



2025 ANNUAL REPORT

COMMITTED TO YOUR SUCCESS

OUR NETWORK

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FUJAIRAH

FUJAIRAH BRANCH

Siji Residences
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DIBBA BRANCH

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Tel: 600 565551
Fax: +971 9 244 3785

MASAFI BRANCH

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Fax: +971 9 256 3339

QIDFAH BRANCH

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TAWIAN BRANCH

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FUJAIRAH FREE ZONE BRANCH

NBF Building
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FUJAIRAH COURT BRANCH

Main Entrance, Fujairah Court House
Sheikh Khalifa Bin Zayed Road
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DUBAI

BUR DUBAI BRANCH

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JEBEL ALI BRANCH

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AL RAS BRANCH

Mohammad Ahmad Al Sakit Building
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ABU DHABI

ABU DHABI BRANCH

Al Danat Square Mall
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Tel: 600 565551
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MUSSAFAH BRANCH

Al Bustan Guardian Building
Ground Floor, Musaffah, Sector 1, M1
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Tel: 600 565551
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AL AIN BRANCH

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SHARJAH

SHARJAH BRANCH

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(opposite Al Majaz Park and
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RAS AL KHAIMAH

RAS AL KHAIMAH BRANCH

Golf Apartment F Building
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ANTWERP REPRESENTATIVE OFFICE

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Belgium
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NBF Subsidiaries

FUJAIRAH

NBF Financial Services FZC
Fujairah Free Zone
PO Box 887, Fujairah
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CAYMAN ISLANDS

NBF Markets, (Cayman) Limited
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103 South Church Street
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Grand Cayman KY1-1002
Cayman Islands



H.H. SHEIKH MOHAMED BIN ZAYED AL NAHYAN
President of the United Arab Emirates and Ruler of Abu Dhabi



H.H. SHEIKH MOHAMMED BIN RASHID AL MAKTOUM
Vice President and Prime Minister of the United Arab Emirates
and Ruler of Dubai



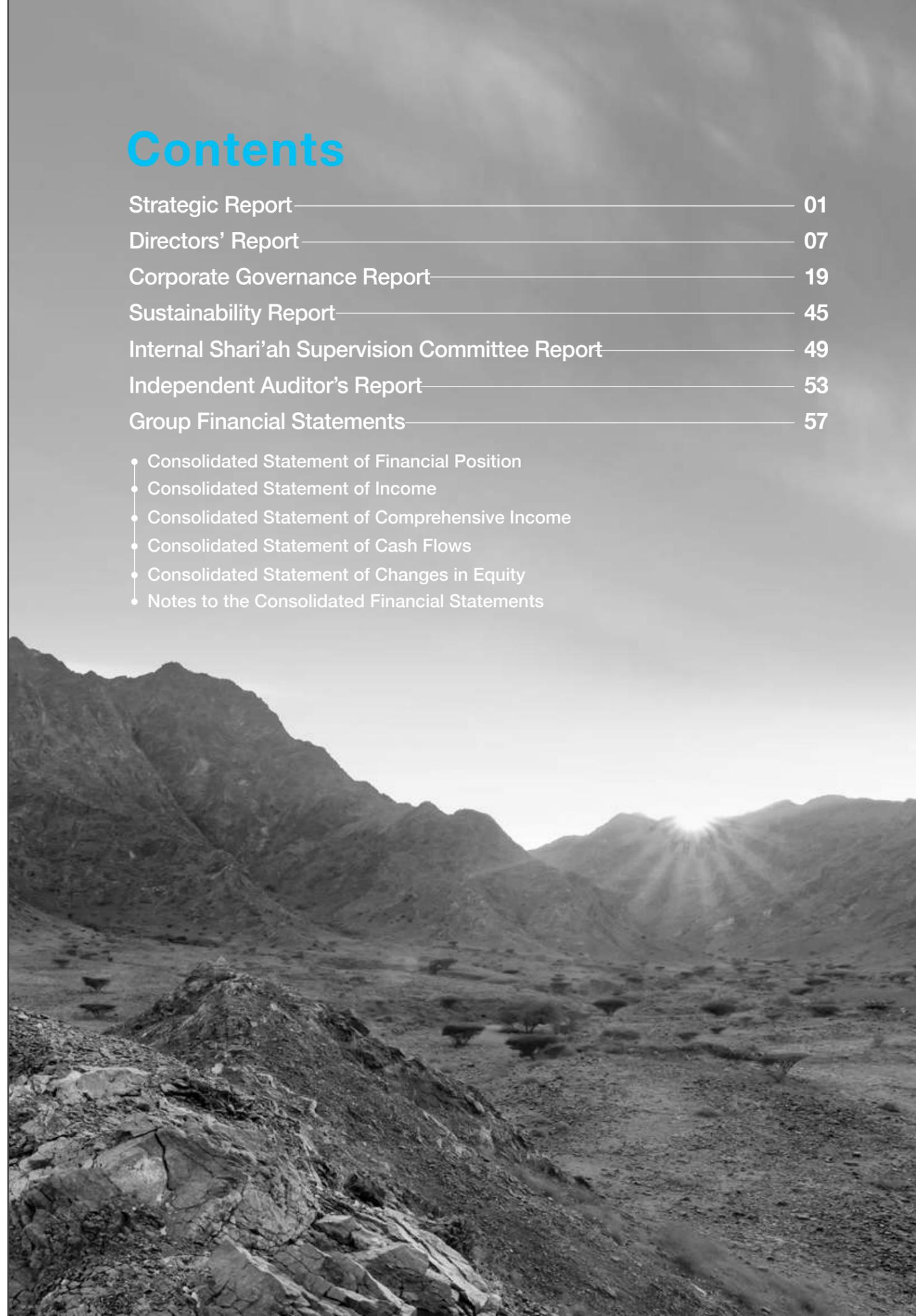
H.H. SHEIKH MANSOUR BIN ZAYED AL NAHYAN
United Arab Emirates Vice President, Deputy Prime Minister
and Chairman of the Presidential Court



H.H. SHEIKH HAMAD BIN MOHAMMED ALSHARQI
Member of the Supreme Council of the United Arab Emirates
and Ruler of Fujairah

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Hand in hand, we will work to strengthen social bonds, foster shared responsibility, and unlock potential for inclusive and sustainable growth.



H.H. Sheikh Mohamed Bin Zayed Al Nahyan

President of the United Arab Emirates and Ruler of Abu Dhabi



The foundation of our nation's strength lies in a united community, where individuals are connected, and care is extended to each other.



H.H. Sheikh Mohammed Bin Rashid Al Maktoum

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

YEAR OF COMMUNITY

2025 was declared the 'Year of Community' by President His Highness Sheikh Mohamed Bin Zayed Al Nahyan, placing social cohesion, shared responsibility, and collective progress at the heart of the nation's vision for the year. Grounded in the United Arab Emirates' enduring values of ambition, humanity, resilience, authenticity, optimism, and openness, the initiative sparked nationwide action to strengthen family bonds, deepen social ties, and cultivate a spirit of unity that empowers sustainable growth.

For NBF, the 'Year of Community' served as both inspiration and direction, reinforcing our commitment to the people, businesses, and communities we serve across the United Arab Emirates. Throughout 2025, we continued to advance this vision, working closely with our stakeholders to enable inclusive growth, deepen relationships, and create meaningful opportunities that contribute to the long-term prosperity and well-being of the United Arab Emirates and its communities.

Under the national banner of 'Hand in Hand', the Year of Community encompassed powerful storytelling, immersive initiatives, and cross-sector collaborations that brought to life the United Arab Emirates' collective spirit. These efforts encouraged every individual and organisation to play an active role in shaping positive environmental, social, health, and economic impact — a vision that resonates deeply with NBF's purpose and our commitment to nation-building.

Our success as a bank is closely intertwined with the wellbeing of the people and businesses we serve. Strengthening these connections not only brings communities closer together and fosters mutual support — it also helps build a more resilient, united, and future-ready United Arab Emirates.

Strategic Report

For more than four decades, NBF has been part of the UAE's banking sector—a trusted partner known for our excellence and deep understanding of the local market. Our journey reflects not only dedication to our clients', partners', and stakeholders' success but also our contribution to the continued prosperity of the communities we serve.

Maintaining the bank's strategic direction, during 2025 NBF refreshed its vision, mission and values to highlight its commitment to sustainability, a broader focus on the retail business, and renewed emphasis on customer service differentiation.



OUR VISION

Your financial partner, focused on your business and personal needs.



OUR MISSION

To provide our customers with exceptional financial service.

To foster a strong sense of partnership through service and innovation.

To deliver a stimulating working environment where individuals can tap into their potential to achieve new heights.

To operate to the highest standard of professionalism, while contributing to the growth and advancement of our communities and to support all stakeholders in their sustainability journeys.

To provide sustainable returns to our shareholders.



OUR VALUES

PASSION AND COMMITMENT

Prepared to go the extra mile, owning and being accountable for your contributions to the bank.

RESPECT

Nurture mutual trust and understanding, appreciate and seek the views of every individual.

INTEGRITY

Operate with honesty, fairness and transparency.

DEDICATION TO TEAMWORK

Work towards shared and common goals. Build effective service value chains across organisational boundaries.

EXCELLENCE IN SERVICE

Deliver an exceptional customer service with the highest standards.

NBF INTRODUCTION

Since our founding in 1982, we have built our reputation as a trusted partner to customers across the UAE delivering exceptional service and tailored financial solutions. We have earned recognition for our expertise in corporate and business banking, trade finance, and treasury, expanding our offerings to include a full suite of personal banking options and Shari'ah-compliant services.

Our commitment to Fujairah's and the UAE's economic growth runs deep. We actively support key sectors – from oil, shipping, and precious metals to manufacturing, education, and healthcare – helping drive progress across industries that power the nation's development. This focus has shaped who we are: a bank defined by deep market understanding, strong cultural roots, lasting relationships, and the relentless pursuit of excellence.

