central banks	124,647	-	124,647
Due from banks	136,147	-	136,147
Loans and receivables	632,847	-	632,847
Investment securities	206,608	31,530	175,078
Positive fair value of derivatives	12,413	11,823	590
Liabilities subject to market risk			
Due to banks	66,277	-	66,277
Customer deposits	786,024	-	786,024
Debt issued, sukuks payable and other borrowed funds	90,287	-	90,287
Negative fair value of derivatives	19,208	14,430	4,778

	Market risk measure		
December 2024	Total AED million	Trading Portfolio AED million	Non Trading Portfolio AED million
Assets subject to market risk			
Cash and deposits with central banks	104,665	-	104,665
Due from banks	132,766	-	132,766
Loans and receivables	501,627	-	501,627
Investment securities	199,223	10,226	188,997
Positive fair value of derivatives	12,468	11,809	659
Liabilities subject to market risk			
Due to banks	55,487	-	55,487
Customer deposits	666,777	-	666,777
Debt issued, sukuks payable and other borrowed funds	79,903	-	79,903
Negative fair value of derivatives	15,897	10,792	5,105

The impact of sensitivity analysis on foreign exchange risk and equity price risk on the Group consolidated statement of income and Group consolidated statement of comprehensive income is immaterial.

The Group uses following metrics to measure market risk on an ongoing basis:

1. Non statistical metrics: Interest rate sensitivity, (DV01/PV01), FX sensitivity (FX01), net open/ net gross outstanding positions, maximum notional and tenor measures, Derivatives' Greek sensitivities (delta, gamma, vega), and stop loss limits;
2. Statistical metrics: Value-at-Risk (VaR), by desk as well as total for the whole trading book. Stressed VaR (sVaR) for trading book and banking book investments.

The Group is not significantly exposed to structural FX Risk - which is a component of market risk - since the majority of the assets and liabilities of the Group are denominated predominately in either AED or in USD-pegged currencies from other GCC countries.

44 RISK MANAGEMENT continued

J. Market risk continued

Value-at-Risk

To better capture the multi-dimensional aspects of market risk, the Group's primary market risk metric is a statistical one, Value-at-Risk, which is used for short-term risk holding periods. VaR metrics are calculated daily for the specific trading desk, such as interest rate desk VaR, foreign exchange desk VaR and overall trading book VaR.

The Group's year-end VaR numbers reported below have been calculated using the following parameters:

- Statistical level of confidence: 99%
- Holding period: 1 business day
- Methodology: Full revaluation, historical simulation using over 2 years of historical market data

	2025 AED million				2024 AED million			
	Average	Maximum	Minimum	Actual*	Average	Maximum	Minimum	Actual*
By Trading desk								
Interest rate risk	62	117	11	57	25	44	11	13
Foreign exchange risk	4	11	1	2	4	12	1	7
Credit trading risk	11	37	4	23	7	16	3	5
Total	69	142	14	82	23	41	11	15

* Note that the sum of asset class VaR metrics does not add up to the reported total VaR metric due to diversification and cross correlation effects.

Value-at-Risk

Major currency-wise open positions of the Group are as follows:

	2025 Long / (Short) AED million	2024 Long / (Short) AED million
U.S. Dollar (USD)	7,263	6,778
Omani Riyal (OMR)	(6)	12
Euro (EUR)	(198)	(990)
Saudi Riyal (SAR)	150	(106)
Turkish Lira (TRY)	163	704
Egyptian Pound (EGP)	(278)	(15)
Bahraini Dinar (BHD)	20	(3)
Indian Rupee (INR)	119	(86)

K. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. This definition includes legal risks (described as exposure to fines, penalties and punitive damages resulting from supervisory actions, as well as private settlements), regulatory risks, and the risk arising from change initiatives.

Operational risk governance framework

The Group applies a three line of defence model for operational risk management. The business and support units form the first line of defence. They have the primary responsibility and accountability for identifying operational risk in their areas and to promptly mitigate any issues.

The operational risk function as the second line of defence, provide consistent and standardised methods and tools to business and support functions for managing operational risk. The assessment also considers Conduct Risk and Third party and Outsourcing Risk. The function monitors the risk management process and compliance to the operational risk policies and procedures. It conducts independent analysis of the operational risk exposure and the Group's mitigating strategies.

The Group's internal audit department as the third line of defence, provides independent assurance to the BOD.