OUR NETWORK

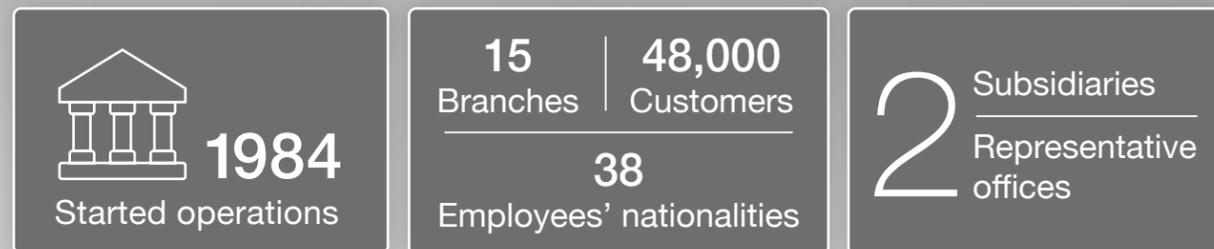
Headquartered in Fujairah, we operate 15 branches across the UAE, with most located in Fujairah and additional branches in Abu Dhabi, Dubai, Sharjah and Ras Al Khaimah.

Our network also includes 74 independent ATMs and CDMs, ensuring convenient access for our customers wherever they are in the country.

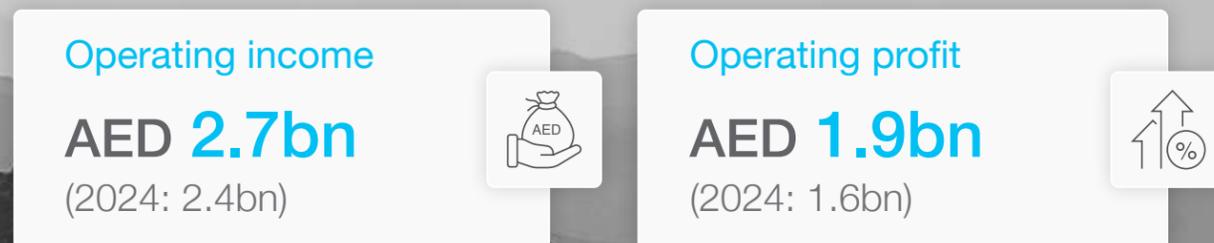
NBF AT A GLANCE

NBF offers a comprehensive suite of banking services across corporate, commercial, retail, and Islamic banking, delivering solutions that span treasury, trade finance, personal banking, and Shari'ah-compliant financial products. Our offerings are designed to evolve with the diverse and changing needs of our customers, reflecting both market insight and strategic foresight.

Our approach combines deep sector expertise with service excellence, enabling us to provide tailored solutions that drive growth, enhance resilience, and support long-term success. This is underpinned by sustained investment in digitalisation, innovation, and sustainability across all business lines, ensuring that NBF remains a trusted and forward-looking financial partner for our customers and the broader UAE economy.



Year-on-Year Financial Performance



Key performance metrics



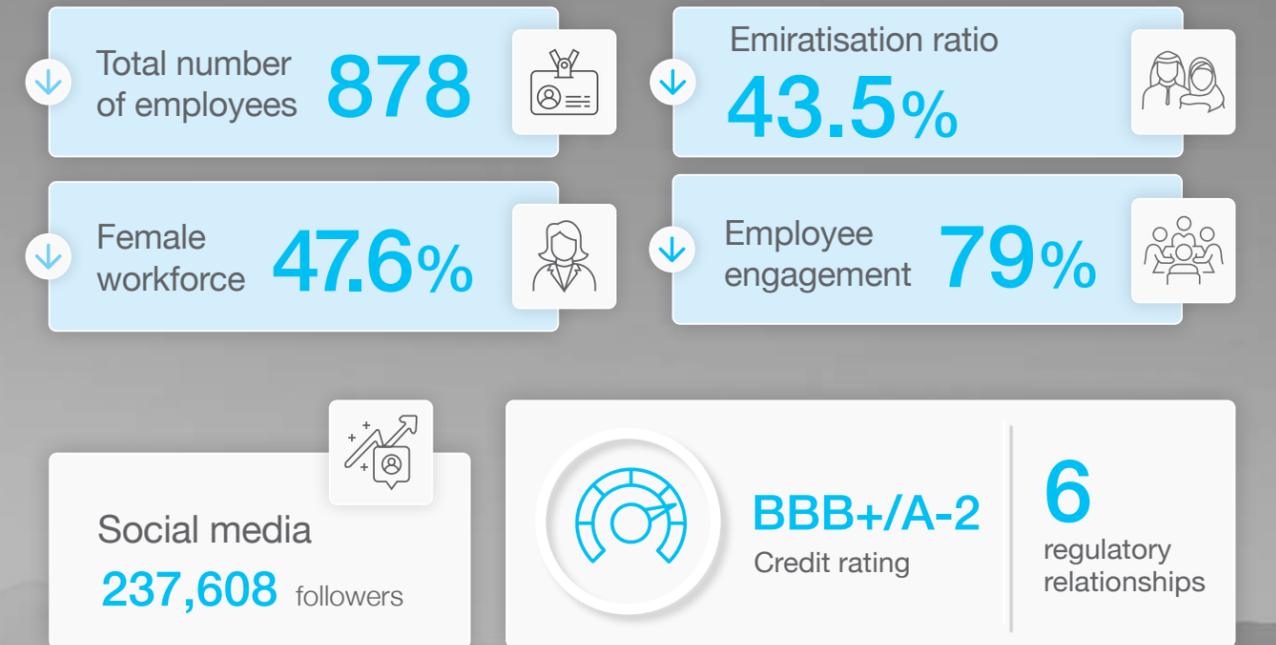
We have two subsidiaries that strengthen our operations and support our growth. NBF Financial Services FZC, established in 2004, provides us with key support services, while NBF Markets (Cayman) Ltd, registered in the Cayman Islands, offers expertise in foreign exchange and derivative transactions.

OUR HISTORY

Founded in 1982 by Emiri decree issued by His Highness Sheikh Hamad Bin Mohammed AlSharqi, Ruler of Fujairah, NBF began its journey with a clear mandate to serve as a dynamic and reliable banking institution. In August 1984, we received our licence from the Central Bank of the UAE (CBUAE) and commenced operations as a full-service corporate bank on 20 September of the same year.

Over the decades, NBF has grown in both scale and reputation, establishing itself as a cornerstone of the UAE's banking sector. Listed on the Abu Dhabi Securities Exchange under the symbol NBF, our key shareholders include the Government of Fujairah, Easa Saleh Al Gurg LLC, and the Investment Corporation of Dubai - a reflection of our strong institutional foundations.

We take pride in our enduring contribution to the nation's economic development and in fostering community progress, while remaining deeply committed to preserving and promoting the cultural heritage of Fujairah. Our history is not only a testament to our growth, but also a reflection of our steadfast purpose: to build lasting value for our customers, stakeholders, our communities, and the UAE as a whole.



NBF NPS scores	Conventional	Islamic
Wholesale Banking Services	52	57
Retail Banking Services	48	54

NBF BUSINESS MODEL

NBF provides banking services across corporate, commercial, retail, and Islamic banking, delivering solutions that span treasury, trade finance, personal banking, and Shari’ah-compliant financial products. Our offerings are designed to evolve with the diverse and changing needs of our customers, reflecting both market insight and strategic foresight.

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Our strengths and capabilities



Robust shareholding
Since our establishment, NBF has been supported by a stable and long-term shareholder base, anchored by the Government of Fujairah, Easa Saleh Al Gurg LLC, and the Investment Corporation of Dubai providing a solid foundation for sustainable growth and enduring market confidence.



Trusted well-established partnerships
We continue to strengthen our partnerships, collaborating with some of the UAE’s most respected brands and reinforcing our role as a trusted financial partner for SMEs.



Exceptional talent and culture
Our people continue to be among the most engaged and capable in the GCC, united by a shared commitment to growth, continuous learning, and excellence.



Vigorous fundamentals
NBF’s diversified balance sheet, ample liquidity, robust capital position, and investment-grade credit ratings underpin one of the UAE’s most resilient banking institutions, enabling sustainable performance through market cycles.



Comprehensive and industry-focused offering
We are a leading, industry-focused bank serving the mid-market, corporate, and business segments, offering a comprehensive range of financial solutions for both businesses and individuals.



ESG-focused
We integrate sustainability across our operations, product portfolio, and decision-making, ensuring that responsible practices guide every aspect of how we do business.



Service differentiation and digital focus
As a digitally empowered bank, we provide seamless, innovative, and distinctive customer experiences across all channels, combining technology and service excellence to meet evolving client needs.

Our stakeholder impact



Customers at the core
We place our customers at the centre of everything we do, delivering reliable, high-quality banking services that empower them to achieve their personal and business goals.



Empowered and inclusive workforce
We foster an inclusive, enabling workplace where our people can perform at their best, grow professionally, and contribute meaningfully to the bank’s mission and strategy.



Our partners
Our long-term partnerships and strategic collaborations create shared growth, drive innovation, and generate sustained success for all stakeholders.



Sustainable shareholder value
Through disciplined growth, operational excellence, and robust governance, we remain committed to delivering enduring value and strong returns for our shareholders.



Communities and nation-building
We actively contribute to the wellbeing of the communities we serve, supporting initiatives that create lasting social, environmental, and economic impact across the UAE.

AWARDS 2025

International Finance Awards 2025

- Most Innovative SME On-Boarding Solutions, UAE
- Best Islamic Banking Window, UAE

The Digital Banker - Global Sustainable Finance Awards 2025

- Best SME Bank for Sustainable Finance, Middle East
- Best SME Bank for Sustainable Finance, UAE

MEA Finance Banking Technology Awards 2025

- Best Cybersecurity and Risk Management Implementation
- Best Mobile Banking Services UAE
- Best Innovation in Corporate Banking and Finance
- Best Innovation in Trade Finance UAE
- Best Corporate Payment Service

MEA Business Achievement Awards 2025

- ESG Excellence
- Outstanding Community Impact and Engagement
- Outstanding Sustainability Initiative

MEA Finance SME Business and Finance Awards 2025

- Best Overall Bank for SMEs
- Best Bank for Working Capital Financing Solutions for SMEs
- Best Bank for SME Bank Accounts

ME Banking AI Tech Awards 2025

- Best AI Deployment for Fraud Prevention and Detection

AWARDS 2024

MEA Finance Leaders in Payments Awards 2024

- Best Real-Time Payments Implementation
- Best Payment System Implementation

CIO 100 Awards UAE 2024 - MicroStrategy 2024

- Banking Excellence in Customer & Employee Insights

NAFIS Award 2023-2024

- NBF Ranked first in Medium-Sized Banking Sector Category

MEA Finance Technology Awards 2024

- Best Cloud Implementation
- Most Innovative Trading Platform
- Best Treasury Management Implementation

International Finance Awards 2024

- Most Innovative Commercial Bank UAE
- Best Islamic Banking Window UAE

UAE Internal Auditors Association (IAA) Audit Summit and Awards 2024

- Leading Practices in Internal Audit in GRC Category

Capital Finance International (CFI) Awards 2024

- Best Business Banking Solutions UAE

Middle East Banking AI & Analytics Summit & Awards 2024

- Best Use Case of Data Analytics

Euromoney 2024

- Best Domestic Trade Finance Service

AWARDS 2023

CIPD Middle East People Awards 2023

- Best Change Management Initiative

MEA Finance Banking Technology Awards 2023

- Most Innovative Trading Platform
- Best Innovation in Trade Finance

International Finance Awards 2023

- Best Islamic Window UAE

Banking AI and Analytics Summit & Awards 2023

- Best Fraud & Risk Management Solutions

MEA Finance Industry Awards 2023

- Best Commercial Bank UAE
- Best SME Bank
- Best Trade Finance Provider

Directors' Report

NBF continues to focus on true value creation, connecting customers to opportunities and ensuring the long-term sustainability of their business models.

STATEMENT FROM THE CHAIRMAN

We are proud to present NBF's 2025 Annual Report, a year defined by exceptional growth, strategic clarity, and the laying of foundations for a far-reaching transformation under our renewed strategy. In an environment shaped by global uncertainty, shifting trade dynamics, and rapid technological change, NBF advanced with confidence and discipline. Guided by a focused strategy and strong execution, we delivered standout performance and set a new benchmark for purpose-driven, resilient banking in the UAE.

For the third consecutive year, NBF delivered record results, surpassing the AED 1.2 billion net profit milestone for the first time in our history. Net profit before tax rose to AED 1,325.0 million from AED 934.8 million in 2024, while net profit after tax reached AED 1,205.2 million. Operating income grew by 9.3 per cent to AED 2,662.1 million, supported by disciplined balance sheet management, prudent risk practices, and a well-diversified business portfolio. These results reflect the strength of our franchise and the deep trust our customers and partners place in us.

We reinforced our presence in priority segments, expanded our deposit base, and improved margins despite a volatile rate environment. Stronger asset quality, enhanced cost discipline, and prudent provisioning further fortified our financial position. Together, these achievements exemplified a bank that shapes its trajectory through foresight, agility, and disciplined execution.

At the heart of our success is our commitment to delivering an exceptional customer experience. In 2025, we enhanced our network and presence for client convenience, accelerated our digital transformation agenda, expanding digital capabilities, scaling AI-driven initiatives, and launching intelligent platforms that deliver greater convenience, personalisation, and security. Our fintech, payments, cybersecurity, and SME partnerships deepened our digital ecosystem, while our Knowledge Series continued to reaffirm NBF's role as a thought leader at a time of constant change.

We also made strong progress in strengthening our organisational culture and capabilities. Through the rollout of our People Strategy, enhanced leadership programmes, and engagement and communication forums, we reinforced our belief that empowered, connected teams drive outstanding outcomes. Our nationalisation agenda advanced meaningfully, with our Emiratisation ratio rising to 43.5 per cent, supported by targeted recruitment, development, and upskilling initiatives.

In the year ahead, we look forward with confidence, prudence, and a clear sense of responsibility in an evolving regional and global environment. Anchored by a strengthened market position, trusted strategic partnerships, and disciplined investment in our people, processes, and technologies, NBF is well positioned to sustain growth, reinforce resilience, and continue delivering long-term value in support of the UAE's economic development.

We extend our deepest appreciation to our Board of Directors, leadership team, all NBF colleagues, our shareholders, customers, partners, and in particular the UAE's leadership — His Highness Sheikh Mohamed Bin Zayed Al Nahyan, President of the UAE and Ruler of Abu Dhabi, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE and Ruler of Dubai, His Highness Sheikh Mansour Bin Zayed Al Nahyan, UAE Vice President, Deputy Prime Minister, Chairman of the Presidential Court, His Highness Sheikh Hamad Bin Mohammed AlSharqi, Member of the Supreme Council of the UAE and Ruler of Fujairah, and His Highness Sheikh Mohammed Bin Hamad AlSharqi, Crown Prince of Fujairah — for their unwavering support and belief in our purpose.

Building on our strong performance in 2025, the Board of Directors is pleased to propose a profit distribution of 20 per cent (2024: 15 per cent) of share capital, to be paid in the form of cash dividends of 20 per cent (2024: cash dividend of 15 per cent). Together, we are building more than a bank. We are creating a future-ready institution defined by trust, innovation, and exceptional value.

Saleh Bin Mohamed Bin Hamad AlSharqi
Chairman
28 January 2026

STATEMENT FROM THE DEPUTY CHAIRPERSON

NBF made another extraordinary step forward in 2025, as we once again delivered a performance that reflects not only our strategic discipline but also the enduring resilience of our franchise. In a world still shaped by geopolitical uncertainty, shifting global trade dynamics, and accelerating climate and supply-chain disruptions, we continued to perform with clarity, consistency, and conviction. The results speak for themselves: another year of record achievements, strengthened market positioning, and meaningful progress across every part of our business.

Our operating profit for the year reached AED 1.9 billion, compared with AED 1.6 billion in 2024, while operating income rose to AED 2.7 billion, representing year-on-year growth of 9.3 per cent. These results highlight the depth of our diversified verticals, our ability to capture opportunity across market cycles, and our longstanding commitment to delivering sustainable value for our shareholders. Supported by robust capital adequacy, healthy liquidity, and a prudent risk framework, NBF remains exceptionally well-positioned to sustain momentum.

The first half of 2025 set the stage for a remarkable year. We were honoured with multiple recognitions at the MEA Business Achievement Awards and the International Finance Awards, including Best Innovation in Corporate Banking and Finance, Best SME Bank, and, for the first time, Best Islamic Banking Window – UAE 2025. These accolades affirm our commitment to excellence in customer service and our ongoing transformation in digital innovation.

Our four-pillar transformation framework continued to drive meaningful process enhancements across the bank, supporting greater efficiency and service quality. We continued to invest in our people and culture. By expanding learning pathways, strengthening leadership development, and enhancing organisational communication, we deepened employee engagement and reinforced a culture rooted in integrity, inclusion, and service excellence. This people-first philosophy remains integral to our long-term success.

Significant progress was achieved on the business front throughout 2025, as our market and brand presence expanded across the UAE. This growth was supported by strategic partnerships and collaborations, including with key free zones such as Meydan Free Zone and DAFZ. Our participation in major industry platforms – from GITEX to Gulf Intelligence forums – further strengthened our visibility and influence across the banking sector. It was also a standout year for customer engagement, with a record number of offers and campaigns launched across corporate, business, and personal banking.

Meanwhile, initiatives such as the UAE-wide NBF ATM expansion, in partnership with LuLu Exchange, continued to advance our accessibility agenda. The NBF Fujairah Run, organised under the patronage of the Crown Prince of Fujairah, His Highness Sheikh Mohammed Bin Hamad AlSharqi, and in collaboration with the UAE Ministry of Sports, attracted 6,400 registered runners, underscoring our growing community impact. In addition, five successful Knowledge Series and the launch of the ninth edition of the NBF Art open call further demonstrated our commitment to innovation, partnership, and meaningful engagement.

Looking ahead to 2026, we remain committed to focussing on our customers' needs in an evolving operating environment, with confidence in our ability to deliver sustained growth and stronger returns. Guided by a clear strategy and a purpose-driven mindset, NBF is well-positioned to support the UAE's dynamic and resilient economy.

I extend sincere gratitude to our shareholders, customers, employees, and stakeholders for their continued trust and support. I would also like to acknowledge the invaluable guidance of our Chairman, His Highness Sheikh Saleh Bin Mohamed Bin Hamad AlSharqi, the Board of Directors, and the Management Team, as well as the dedication of every member of the NBF family, whose collective efforts underpin the bank's success and its long-term contribution to the UAE.