Operational risk management process

The Group has set up the operational risk function within the risk management unit to establish the framework and governance structure set out in the operational risk policy. The risk management process comprises mainly of the below elements,

- Risk identification and assessment
- Risk monitoring and review
- Risk treatment
- Risk reporting

This function develops and implements the methods for the identification, assessment, measurement and monitoring of operational risk throughout the Group and provides regular and comprehensive reporting on operational risks to senior Management. The function supports business and other support units to monitor and manage their individual operational risks.

Insurance management

The Group obtains tailored insurance cover to protect the Group against unexpected losses. Insurance cover is obtained from high rated insurance companies in the international reinsurance market. The requirements for insurance are reviewed annually and the insurance cover is aligned to changes of the Group's risk exposure.

Fraud management

The Board and Management are determined to build and maintain a credible defence to the threat posed by fraud.

In line with the evolving banking technologies and digital landscape, management has recognized the need for greater focus on anti-fraud capabilities of the Group. As such the Group invests in advanced systems and controls for the prevention of frauds perpetrated against the Group and its customers. The Group has increased monitoring and enhanced detective controls to manage fraud risks, which arise from new technologies and new methods of banking.

The Group has a specialized team which focuses on investigation of fraud attempts against the Group, spreading fraud awareness to stakeholders, identification and mitigation of fraud risks.

The Group has policies and procedures in place to ensure compliance with prevailing legislation and to mitigate risk, including the risk of fraud.

Whistleblowing

The Group is committed to the highest standards of openness, integrity and accountability in the delivery of its services. Whilst the Group has instituted a wide range of rules, regulations, procedures and codes of practice to deliver on its commitments, fraud, malpractice, abuse and/or wrongdoing may unfortunately occur.

As such, the Group Whistleblowers Policy, provides the platform to employees for reporting of malpractices. The policy is designed to encourage employees to report suspected internal fraud and other breaches, through specified channels, while safeguarding the employee from retribution.

Cyber security management

The Group considers information and related processes, systems, and networks as an important and valuable asset. These assets are required to be protected to ensure their confidentiality, availability and integrity at all times.

The Group has established a comprehensive cyber security framework based on three lines of defence model.

The framework ensures the Group is resilient to cyber security threats in an evolving and increasingly complex digital environment.

Business Continuity Management

Business Continuity Management (BCM) is defined as a management process that identifies potential threats to an organisation and the impacts to business operations that those threats, if realised, might cause. BCM provides a framework for building organisational resilience with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.

The business continuity process across the Group is based on the international standard ISO22301:2012 (E). The BRC is responsible for providing oversight and strategy for BCM. Business and support units are responsible to ensure appropriate Business Continuity Plans (BCP) are in place and tested for their respective areas. The effectiveness of the BCP is monitored independently by relevant risk teams.

L. Liquidity risk

Liquidity risk refers to the inability of the Group to fund an increase in assets and meet obligations as they become due (structural funding risk), or the inability to convert assets into cash at reasonable prices (market liquidity risk). The risk arises from mismatches in the amount and timings of cash flows.

Objectives and governance structure

The objective of the Group's liquidity and funding management framework is to ensure that all foreseeable funding commitments (under both normal and stressed conditions) can be met when due, and that access to the wholesale markets is coordinated and cost effective. To this end, the Group maintains a diversified funding base comprising core retail and corporate customer deposits and institutional balances. This is augmented with wholesale funding and portfolios of highly liquid assets diversified by currency and maturity which are held to enable the Group to respond quickly and smoothly to unforeseen liquidity requirements.

44 RISK MANAGEMENT continued

L. Liquidity risk continued

Policies and procedures

Specifically, liquidity and funding management process includes:

- projecting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- mis-match analysis between assets and liabilities for different periods with a focus on shorter time frames. These gap reports are based on contractual cash flow, retention and decay assumptions for non-maturing assets and liabilities and potential liquidity demand through undrawn commitments;
- monitoring balance sheet liquidity and advances to deposits ratios against internal and regulatory requirements;
- maintaining a diverse range of funding sources with back-up facilities;
- managing the concentration and profile of debt maturities;
- maintaining debt financing plans;
- monitoring customer depositor concentration in order to avoid undue reliance on large individual depositors and ensure a satisfactory overall funding mix; and
- maintaining liquidity and funding contingency plans. These plans identify early indicators of distress conditions and describe actions to be taken in the event of difficulties arising from systemic or other crisis, while minimising adverse long-term implications for the business.