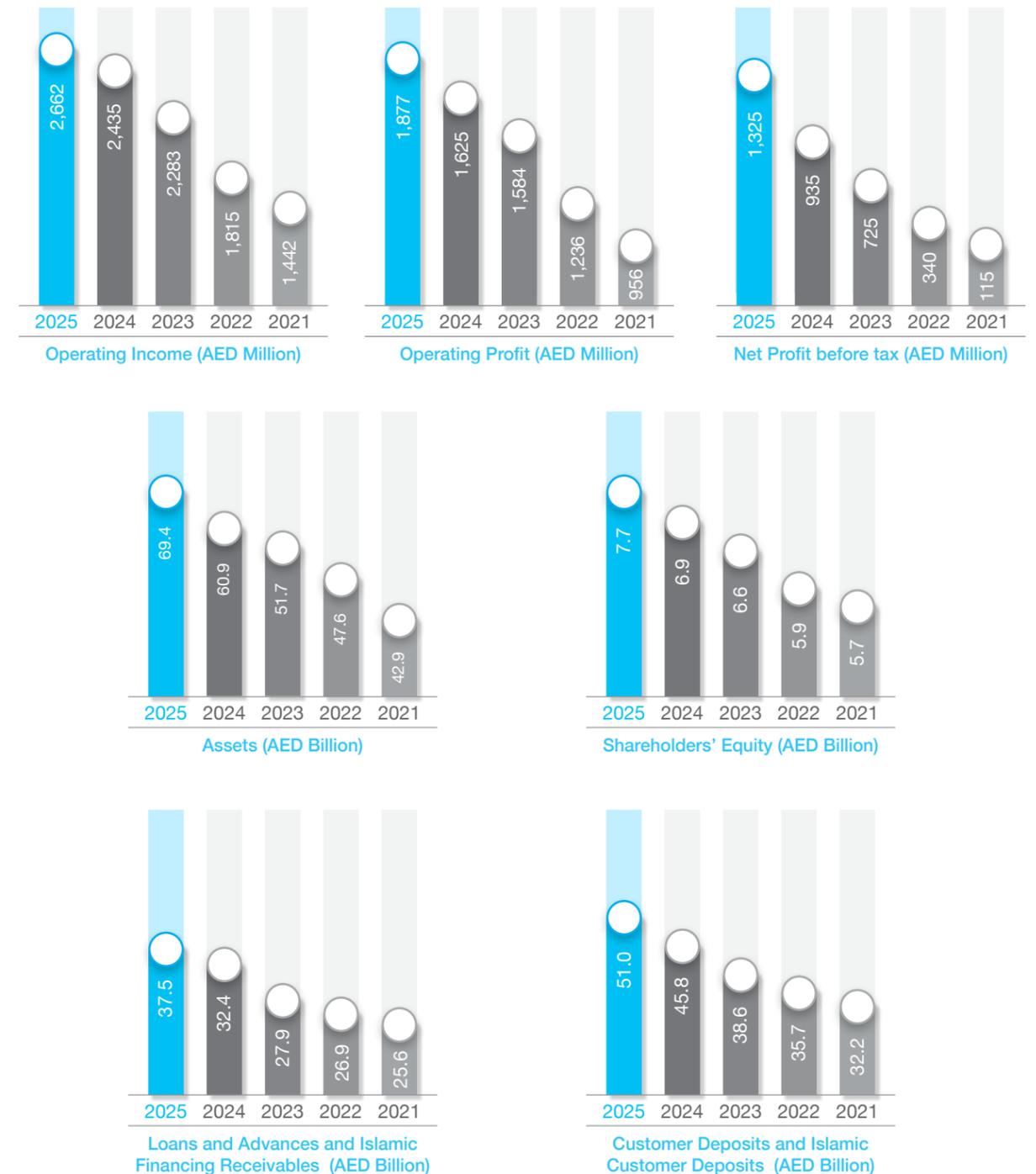
Dr. Raja Easa Al Gurg
Deputy Chairperson
28 January 2026

FINANCIAL PERFORMANCE

2025 was a landmark year for NBF, as the bank crossed the AED 1.2 billion net profit threshold for the first time, an achievement that reflects decades of strategic vision, the enduring confidence of our customers, and the dedication of our teams. Beyond the numbers, this milestone signifies the evolution of NBF into a more resilient, agile, and forward-looking institution, ready to capitalise on opportunities and deliver sustainable value for all stakeholders.

FIVE-YEAR PERFORMANCE SCORECARD GRAPHS

The bank's resilience and agility reinforced its reputation as a trusted financial partner. Strong lending momentum, disciplined cost management, and a robust deposit base underpinned these results, reflecting NBF's strategic clarity, operational strength, and steadfast execution.



FINANCIAL PERFORMANCE CHART

NBF's third consecutive year of record-breaking performance demonstrated our unwavering focus on quality growth, disciplined execution, and prudent asset and liability management in a challenging and shifting interest rate environment.

	2025 (AED Million)	2024 (AED Million)	(%) Change
Operating Profit	1,877.2	1,624.9	15.5%
Operating Income	2,662.1	2,435.2	9.3%
Net interest income and net income from Islamic financing and investment activities	1,889.1	1,787.5	5.7%
Foreign exchange and derivatives income	226.1	189.1	19.5%
Income from investments and Islamic instruments	9.1	5.8	55.6%
Net fees and commission income	451.7	409.3	10.4%
Operating expense	(784.9)	(810.4)	-3.1%
Net impairment losses	(552.2)	(690.0)	-20.0%
Profit for the year before tax	1,325.0	934.8	41.7%
Tax	(119.8)	(84.7)	41.5%
Profit for the year after tax	1,205.2	850.1	41.8%
Loans and advances and Islamic financing receivables	37,466.9	32,392.2	15.7%
Customer deposits and Islamic customer deposits	50,981.4	45,757.0	11.4%
Total assets	69,373.9	60,879.1	14.0%
Recoveries	167.3	87.5	91.2%
Cost-to-income ratio	29.5%	33.3%	-3.8%
Total provisions coverage ratio	139.0%	119.4%	19.6%
Non-performing loans ratio	3.9%	5.1%	-1.2%
Stage 2 & 3 Mix	7.3%	10.2%	-2.9%
Return on average equity	16.5%	12.7%	3.8%
Return on average assets	1.9%	1.5%	0.4%

NBF'S SECTOR SPECIFIC EXPERTISE DIFFERENTIATES US FROM THE CROWD

	Loans & Advances (Industry) 2025* % Loans & Advances	Loans & Advances (NBF) 2025 % Loans & Advances
 Agriculture	0.2%	0.1%
 Mining and Quarrying	1.8%	0.2%
 Manufacturing	5.6%	14.0%
 Electricity, Gas and Water	4.0%	0.4%
 Construction and Real Estate	12.3%	10.6%
 Trade	9.1%	32.6%
 Transport, Storage and Communication	6.8%	8.9%
 Financial Institutions (Excluding Banks)	14.9%	0.5%
 Government	10.7%	3.0%
 Personal Loans	26.1%	20.7%
 Others	8.5%	9.0%

*Industry numbers are as at 30 September 2025

YEAR IN REVIEW

The global economy in 2025 continued to navigate a complex, fast-evolving landscape shaped by geopolitical tensions, climate-related disruptions, and uneven market recoveries. Although inflationary pressures eased and monetary policy began to normalise in several economies, persistent regional conflicts, rising protectionism – especially the rollout of expanded reciprocal tariffs under US President Donald Trump – and climate-induced supply shocks continued to weigh on global trade and investment.

Against this backdrop, the International Monetary Fund (IMF) projected global GDP growth of around 3.2 per cent, signalling steady yet cautious optimism. Growth in developed economies is expected to be modest at about 1.6 per cent, while emerging and growth economies are anticipated to grow faster, at around 4.2 per cent.



4.8%
GDP growth in 2025

5% growth projected in 2026

The UAE continued to outperform many global peers, recording GDP growth of 4.8 per cent in 2025, driven by robust domestic demand, diversified non-oil sectors, and an accelerating national digital agenda. Its leadership in financial innovation, sustainability, and renewable energy investment continued to attract international attention, particularly following new initiatives reinforcing the nation's commitment to achieving net zero by 2050. Further growth of 5 per cent is expected in 2026.

Within the banking and financial services sector, 2025 marked a decisive shift toward technology-led transformation and the integration of financial services into non-financial platforms. Regulatory momentum around open banking, digital identity, and AI gained pace across the GCC, aligning the region more closely with global fintech standards. In the UAE, the CBUAE's digital initiatives, including the modernisation of payment systems and the introduction of the new dirham symbol, enhanced integration, transparency, and customer protection.

NBF STRATEGY 2025

FROM STRENGTH TO SCALE - ACCELERATING GROWTH, DELIVERING EXCELLENCE

In 2025, we remained focused on delivering sustainable growth and long-term value for our customers, employees, shareholders, and partners. Building on strong foundations, we strengthened our leadership in the SME and mid-market segments, deepened our presence in specialised industries, and advanced our universal banking proposition across retail, corporate, and Islamic banking. Guided by our strategic pillars, we continued to enhance customer experiences, empower our people, and embed efficiency and process excellence, positioning NBF as a future-ready financial partner of choice.

Our strategic direction remains anchored around four foundational pillars – People First, Customer Centricity, Efficiency and Excellence, and Governance and Compliance – each playing a defining role in our transformation into a more agile, digital, and customer-driven organisation.

Placing our people at the centre of this transformation has fostered a culture of empowerment, innovation, and ownership, enabling us to deliver meaningful value and exceptional experiences. Our deepened commitment to customer centricity ensures that our strategies, products, and service models evolve in line with client needs and long-term partnerships.

Driving efficiency and excellence remains central to our performance agenda. We continue to streamline operations, leverage digital capabilities, and institutionalise process discipline to enhance productivity and scalability. At the same time, we advanced our digital and sustainability ambitions – accelerating AI-led transformation, operational efficiency, and data-driven decision-making to future-proof our business.

Underpinned by rigorous governance and compliance, these efforts reinforce integrity, transparency, and responsible growth as core to our identity. Together, our strategic pillars enable us to navigate uncertainty, harness opportunity, and deliver sustainable growth and long-term value.

KEY AREAS OF GROWTH

Throughout the year, we delivered strong, broad-based growth across our core businesses, further cementing our position among the UAE's most resilient, trusted, and customer-centric banks. Loans and advances and Islamic financing receivables climbed to AED 37.5 billion, an increase of 15.7 per cent on the previous year, driven by sustained momentum across our corporate, SME, and retail segments. Customer deposits and Islamic deposits expanded to AED 51.0 billion, up 11.4 per cent, reflecting our deep client relationships and the success of our enhanced deposit and liquidity solutions.

We also strengthened and diversified our investment portfolio, which grew by 7.7 per cent to AED 18.5 billion, underscoring our disciplined balance sheet management and proactive allocation toward high-quality, income-generating assets. Growth was amplified by accelerating digital adoption, with ongoing enhancements to digital onboarding, eKYC, and transaction platforms that elevated efficiency and enhanced customer experience. These achievements, anchored in strong governance, cost discipline, and a forward-looking strategy, demonstrated our capacity to deliver sustainable, high-quality growth while creating enduring value for all stakeholders.

KEY GROWTH METRICS



Loans & Financing: **AED 37.5 B**

Deposits: **AED 51.0 B**

Investments: **AED 18.5 B**

OPERATIONAL PERFORMANCE

We delivered our strongest-ever operational performance, setting new benchmarks across key business metrics and reaffirming our position as one of the UAE's most resilient and high-performing banks. This performance showcased the power of our strategy in action: the strength of our business model, the agility of our teams, and our ability to capture opportunity in a rapidly changing market. Despite heightened geopolitical tensions, shifting trade dynamics, and continued commodity price volatility, we outperformed expectations across our diversified portfolio, driven by disciplined execution, rigorous

cost and risk management, and a resolute focus on sustainable, long-term value creation.

BUSINESS SEGMENT PERFORMANCE

CORPORATE AND INSTITUTIONAL BANKING

We delivered another year of exceptional performance, reinforcing our position as a trusted partner to leading corporates and financial institutions across the UAE and beyond. Serving clients with a turnover exceeding AED 400 million, the segment's operating income rose to AED 936.1 million, up 2.3 per cent year-on-year, while total assets increased to AED 22.6 billion from AED 20.7 billion in 2024. Our liabilities totalled AED 31.7 billion, up from AED 30.2 billion the previous year, reflecting both the depth and diversification of client relationships. Growth was propelled by heightened client activity across cash management, trade finance, treasury, and structured lending, underpinned by disciplined risk management and a focus on relationship-driven solutions.

OPERATING INCOME



AED
936.1 MILLION

BUSINESS BANKING

Our Business Banking segment delivered another year of outstanding growth, further strengthening its contribution to overall group performance and reinforcing NBF's leadership in serving the UAE's dynamic SME and mid-market sectors. The segment contributed 36.1 per cent to total operating income, up from 34.2 per cent in 2024, reflecting deeper client engagement and expanding market share. Operating income increased to AED 961.8 million, reflecting a 15.4 per cent growth year-on-year. Our assets rose to AED 10.3 billion, compared with AED 8.8 billion in 2024, while our liabilities stood at AED 16.7 billion, up from AED 13.3 billion. Growth was driven by strong lending volumes, robust deposit mobilisation, and continued investment in digital innovation and process optimisation, enhancing efficiency, speed, and the overall client experience.

SECTOR CONTRIBUTION TO GROUP OPERATING INCOME



36.1%
in 2025 | compared to
34.2% in 2024

RETAIL BANKING

Our Retail Banking segment delivered a strong and dynamic performance in 2025, underscoring the success of our ongoing investment in digital transformation, customer experience, and product innovation. Assets grew to AED 7.1 billion, compared

with AED 5.3 billion in 2024, while liabilities totalled AED 5.8 billion, up from AED 5.2 billion. Operating income rose to AED 220.5 million, representing a 5.4 per cent increase over 2024. Growth was driven by the continued expansion of our mortgages, credit cards, and personal finance portfolios, supported by the rapid adoption of our next-generation digital banking platforms. This enhanced digital engagement has delivered greater convenience, increased customer loyalty, and strengthened the franchise as a whole.

ISLAMIC BANKING

Our Islamic banking business delivered strong growth in 2025, further expanding its portfolio of Shari'ah-compliant products and services for both individual and corporate clients. Supported by a robust governance framework and a customer-first approach, the business accounted for 14.8 per cent of total group assets, up from 10.9 per cent in 2024, and 9.5 per cent of our group deposits, compared with 10.2 per cent the previous year. Customer deposits rose to AED 4.8 billion, from AED 4.7 billion in 2024, while Islamic financing facilities rose to AED 5.3 billion, compared with AED 4.1 billion in 2024. Operating income advanced to AED 176.5 million, up 5.4 per cent year-on-year, reflecting rising demand for Shari'ah-compliant solutions, greater production innovation, and the accelerating adoption of our digital Islamic banking platform.

TREASURY, INVESTMENTS, ASSET AND LIABILITY MANAGEMENT (ALM) AND OTHERS

Our Treasury and ALM function delivered another exceptional performance in 2025, building on the strong momentum of the previous year. Net profit before tax rose to AED 511.3 million, compared with AED 424.7 million in 2024, while net profit after tax reached AED 465.0 million. Exchange and derivatives income climbed to AED 226.1 million, up from AED 189.1 million in 2024, driven by the proactive provision of bespoke market risk solutions to our customers across foreign exchange, cross asset derivatives, commodities, energy, precious metals, and investment portfolio management. In addition, the ALM and investment strategy focused on optimal balance sheet management to capitalise on market opportunities, periodic volatility, and on portfolio management with an emphasis on diversity, optimisation, and the acquisition of high-quality liquid assets. The trading and structuring strategy focused on the optimal use of EFX solutions and the digitalisation of cross-asset pricing for customers and interbank counterparts as part of a long-term approach. This reinforced our reputation for financial strength, expertise, customer centricity, digitalisation of treasury solutions, and consistency in service and revenue. Key platform initiatives, namely NBFX and NBF Markets, along with the digitalisation of pricing/STP, have been cornerstones of our customer-centric strategy. The implementation of a digital wealth management platform in 2026 will be a welcome addition and complements our institutional strategy to be the preferred partner of choice across all lines of financial services.

RECORD YEAR FOR TREASURY & ALM

AED
511.3M

Net Profit Before Tax

AED
465.0M

Net Profit After Tax

ISLAMIC BANKING

The UAE Cabinet's recent approval of the national strategy for Islamic finance and the halal industry sets out an ambitious agenda to accelerate sector growth. The strategy targets a more than doubling of Islamic banking assets to AED 2.56 trillion by 2031, alongside significant expansion in local and international sukuk issuances listed in the UAE. It also aims to increase Islamic finance's share to 40 per cent of total UAE financial assets and position the UAE as a hub for 15 per cent of global Islamic finance assets by 2031. In parallel, we have strengthened our Islamic offerings via NBF Islamic.

In 2025, we continued to strengthen and expand our Islamic banking franchise, reinforcing our position in Shari'ah-compliant financial solutions for both individuals and businesses. Driven by the region's growing demand for ethical and values-based banking, we broadened our Islamic product portfolio, introducing innovative, customer-focused solutions that advance financial inclusion and empower clients to bank with purpose.

**AED
2.56 TRILLION**



Islamic banking assets expected increase

In 2025, NBF Islamic was recognised at the International Finance Awards as the Best Islamic Banking Window – UAE, further affirming the strength and credibility of our Shari'ah-compliant proposition. With the launch of our upgraded NBF Islamic websites, we are setting a new benchmark for digital excellence, positioning NBF at the forefront of innovation and reinforcing our commitment to accessibility, transparency, and world-class service.

Our continued investment in digital transformation has delivered faster onboarding, improved service efficiency, and greater convenience for our Islamic customers. We also advanced our alignment with the CBUAE's frameworks on Islamic sustainable finance, embedding responsible, future-focused practices and strong governance into every aspect of our operations.

ENTERPRISE RISK MANAGEMENT

We maintain a robust, enterprise-wide risk management framework that defines how we identify, assess, measure, report and manage risk in line with a clearly articulated and forward-looking risk appetite. Risk is inherent in all activities, and we navigate it with discipline and precision through a structured approach built around the 'three lines of defence' model. Business units and support functions form the first line, managing risk within approved limits and policies. Our Risk Management and Compliance teams provide proactive oversight and challenge as the second line, while Internal Audit delivers independent assurance to management and the Board.

In 2025, we further strengthened our governance, oversight, and risk infrastructure, ensuring our risk strategy continued to underpin sustainable and profitable growth. The Management Risk Committee actively monitored credit, market, liquidity, operational and emerging risks, maintaining close alignment

with regulatory requirements and strategic priorities. Strong governance and focus on credit quality have improved asset quality, leading to a reduction in non-performing assets. We enhanced the pillar two framework and our stress testing and scenario analysis to reflect evolving macroeconomic, geopolitical, and regulatory developments, helping us preserve a capital adequacy ratio above required regulatory thresholds. Strong liquidity management continues to be proactively maintained to support balance sheet growth, with key liquidity metrics well above regulatory requirements.

We also deepened our risk culture and values across the organisation, reinforcing accountability, transparency, and sound decision-making at every level. The Chief Risk Officer reports directly to the Chairman of the Board Risk and Sustainability Committee and has direct access to the Board and its committees, ensuring robust risk governance. We continue to advance our sustainable finance framework and integrate climate and technology into our broader risk architecture. By maintaining disciplined risk management and effective governance, we delivered a strong performance in a dynamic environment, safeguarding capital strength, and supporting long-term stability and growth.