M Maturity analysis of assets and liabilities

The table below summarises the maturity profile of the Group's assets and liabilities based on their carrying value:

31 December 2025	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Undated and Over 5 years AED million	Total AED million
Assets						
Cash and deposits with central banks	122,120	2,527	–	–	–	124,647
Due from banks	54,174	53,924	27,600	305	144	136,147
Investment securities	48,875	36,063	35,799	33,683	52,188	206,608
Loans and receivables	163,322	120,979	185,813	78,785	83,948	632,847
Positive fair value of derivatives	1,743	2,744	2,641	2,127	3,158	12,413
Customer acceptances	9,350	–	–	–	–	9,350
Property and equipment	–	–	–	–	8,742	8,742
Goodwill and intangibles	–	–	–	–	5,620	5,620
Other assets	17,612	–	–	–	10,456	28,068
Total assets	417,196	216,237	251,853	114,900	164,256	1,164,442

31 December 2025	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Undated and Over 5 years AED million	Total AED million
Liabilities						
Due to banks	29,598	13,623	8,281	9,166	5,609	66,277
Customer deposits	642,259	113,127	22,000	6,471	2,167	786,024
Debt issued, sukuks payable and other borrowed funds	5,733	12,373	26,859	24,802	20,520	90,287
Negative fair value of derivatives	3,347	5,203	2,932	2,440	5,286	19,208
Customer acceptances	9,350	–	–	–	–	9,350
Other liabilities	13,452	14,064	–	–	20,961	48,477
Total equity	–	–	–	–	144,819	144,819
Total liabilities and equity	703,739	158,390	60,072	42,879	199,362	1,164,442
Off balance sheet						
Letters of credit and guarantees	44,298	49,521	19,529	8,764	3,591	125,703
31 December 2024						
Assets	376,826	178,861	189,282	98,825	152,788	996,582
Liabilities and equity	607,890	152,192	39,852	29,238	167,410	996,582
Off balance sheet items	37,199	37,027	15,378	4,396	3,146	97,146

N. Analysis of financial liabilities by remaining contractual maturities

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

As at 31 December 2025	Carrying amount AED million	Gross nominal outflows AED million	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Over 5 years AED million
Financial liabilities							
Due to banks	66,277	(73,152)	(32,827)	(14,911)	(9,655)	(9,895)	(5,864)
Customer deposits	786,024	(796,514)	(645,956)	(116,792)	(24,108)	(7,221)	(2,437)
Debt issued, sukuks payable and other borrowed funds	90,287	(105,922)	(5,966)	(14,176)	(34,037)	(28,012)	(23,731)
	942,588	(975,588)	(684,749)	(145,879)	(67,800)	(45,128)	(32,032)
Letters of credit and guarantees	125,703	(125,703)	(44,298)	(49,521)	(19,529)	(8,764)	(3,591)
Irrevocable loan commitments	59,559	(59,559)	(27,321)	(23,336)	(8,591)	(182)	(129)

As at 31 December 2024	Carrying amount AED million	Gross nominal outflows AED million	Within 3 months AED million	Over 3 months to 1 year AED million	Over 1 year to 3 years AED million	Over 3 years to 5 years AED million	Over 5 years AED million
Financial liabilities							
Due to banks	55,487	(58,608)	(25,833)	(18,946)	(6,013)	(5,698)	(2,118)
Customer deposits	666,777	(678,252)	(556,905)	(106,336)	(8,298)	(6,001)	(712)
Debt issued, sukuks payable and other borrowed funds	79,903	(93,772)	(6,358)	(19,899)	(28,653)	(19,204)	(19,658)
	802,167	(830,632)	(589,096)	(145,181)	(42,964)	(30,903)	(22,488)
Letters of credit and guarantees	97,146	(97,146)	(37,199)	(37,027)	(15,378)	(4,396)	(3,146)
Irrevocable loan commitments	95,414	(95,414)	(39,551)	(43,697)	(11,989)	(6)	(171)

O. Interest rate risk in the banking book

Interest Rate Risk in the Banking Book (IRRBB) is defined as the exposure of the non-trading products of the Group to interest rates. Non-trading portfolios include all banking book positions that arise from the interest rate on the Group's retail and Corporate and Institutional Banking assets and liabilities, and financial investments designated as FVOCI and amortised cost. IRRBB arises principally from mismatches between the future yields on assets and their funding costs, as a result of interest rate changes.