COMPLIANCE

We maintained rigorous policies and controls to ensure full compliance with UAE laws, CBUAE regulations, and international standards on anti-money laundering (AML), combatting the financing of terrorism (CFT), targeted financial sanctions (TFS) and proliferation financing (PF), as mandated by our Board. Our comprehensive AML/CFT and TFS/PF framework encompasses ongoing customer risk assessments, advanced transaction monitoring, and continuous alignment with regulatory developments, supported by a culture of constant improvement to mitigate the risk of financial crime.

FULL REGULATORY COMPLIANCE

100%
alignment with UAE laws and
CBUAE regulations



During 2025, we further elevated this framework in line with evolving CBUAE requirements and global best practice, strengthening our systems, training, and governance to ensure continued vigilance and effectiveness. We also remained proactive in managing conduct risk by reinforcing compliance policies that complement our Code of Conduct, keeping fair customer outcomes at the centre of every interaction, and maintaining a transparent approach to customer feedback and resolution.

We made significant progress in advancing our governance and compliance capabilities, supported by positive assessments from the CBUAE's follow-up reviews and independent evaluations of our Internal Audit function. In collaboration with leading external experts, we accelerated remediation programmes in AML and compliance, expanded dedicated resources across Compliance, Market Conduct, and Risk Management, and continued the convergence of control functions to strategically address priority regulatory objectives.

Feedback from RFI Global's '2025 UAE Banking Customer Experience Tracker' survey underscored the strength of our compliance culture and ethical conduct. Customers rated NBF among the top performers for honesty, transparency, and the quality of service, recognising our best-in-class resolution processes and swift responsiveness. These findings affirm our leadership in fostering fair outcomes and principled business practices, which remain integral to our compliance and governance framework.

CYBER SECURITY

We remained deeply committed to fortifying our information security posture, making significant, targeted investments in cyber assurance, resilience, and advanced threat protection. Leveraging automation, AI, and machine learning, we enhanced our detection and response capabilities, achieving a substantial reduction in mean time to detect and respond to threats, while maintaining zero security breaches for the sixth consecutive year. We also sustained a cyber risk score of 94 per cent – a testament to our commitment to digital trust and resilience.

With digital banking accelerating across the UAE, we aligned our cybersecurity strategy with the UAE Government's National Cybersecurity Strategy, ensuring robust protection for customer data and uninterrupted confidence in our digital channels. We also advanced our compliance posture by deploying AI- and machine-learning-enabled systems to detect, prevent, and mitigate illicit activity, ensuring alignment with both CBUAE and international security standards.

Our NBF Mobile Banking authentication system was upgraded to exceed the CBUAE's enhanced security mandates, delivering greater protection and a frictionless customer experience. We also achieved ISO 27001:2022 certification for Information Security Management, reaffirming our commitment to the highest global standards in safeguarding sensitive information.

ISO 27001: 2022

certification for Information Security
Management was achieved



Through our strategic partnership with CyberKnight Technologies, we introduced an innovation channel-financing model designed to strengthen the regional cybersecurity ecosystem, supporting the UAE's goal of building a secure and resilient digital economy. These achievements, alongside fraud awareness sessions, reinforced NBF's leadership in secure digital banking and our role in advancing national priorities through trusted, technology-driven innovation.

DIGITAL INNOVATION

In 2025, we accelerated our digital transformation journey with renewed intensity, driving greater efficiency, resilience, and innovation across every area of our business. Anchored in our long-term strategy and commitment to future readiness, our digital agenda spanned retail, corporate, and institutional banking, reinforcing our position as one of the UAE's most forward-thinking financial institutions.

We reimagined our mobile banking experience, integrating UAE Pass into the NBF Direct app to deliver secure, instant

authentication and seamless services through a more intuitive, personalised dashboard. The app was further upgraded with AI-powered intelligence, enabling real-time KYC updates, enhanced self-service tools, and tailored digital support that anticipates customer needs proactively.



AI-POWERED INNOVATION

Real-time KYC & smart automation

Proactive, personalised support

We continued to broaden our partnership ecosystem across financial services, fintech, technology and payments, collaborating with organisations such as Muller & Phipps ME Group, Finesse Global, StorIT Distribution, Almoe Group and Yubi. At GITEX 2025, we further advanced our digital-first agenda by forging a series of strategic collaborations aimed at strengthening future capabilities in digital identity, payments, AI-driven analytics and cybersecurity.

Beyond transformation within, we continued to shape the broader conversation on the future of digital banking. Through our NBF Knowledge Series events – including Harnessing AI and Navigating Change, Powering Growth – we brought together regional business leaders to explore how emerging technologies are redefining finance, trade, and customer engagement. Our participation at Sibos 2025 further cemented NBF's role as an active voice in shaping regional innovation, digital ecosystems, and sustainable finance.

We are now building on this momentum with the launch of our upgraded internet and mobile banking platforms, featuring AI-powered support, intuitive self-service tools, and enhanced interfaces for corporate and business banking clients. The integration of advanced analytics and generative AI will elevate operational agility, strengthen risk management, and unlock deeper customer insights, ensuring NBF remains at the forefront of intelligent, data-led banking.

In recognition of our leadership and digital achievements, NBF was honoured with five awards at the MEA Finance Banking Technology Awards 2025, including Best Cybersecurity and Risk Management Implementation and Best Mobile Banking Services. These awards are a testament to the tangible impact of our innovation strategy and our vision for the future of banking.

CUSTOMER EXPERIENCE AND ENGAGEMENT

In 2025, we advanced our commitment to customer centricity through accelerated investment in service excellence, innovation, and a more empowered, relationship-led banking. Our efforts were recognised through exceptional satisfaction and retention rates across both retail and business segments.

According to RFI Global's '2025 UAE Banking Customer Experience Tracker' survey, we once again outperformed the market average across all key attributes, achieving an industry-leading overall NPS (Net Promoter Score) of 92, compared

with a market benchmark of 54. We scored particularly high for honesty and trustworthiness, digital and mobile banking capabilities, demonstrating the effectiveness of our enhanced omnichannel engagement model.

We maintained industry-leading retention across SME and corporate clients, supported by our expanded relationship management as a joint team model. This integrated approach, combining Relationship Managers with GTB (Global Transaction Banking) and Treasury specialists, significantly improved product uptake, client engagement, and cross-sell opportunities. We are now scaling the model through the Credit Operating Model pilot, launched on 1 September, which is already improving turnaround times and overall customer satisfaction.

To bring banking closer to communities, we continued to strategically expand our branch network, opening a new location in Ras Al Khaimah in December. Complementing this, construction progressed on our new Fujairah Head Office, which is due for completion in 2027 and will serve as a landmark of our long-term commitment to service excellence and regional presence.

Throughout the year, we strengthened customer engagement through a range of campaigns and events, including NBF Rewards, the Max Saver promotion, and our Emerging Business Package. We continued to deepen collaboration with Lulu Exchange, Ingram Micro, and partners across our business and retail segments. Within the SME space, new agreements with Dubai Airport Freezone (DAFZ) and Meydan Free Zone enhanced our ability to support entrepreneurs with integrated banking, working capital solutions, and digital account opening.

SME PARTNERSHIPS

Supporting entrepreneurs with integrated banking



The Business Banking CASA campaign and the Business Banking Value Account offer drove strong SME acquisition, while our Retail CASA campaign (featuring AED 20,000 joining bonus) generated significant traction among new-to-bank customers. The Trade Guarantee Cashback campaign further supported business customers by offering enhanced value on trade finance transactions.

BUSINESS & RETAIL GROWTH

AED 20k Retail Bonus | Boosted new-to-bank customer traction & trade finance support

Our Voice-of-Customer programme remained a core driver of service excellence in 2025, translating real-time insights into targeted enhancements across all channels. Feedback captured through digital surveys, social platforms, and relationship reviews directly informed product refinements, process optimisation, and experience design. Our NPS from the Annual Customer Satisfaction Survey reached 48 for

Conventional Retail Banking and 54 for Islamic Retail Banking – reflecting the strength of our customer relationships and the trust placed in NBF across segments. This disciplined, insight-led approach reinforces our commitment to being a trusted, responsive, and future-ready financial partner.

NPS SCORE BY SEGMENT

48 Conventional Retail Banking

54 Islamic Retail Banking

TALENT AND CULTURE

Our people and culture remain at the heart of NBF. In 2025, we accelerated our journey toward building a future-ready workforce defined by inclusivity, engagement, and growth. We advanced our 'People First' agenda, strengthening leadership capability, enhancing employee wellbeing, and ensuring that every individual feels empowered to contribute to NBF's long-term success.

This followed the launch of our first-ever NBF People Strategy, which was rolled out at the beginning of the year. The strategy's four 'Big Peaks' – representing an amalgamation of key characteristics that sets the bank apart, such as growth mindset, effective communication, digital enablement, performance excellence, and wellbeing – helped us nurture talent and embed a culture of innovation.

BUILDING A FUTURE-READY WORKFORCE

As part of our ongoing transformation, we refined our Performance Management Framework to better align talent development with business priorities and strategic ambitions. The enhanced framework introduced enhanced competency assessments, clearer feedback mechanisms, and a stronger link between performance and rewards. A bank-wide series of awareness sessions and workshops supported the rollout, fostering a shared understanding of excellence and accountability across teams. We also continued to invest in learning and development, achieving a 76 per cent favourable rating in the 2025 HR Survey. The survey had 390 respondents, representing a response rate of 46 per cent.

76%
Learning & Development Rated Favourably

DIVERSITY AND INCLUSION

With 878 employees representing 38 nationalities, NBF is proud to be a workplace defined by diversity, inclusion, and mutual respect. Our gender-balanced workforce – with women representing 47.6 per cent of the employees – alongside an 79 per cent employee engagement score highlights our commitment to creating equal opportunity for all. The 2025 HR Survey reaffirmed this strength, with 71 per cent of our people expressing favourable views on diversity and inclusion.

878
Total number of employees

47.6%
Female workforce

79%
Employee engagement

WELLBEING, FLEXIBILITY, AND MENTAL HEALTH

Employee wellbeing remained a strategic priority in 2025. Through our long-standing partnership with Lyra Wellbeing, we continued to provide confidential support to employees and their families, addressing emotional, psychological, and practical challenges. This was complemented by physical wellbeing activities, mental health awareness campaigns, and initiatives promoting work-life balance. In our latest HR Survey, 75 per cent of employees rated wellbeing favourably, reflecting steady progress in fostering a healthy, balanced workplace culture.

75%
Favourable wellbeing rating

LEADERSHIP DEVELOPMENT AND EMIRATISATION

We continued to strengthen leadership capability across the organisation, ensuring our leaders are equipped to inspire teams and drive transformation. Greater emphasis was placed on leadership competencies and feedback, ensuring that managers are qualified to guide, inspire, and develop their teams. Throughout the year Emiratisation remained a core strategic focus. We expanded initiatives to attract, train, and retain Emirati talent, ranging from our Management Training Programme and participation in Ru'ya Careers UAE Redefined. In 2025, our Emiratisation rate stood at 43.5 per cent, up from 42.7 per cent in 2024.

43.5%
Emiratisation ratio

FUTURE OUTLOOK

ADVANCING TOWARD SCALED GROWTH AND SUSTAINABLE VALUE

As we look ahead to 2026, NBF enters the next phase of its transformation with clear priorities and measurable ambitions.

Guided by our North Star – to build a stronger, more profitable and more influential bank that compounds value for customers and shareholders alike – we are accelerating foundation-building to scale quality growth, strengthen and diversify profitability, broaden our customer reach across the UAE, and deliver consistently high, sustainable returns for our shareholders as we advance toward a market position that reflects our long-term strategic aspirations.

Our priority is to reinforce NBF's position as a UAE-wide premium bank for SMEs to mid-market businesses, coupled with niche-sector focus and affluent to high-net-worth individual segments. These strategic additions will bring us closer to customers in high-growth corridors and deepen our presence across key economic hubs.

GROWTH FOCUS

SMEs & HNW Clients

Expanding reach across UAE corridors



Delivering on our ambitions will require disciplined, enterprise-wide execution and strong alignment across the organisation. We are committed to investing in people, processes, and technologies to deliver our promise of providing an exceptional experience to our customers and employees, and to realise our ambitions of growing the NBF franchise and market share.

Progress will be measured through our four strategic pillars. Under *People First*, we will further elevate capability-building, leadership development, employee engagement, and advanced performance management to maintain a motivated, high-performing workforce. *Customer Centricity* will remain central as we drive growth through enhanced propositions and improved experiences in onboarding, transactional services, and credit processes. *Efficiency and Excellence* will be propelled by redesigning the operating model, end-to-end process optimisation, automation, and data analytics. Under *Governance and Compliance*, we will deepen our adherence to best practices, aim to be among the most compliant banks, reinforce transparency, and uphold the highest standards of integrity and oversight.

Digital transformation remains a primary enabler of our strategy. We will continue deploying AI, automation, and data-driven intelligence at scale to deliver more personalised experiences, quicker decision-making, and stronger operational performance. Strategic partnerships with fintechs and technology providers will accelerate innovation, enhance cyber resilience, and unlock new, diversified revenue opportunities.

Sustainability will remain embedded in our long-term agenda. We will expand our sustainable finance solutions, introduce additional ESG-linked products, and further advance climate-risk assessments and data governance. These efforts will build on our environmental progress, our adoption of green building standards, and the integration of sustainability across our entire value chain.

By maintaining sharp focus on our people, customers, operational excellence, governance, and sustainability, we remain confident in our ability to exceed our North Star ambitions – our long-term strategic milestone guiding sustainable growth and performance excellence.

Corporate Governance Report

Upholding the highest ethical governance standards and investor relations continue to be the utmost priority for NBF.

OUR CORPORATE GOVERNANCE FRAMEWORK

National Bank of Fujairah PJSC, and its subsidiaries, (“NBF”, “NBF Group” or “the bank”) is committed to upholding the highest ethical and corporate governance standards. We believe high standards of corporate governance are key contributors to the long-term success of any business, creating trust and engagement between the company and its stakeholders. This belief underpins our business model, our policies and governance structures.

Delivering exceptional and sustainable business outcomes is based on strong risk management and governance. The bank has clear and comprehensive governance policies, procedures and practices throughout the Group to drive these outcomes.

Our approach to corporate governance is intended to ensure the highest levels of transparency and accountability. These practices are under constant review as local and global best practice expectations change.

The Board of Directors’ primary responsibility is to provide effective governance and oversight over the bank’s affairs and those of its subsidiaries, for the benefit of shareholders, and to balance the interests of diverse stakeholders, including investors, customers, employees, suppliers, regulators, government and local communities.

The Board has also established board sub-committees in line with regulatory requirements and best practice to fulfil its responsibilities effectively. Specifically, the Board has created three sub-committees and delegated specific functions to these sub-committees to ensure that there is specific focus directed towards the critical issues of risk management, sustainability including environmental, societal and governance issues, the adequacy of internal control within the bank, and the appropriate recruitment, succession, performance management and remuneration of the Board and Senior Management.

These sub-committees are the Board Risk and Sustainability Committee, the Board Audit Committee and the Board Nomination and Remuneration Committee.

At an executive level, the Management Committee and Management Risk Committee provide strategic direction and senior management oversight with regards to the operation of management committees in the bank.

The bank’s corporate governance system operated effectively during 2025. The Board, Board sub-committees and management committees were convened to perform their obligations in line with the charters and provided the required oversight.

During 2025, NBF continued to review and enhance its corporate governance practices in light of changes to the business strategy, the external business environment and evolving stakeholder expectations.

Risk Management Approach

Risk Exposures

NBF Group recognises that risks exist in all of our activities and that we need to have a clear and ordered approach to identification, assessment, measurement, reporting and treatment of risks based on a clear statement of Risk Appetite. Our Board of Directors considers the context of our business strategy and internal and external drivers

of risk and sets boundaries for acceptable risk taking in our Risk Appetite Statement. Management then seeks to implement the Business Strategy and Operational Plans within those boundaries. To do this effectively, we apply a “Three Lines of Defence” operating model in relation to the management of risk. The key principle of this model is that risk management capability must be embedded within the business to be effective. The role of each line of defence is as follows:

First Line comprises all employees engaged in the revenue generating and client-facing areas of the Bank and all associated support functions, including Finance, Technology, Human Resources.

Business and support functions are responsible for identifying, assessing, and managing the risks they originate, establishing effective controls, identifying and managing risk events and ensuring they are meeting their compliance obligations.

Second Line is comprised of the Risk and Compliance functions including Shari’ah Control. The role of the second line is to establish frameworks and policies to support the business and support functions in identifying, assessing, and managing their risks and regulatory compliance obligations as well as limits, under which first line activities shall be performed, consistent with the risk appetite of the Bank. Risk and Compliance also provide guidance, challenge and independent oversight of the first line.

Third Line of defence consists of an independent and effective Internal Audit function (includes Internal Shari’ah Audit). They provide independent review and objective assurance on the quality and effectiveness of the Bank’s internal control, risk management and governance systems, and first and second lines of defence.

We then apply a structured approach to risk measurement and reporting which is assessed against our Risk Appetite and is overseen by specialised risk governance committees to ensure transparency and that any position outside appetite or trending in that direction has appropriate remediation action plans approved and governed to finalisation.

Risk governance is key to successful risk taking. It involves a formal structure used to support risk-based decision making and oversight across all our operations.

The Board has established the Board Risk and Sustainability Committee, to assist it in carrying out its responsibilities that are set out in its Charter. It receives regular reporting from management and provides guidance to management where required as well as consideration and approval of specific matters referred to it.

Management has a number of management committees focused on our Material Risk classes or categories tasked with decision making and oversight of remediation where required.

The Material Risks that arise from our activities are defined as:

Credit Risk

Credit Risk arises from our activity of granting credit facilities to our customers in the normal course of our business. Credit Risk is defined within NBF as: Credit risk is the risk that the customer or counterparty to a financial asset fails to meet its contractual obligations and cause the Bank to incur a financial loss. The definition of Credit Risk includes concentration risk and related party risks.

Details of how NBF's credit risk management approach is embedded across the Bank is available in the Credit Risk Management Framework and Policy ("CRMFP") and supporting appendices.

Market Risk

The Bank separates its exposure to market risk between trading, investment and non-trading portfolios.

Traded market risk - This risk arises from dealings in a variety of approved products to facilitate customer transactions and financial gain. The types of market risk arising from trading activity include interest rate, foreign exchange, commodity, equity price, credit spread, volatility, and basis risks.

Non-traded market risk - This risk arises in the banking book portfolios which comprise of non-trading investments securities, reverse repurchase agreements and certain derivative instruments which are designated as hedging instruments arise primarily from the investment portfolios, interest rate gaps in the banking book, and the Bank's overall FX positions.

NBF's detailed policies in respect of Market Risk are set out in the Market Risk Management Policy as well as the Treasury Risk Process Guidance document.

Liquidity & Funding

Liquidity and Funding risk is the risk that the Bank cannot meet its payment obligations or does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

Liquidity risk can arise from a number of sources, including but not limited to retail and wholesale deposits, other forms of wholesale funding, derivatives, and off-balance sheet exposures such as credit and liquidity facilities.

The Bank maintains a Liquidity Management Strategy to support the sound management of liquidity risk and our balance sheet. The Liquidity Risk Management Policy includes specific requirements covering:

- The composition and maturity of assets and liabilities;
- The diversity and stability of funding sources;
- The approach to managing liquidity in different currencies, across borders, and across business lines and legal entities;
- The approach to intraday liquidity management; and
- The Bank's liquidity management strategy also comprises the annual review of our wholesale funding strategy and targets; limits and notification triggers; and crisis management and recovery planning.