In order to manage this risk optimally, IRRBB in non-trading portfolios is transferred to Group Treasury under the supervision of the Group ALCO, through Funds Transfer Pricing (FTP) Systems. Group ALCO is required to regularly monitor all such interest rate risk positions to ensure they comply with interest rate risk limits.

For measuring overall interest sensitivity in the banking book, the Group conducts stress tests by simulating parallel shifts to the yield curve(s) ranging from 50 basis points to 200 basis points, and assessing the corresponding impact on its net interest income.

	As at 31 December 2025 Impact AED million	As at 31 December 2024 Impact AED million
Rates Up 200 bps	3,416	1,631
Rates Down 200 bps	(3,854)	(3,594)

44 RISK MANAGEMENT continued

O. Interest rate risk in the banking book continued

The interest rate sensitivities set out in the table above are based on a set scenario i.e. the projections above assume that interest rates of all maturities move by the same quantum and, therefore, do not reflect the potential effect on net interest income of some rates changing while others remain unchanged. The projections are based on constant balance sheet scenario, considering behavioural assumptions on non-maturity products and also based on the assumption that all positions run to maturity. New models for behavioural assumptions have been developed and implemented in the year 2025 and the above sensitivity numbers are not directly comparable with the previous year. This effect does not incorporate actions that would be taken by Group Treasury or in the business units to mitigate the impact of this interest rate risk. In practice, Group Treasury seeks proactively to change the interest rate risk profile to minimise losses and optimise net revenues.

P. Interest rate repricing analysis

31 December 2025	Less than 1 month AED million	Over 1 month to 3 months AED million	Over 3 months to 6 months AED million	Over 6 months to 1 year AED million	Over 1 year AED million	Non-interest bearing AED million	Total AED million
Assets							
Cash and deposits with central banks	3,349	3,973	1,523	1,005	–	114,797	124,647
Due from banks	43,828	43,682	13,003	22,865	1,601	11,168	136,147
Investment securities	15,791	40,035	27,870	12,693	108,504	1,715	206,608
Loans and receivables	213,116	215,401	61,425	39,929	102,976	–	632,847
Positive fair value of derivatives	–	–	–	–	–	12,413	12,413
Customer acceptances	–	–	–	–	–	9,350	9,350
Property and equipment	–	–	–	–	–	8,742	8,742
Goodwill and Intangibles	–	–	–	–	–	5,620	5,620
Other assets	–	–	–	–	–	28,068	28,068
Total assets	276,084	303,091	103,821	76,492	213,081	191,873	1,164,442

31 December 2025	Less than 1 month AED million	Over 1 month to 3 months AED million	Over 3 months to 6 months AED million	Over 6 months to 1 year AED million	Over 1 year AED million	Non-interest bearing AED million	Total AED million
Liabilities and equity							
Due to banks	16,493	22,623	3,169	10,545	5,771	7,676	66,277
Customer deposits	309,570	72,106	53,410	57,742	9,812	283,384	786,024
Debt issued, sukuks payable and other borrowed funds	24,042	13,913	7,053	4,781	40,498	–	90,287
Negative fair value of derivatives	–	–	–	–	–	19,208	19,208
Customer acceptances	–	–	–	–	–	9,350	9,350
Other liabilities	–	–	–	–	–	48,477	48,477
Total equity	–	–	–	–	–	144,819	144,819
Total liabilities and equity	350,105	108,642	63,632	73,068	56,081	512,914	1,164,442
On balance sheet gap	(74,021)	194,449	40,189	3,424	157,000	(321,041)	–
Off balance sheet gap	(16,197)	(15,544)	9,165	1,055	19,918	–	(1,603)
Interest rate sensitivity gap – 2025	(90,218)	178,905	49,354	4,479	176,918	(321,041)	(1,603)
Cumulative interest rate sensitivity gap – 2025	(90,218)	88,687	138,041	142,520	319,438	(1,603)	(1,603)
Cumulative interest rate sensitivity gap – 2024	(25,045)	92,182	127,578	132,378	283,038	(1,347)	(1,347)

Represents when the interest rate will be repriced for each class of assets and liabilities.

Q. Reputational risk

Reputational risk is the risk of damage to a Group's reputation as a result of any event, arising from negative publicity about its business practices, conduct, or financial condition. Such negative publicity may affect public or stakeholder confidence in the Group leading to a decline in customer base, business revenue, liquidity, or capital position. Reputational Risk may also arise as a result of negative stakeholder opinion. This could be a result of any event, behaviour, action, or inaction, either by the Group's itself, our employees or those with whom we are associated.

Reputational risk damage can often arise from a secondary effect or outcome of other interconnected risks, as defined within the Group Risk Management Framework. As such, these additional risk categories when assessing reputational risks and their measurement.

The Groups Reputational Risk policy is defined to ensure all organisational units identify, measure, manage and monitor the reputational risks that arise from the ongoing operations of the Group during its transactions with clients, setting up of new products business practices, counterparties, customer complaints and claims, sponsorship, and media relations. The governance of the Group's reputational risk management is integrated into the Group's broader risk management framework.

R. ICAAP and stress testing

ICAAP and stress testing is an integral part of the Group's risk management process. It includes scenario analysis and is conducted regularly. Every stress test is documented, and the results are discussed at the EXCO level and approved by the GRC and the BRC.

S. Recovery planning

The Group maintains a Recovery Plan (RP) developed in compliance with supervisory expectations and guidelines and international best practices. The primary objective of the RP is to identify and assess that the recovery options available to the Group, are sufficient, robust and adequately diversified to offset a wide range of shocks and facilitate the Group's return to financial health and operation as a going concern. The recovery plan is subject to regular review and is approved by GRC and BRC.

T. Model risk

Model risk is the risk of potential adverse consequences arising from decision made based on incorrect or misused model outputs and reports. As the Group has a robust model governance and Management approach, potential losses arising from the outputs of the internal models due to errors in the development, implementation, or use of such models are well understood and managed.

A specialised model management unit within the Group oversees the validation and use of models for regulatory and/or financial reporting purposes, guided by the Group Model Governance and Management Framework. This ensures that the models follow a robust approach of validation prior to use. The governance process for the models is performed across the model life cycle. All Tier 1 and Tier 2 models are managed through a centralised Model Inventory System to track and manage their use. The Group Model Validation Standards outline the minimum requirements that models should meet prior to use.

U. Regulatory/compliance risk

Regulatory/Compliance risk is the risk of reputational and/or financial losses due to the failure to comply with applicable laws, regulations or sanctions.

The Group has an independent compliance function, with the necessary mandate and authority to enforce and monitor compliance on a Group wide basis. This includes compliance with the applicable laws and regulations across the various jurisdictions where the Group operates as well as those of the USD / EU clearing centres.

Compliance policies covering key areas such as Sanctions, Anti Money Laundering (AML), Counter Terrorist Financing (CTF), Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS) are applicable Group wide and are supplemented where necessary to address any unique local requirements. These policies are supported by automated screening and monitoring systems and associated investigation teams to help comply with the Sanctions, AML, CTF, FATCA and CRS requirements. Independent Compliance Monitoring is undertaken to provide assurance over the effectiveness of controls. Mandatory Compliance Training is provided to all relevant staff both at onboarding and periodically thereafter to help ensure that key requirements are complied with.

Notes to the Group Consolidated Financial Statements continued
For the year ended 31 December 2025

44 RISK MANAGEMENT continued
V. Environmental, social and governance (ESG) risk
The rapidly changing global landscape, marked by challenges such as climate change, the evolving expectations of our stakeholders, as well as a continuous evolution of international standards, particularly in the areas of sustainability accounting, audit and ethics necessitates a proactive approach to ESG. The Group continues to develop its approach to ESG in line with progressing standards, both regionally and globally.

Climate related risk
Climate risks relate to the financial and non-financial impacts that may arise as a result of climate change. There are two categories of climate risks: physical risks, as a result of climate change and environmental factors that are event driven (acute) or longer-term shifts (chronic) and may vary in severity and frequency across various scenarios, and transition risks, which arises from the shift to a low carbon economy. Managing climate risk is critical in the pursuit of sustainable growth and transitioning towards a low carbon economy. Both, physical and transition risks can affect households, businesses and the wider macroeconomy and manifest within the Group's principal risks in several ways.

The Group considers climate risk as part of the broader environmental and social risks. Our strategy on climate risk has been incorporated into the risk management framework, through the implementation of a Climate Risk Policy and Environmental Social Risk Framework and is guided by the three-lines of defence approach.

The Group's Board of Directors bears the final responsibility for all aspects concerning climate related risks. The Board actively participates in shaping our ESG strategy and is regularly briefed on the progress of this strategy by the Executive Committee.

Impact of climate risk on accounting judgments and estimates
The Group is currently assessing the financial impacts associated with climate-related credit risk. Using the results of ongoing analysis, the Group intends to highlight and address risks and opportunities which present immediate and anticipated effects on financial position, performance and planning as well as cashflows and to disclose the actions taken to manage these risks and opportunities.

As at 31 December 2025, the Group raised debts and sukuks payable amounting to USD 7.3 billion via sustainable and green financings in debt capital markets and the Group's sustainability-linked financial assets amounted to USD 4.0 billion primarily in loans and receivables.

W. Group Internal Audit's role in overall risk management
Group Internal Audit is an independent appraisal function established by the Board of Directors to examine and evaluate the activities of the Group including all aspects of the Group Risk Management. The department is organisationally independent of all other functions in the bank. The unit is headed by the Group Chief Audit Officer, who is accountable to the Board of Directors through the Board Audit Committee.

The primary objectives of Group Internal Audit is to provide assurance on risks to which the Group's businesses are exposed, evaluate the adequacy and effectiveness of financial/operating controls and the Corporate Governance environment, assess the extent to which assets are accounted for and safeguarded from losses and conduct follow-up activities to assess and report on the degree to which Management has addressed risks and compliance with action plans previously agreed.

The unit's mission is achieved through a risk based annual audit plan approved by the Board Audit Committee. A formal report is prepared at the end of each quarter which includes a summary of audit activity completed during the period and an update on the status of previously reported matters for Board Audit Committee attention.

The Board Audit Committee reviews and approves Group Internal Audit's plans and resources, and evaluates the effectiveness of the Internal Audit function. External advisers also periodically conduct an assessment of the function.

X. Risk management framework and processes at Group entities
In establishing risk management policies & processes at the Group entities level, due consideration is given to the entities' specific regulatory environment.

Y. Risk management at DenizBank
DenizBank has a structured risk governance process in place to identify, measure, manage, control and report (risk) to assist in risk-based decision-making and oversight across all operations of DenizBank.

The Board of Directors have the ultimate responsibility for the establishment of the risk management system of DenizBank in accordance with regulations and best practices. Main responsibilities of the Board of Directors related to risk management include:
- Reviewing and approving the policies for the management of risks and supervising their implementation,
- Approving the risk appetite that is appropriate for its business strategy and that matches with its financial strength,
- Following up the effectiveness of the risk management system of DenizBank,
- Ensuring the establishment and the implementation of the internal capital adequacy assessment process.

The Board of Directors carries out its oversight of the Bank-wide risk management processes through Board Level committees. These roles are further trickled down to Management Level Committees and respective business and risk control units.

ENBD Group oversees the processes of establishing DenizBank's Risk Management Framework and risk policies, monitoring of the limits, realized figures and breaches of the risks subject to the Risk Appetite Statement. All of which govern following risk areas.

Credit risk
The Group has added an additional layer of supervision over and above the credit risk policies in force at DenizBank. This supervisory layer is conditional to exceptional approvals for substantial exposures. From a reporting standpoint all exposures (irrespective of materiality) are periodically reported to the Group by DenizBank for internal alignment within the Group.

DenizBank complies with Banking regulation and supervision agency and Basel standards in determining regulatory credit risk charge. Within the bank's internal capital adequacy assessment plan, credit risk is subjected to stress tests and scenario analysis at least annually.

The quantitative risk management disclosures comply with Turkish Financial Reporting Standards (TFRS) that are aligned to the IFRS standards including IFRS 9 followed by the Group.
- Both on and off-balance sheet instruments that are material to TFRS/IFRS 9 expected credit loss calculation are considered in the Group consolidated financial statements
- Models exist for PD and LGD that have point-in-time calibrations and forward-looking scenarios to adjust for economic assumptions
- New or re-structured processes of TFRS/IFRS 9 are advanced and complex in nature in order to ensure high quality implementation
- Estimations, assumptions and scenarios used in expected credit losses are fairly comprehensive
- Comprehensive and detailed disclosures are published in line with TFRS/IFRS 9 requirements

Enterprise risk management
DenizBank specifies its limit setting, monitoring and reporting process in its risk appetite statement. It also includes the process of phased action plans and prescribes the remediation actions in cases where the exposure exceeds the limit in each phase. The documents encompassing these policies are reviewed every year, and are approved by the Board of Directors.

Market risk
All trading activities related to money and capital markets are in accordance with the internally recognised measure of Value at Risk (VaR) method, which is also used by the Group to gauge changing market conditions. These VaR analysis are adequately supported by scenario analysis and stress tests. Trading book is held for the purpose of supporting client driven activities. Market risk is managed in accordance with Board of Directors approved limits.

Structural interest rate risk and foreign exchange risk
Interest rate and foreign exchange (FX) risks are monitored closely with the use of the metrics defined within the risk limit framework and managed as per the rules defined by Board of Directors. DenizBank makes use of hedging transactions for risk mitigation where necessary.

Liquidity risk
Liquidity adequacy is actively monitored as per the rules defined by Board of Directors. The liquidity adequacy and the reserve opportunities are tested periodically against worst case scenarios and other scenarios, all of these assumptions are documented for traceability.

44 RISK MANAGEMENT continued

Y. Risk management at DenizBank continued

Operational risk

Events that trigger operational risks are recorded along with the causes and impacts on specific functions and mitigation measures are taken to prevent the recurrence of such events in the future. Events that are either frequent or significant are discussed within the relevant committees that include Internal Audit and the impacted departments.

The relevant risk teams work to ensure comprehensive alignment in different risk areas taking into account the local and European regulatory requirements. As part of this process policies and procedures are reviewed to ensure necessary alignment with Group.

45 LEGAL PROCEEDINGS

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Group is party to legal proceedings and regulatory matters arising out of its normal business operations. The Group has proper controls and policies for managing legal claims. The recognition of provisions is determined in accordance with the accounting policies set out in Note 6. While the outcomes of legal proceedings and regulatory matters are inherently uncertain, Management believes that, based on the information available to it, appropriate provisions have been made in respect of these matters as at 31 December 2025. Any provision recognised does not constitute an admission of wrongdoing or legal liability. Based on the information available, no material adverse impact on the financial position of the Group is expected to arise from legal claims as at 31 December 2025 other than to the extent already provided.

46 SOCIAL CONTRIBUTIONS

The social contributions (including donations and charity) made during the year amount to AED 55 million (2024: AED 44 million).

47 ACQUISITION OF NON-CONTROLLING INTERESTS IN EMIRATES ISLAMIC BANK (P.J.S.C.)

During the year, the Group (through a buyout exercise) acquired the remaining 0.1% equity interest in Emirates Islamic Bank (P.J.S.C.) (EIB), a subsidiary of the Group. Following this transaction, the Group's ownership in EIB increased from 99.9% to 100%. Consequently, EIB has been de-listed from Dubai Financial Markets.

This transaction has been accounted for as transaction between shareholders (equity transaction), accordingly the difference between the consideration paid and the carrying amount of the remaining interest acquired has been recognized in equity.

48 ACQUISITION OF CONTROLLING STAKE IN RBL BANK LIMITED (RBL BANK) IN INDIA

On 18 October 2025, the Bank entered into a share subscription agreement with RBL Bank to acquire 60% stake in RBL Bank, through the issuance of preferential equity shares for a total consideration of approximately INR 268.5 billion (AED 11.2 billion). As a part of the transaction, the Bank will be required to launch a mandatory tender offer to existing shareholders, as required by Indian capital markets regulations which could further increase the Banks holding in RBL Bank and the purchase consideration accordingly.

The transaction is expected to complete by Q2 2026, subject to obtaining necessary regulatory approvals.

Post successful completion of the transaction, the Bank would also be required to merge its existing three branches in India with RBL Bank.

RBL Bank is one of India's leading private sector bank, serves 15 million customers through a network of 564 branches and 1,347 business correspondent branches. As of 31 December 2025, RBL Bank advances stood at INR 1,030.8 billion (AED 42.1 billion), deposits at INR 1,196.8 billion (AED 48.9 billion) and total balance sheet at INR 1,573.6 billion (AED 64.3 billion).

49 COMPARATIVE AMOUNTS

Certain prior year comparatives have been reclassified wherever necessary to conform to the presentation adopted in the current year.

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