Details on how NBF measures, monitors and manages liquidity and funding is available in the Liquidity Risk Management Policy as well as the Treasury Risk Process Guidance document.

Capital Adequacy

The risk of the Bank's capital composition or level falling below levels sufficient to support its strategy or meet regulatory thresholds.

NBF recognises the risk associated with having an insufficient level or composition of capital to support its normal business activities and meet its regulatory requirements, including the risk of an adverse impact on earnings or capital due to structural and transactional foreign exchange exposures and changes in market interest rates.

The bank's approach to capital management seeks to balance the fact that capital is an expensive form of funding with the need to be adequately capitalised as an authorised deposit-taking institution. We also consider the need to balance efficiency, flexibility and adequacy when determining sufficiency of capital and when developing capital management plans.

We evaluate these considerations through an Internal Capital Adequacy Assessment Process, the key features of which include:

- The development of a capital management strategy, including consideration of regulatory minimums, capital buffers and contingency plans;
- Consideration of both economic and regulatory capital requirements;
- The impact of adverse economic scenarios; and
- Consideration of the perspectives of external stakeholders including rating agencies and equity and debt investors.

Details on how NBF measures, monitors and manages capital adequacy are available in the Capital Management Policy.

Strategic Risk

Strategic risk is the risk to the Bank's earnings, capital, reputation or standing arising from changes in the operating environment, inappropriate strategic decisions, improper implementation or lack of responsiveness to industry, economic or technological changes.

Strategic risk may also result from a lack of responsiveness to changes in the business environment within which NBF operates - including economic, geopolitical, regulatory, technological, environmental, social and competitive factors. While these external factors cannot be controlled, their impact can be understood and limited through effective scenario analysis and stress testing.

The Finance function supports the management of strategic risk through the ongoing business strategy planning cycle, ensuring alignment across business, financial and capital planning. Key elements of this are the annual strategy review and financial target setting, and project investment approval processes which enable the identification, monitoring and mitigation of strategic risks.

Risk provides oversight of the Bank's strategic risk by providing independent input into these processes and independently monitoring and reporting on the level of risk established against our risk appetite metrics. Risk also considers the impact of the current and emerging risk landscape, stress testing outcomes of our business plans through different scenarios.

Details on how NBF measures, monitors and manages strategic risk are available in the Capital Management Policy.

Country and Transfer Risk

Country Risk is defined as the risk resulting from financial, economic, political or other significant events which can adversely affect a borrower's credit quality who does business with or in a particular country.

Country Risk also includes Transfer Risk which is defined as the risk that an otherwise solvent borrower is unable to service an obligation in another jurisdiction due to an inability to obtain foreign currency or to transfer assets as a result of direct sovereign intervention (e.g. a debt moratorium, capital controls or exchange controls).

The Bank utilises assessments undertaken by global rating agencies of Moody's and S&P as well as undertaking qualitative analysis pertaining to country and transfer risk as a part of the business decision process. These factors include economic, social and political stability in each country, the monetary policy, the foreign exchange control measure, the transparency of information, the financial and market structure, banking regulations and supervision, the legal system and the accounting standards among others.

Country risks are monitored and controlled using country limits set by the Bank; these limits are in accordance with overall business strategy, capital adequacy and provisions for potential risks, risk rating of each country, acceptable level of risk and business opportunities in each country.

Details on how NBF assesses, monitors and manages Country Risk is available in the Country and Transfer Risk Management Framework.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. We manage operational risks within the expectations of key stakeholder groups including customers, employees, shareholders and regulators.

The Bank recognises that Operational Risk is a necessary part of doing business. We seek to be resilient to operational risk, and minimise the impact of inadequate processes, people, systems and external events through robust processes and controls. While we recognise that breakdowns in processes and controls will occur, material issue and events arising from these breakdowns must be quickly and effectively remediated.

Operational risks are grouped into categories to support effective risk management, measurement and reporting. The categories are defined below:

- Internal and external fraud including cyber security where unauthorised information is obtained;
- Employment practices and workplace safety;
- Client's products and business practices includes fiduciary breaches, suitability issues, market manipulation, money, terrorist financing and economic and trade sanctions and product defects;
- Damage to physical assets includes losses incurred by damage to physical assets due to natural disasters or other events like terrorism or vandalism;
- Failure of critical systems and business disruption and breach of system security; and
- Execution, delivery, and process management includes transaction processing or process management errors, model management and data management and quality failures.

The Bank has implemented an effective operational risk management process to ensure robust oversight in line with the Operational Risk Management Framework and ERMF. This process includes the identification, assessment, control, monitoring and reporting and mitigation of operational risks. This comprehensive approach enables proactive management and oversight of operational risks throughout the organisation.

Details on how NBF assesses, monitors and manages Operational Risk is available in the Operational Risk Management Framework.

Model Risk

Model risk is the potential for adverse consequences from decisions based on inaccurate or erroneous model output due to errors in model methodology, implementation, coding or data or inappropriate usage. The potential loss could be in the form of financial loss, reputational risk events, or regulatory sanctions or fines.

The Bank relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing, calculating and assessing capital adequacy, supporting new business acceptance and meeting reporting requirements.

Risk Management has the primary responsibility for management and oversight of model risk and ensuring compliance with the CBUAE Model Management Standards and Guidance. It oversees the model risk policy and guidelines, monitors model risk appetite, validates and approves models, reports on model risk, operates the controls that govern models and maintains the inventory of all models used by the Bank.

Details on how NBF measures, monitors and manages Model Risk is available in the Model Risk Policy and Guidelines.

Resilience Risk

Resilience risk arises from failures or inadequacies in processes, people, systems or external events.

Resilience risk has three separate but related components:

Operational Resilience

Operational resilience is a key focus for the Bank to ensure continuity of service and critical operations to clients. It is measured using a range of metrics with defined maximum acceptable impact tolerances, and against our agreed risk appetite and monitored through oversight of key processes, risks, controls and strategic change programmes.

Recovery and Resolution

Recovery and resolution planning form part of the integral framework safeguarding the Bank's financial stability. The Bank's recovery plan, together with stress testing, help the Bank understand the likely outcomes of adverse business or economic conditions and in the identification of appropriate risk mitigating actions.

Climate-related Physical and Transition risks

We seek to understand the potential for climate-related transition and physical risks to our business, in particular the possible impact on credit risk, regulatory and reporting obligations and our reputation.

Climate risk is measured using risk metrics and stress testing and is managed through specific policies, and through enhancements to processes and development of tools including the development of product market controls to manage the risk of greenwashing and the development of portfolio steering capabilities to manage our net zero targets.

The Bank continues to enhance its organisational resilience to ensure it has the capability to effectively respond to events and ensure continuity of service and critical operations to clients, sufficient levels capital and liquidity and the safeguarding its reputation and brand.

Details on how NBF measures, monitor and manage Resilience Risk is available in the Operational Resilience Framework, Recovery Plan, and ESG Framework.

Regulatory Compliance Risk

Regulatory Compliance risk arises principally from our activities as a bank that is subject to the regulation of the Central Bank of the UAE and also arising from our legal status as a Public Joint Stock Company. This risk is defined as the risk of losses, fines or penalties resulting from the failure of individuals, or the bank to comply with legislation or regulation.

NBF's policies in respect of compliance risk are set out in the bank's Compliance Policy. Policies related to AML/CTF Risks are documented in the bank's AML Policy, Sanctions Policy and supporting processes and Market Conduct risks are documented in the Market Conduct Policy.

Conduct Risk

Conduct Risk is the risk that inappropriate judgements or poor decisions and actions by the Bank, its employees or third parties associated with the Bank lead to detrimental outcomes for its customers or the markets in which it operates.

Conduct risks can arise many causes but in general they will come from a poor culture of decision making where decisions are based on matters not in line with the Banks values, poor controls and also from poor awareness and training.

The Bank manages Conduct risk through the Conduct and Consumer Protection Risk Management Framework which sets the process approach for the identification and assessment of reputational risks by clearly defining types of risks to be captured, establishing key sources of reputational risk it may be exposed to, based on individual circumstances, describing the risks identified in terms of the nature of risk and the potential consequences that the risks may bring to its reputation.

Details on how NBF measures, monitors and manages Conduct Risk are available in the Conduct and Consumer Protection Risk Management Framework (CCPRMF).

Reputational Risk

Reputational Risk is the risk that an action, inaction, transaction, investment, event or business relationship will reduce trust in the Bank's integrity and/or competence.

The Bank manages reputational risk through the Reputational Risk Management Framework which sets the approach for the identification and assessment of reputational risks by clearly defining types of risks to be captured, establishing key sources of reputational risk it may be exposed to, based on individual circumstances, describing the risks identified in terms of the nature of risk and the potential consequences that the risks may bring to its reputation.

We also refer to other relevant information for risk identification purposes. Such information may be sourced from media reports, complaints data, legal cases, internal audit and compliance reports or other early warning indicators. For reputational risks, apart from the regular monitoring of external and internal events that can result in possible reputational risks, the Bank also has processes to track risks that may affect its reputation.

Details on how NBF measures, monitors and manages Reputational Risk are available in the Reputational Risk Framework.

Information Security Risk

This risk is defined as the possibility that a given threat will

exploit vulnerabilities of technology and/or information and thereby causing harm to the organisation.

NBF's Information Security Risk Management Framework (ISRMF) ensures that information security risks in the entity are identified, assessed, and evaluated, and that these risks are treated in accordance with the information security requirements and business objectives of NBF.

NBF's detailed policies in respect to Information Security are defined in the Information Security Management System (ISMS) Framework. This ensures:

- NBF's Information resources in whatever form they exist both electronic and non-electronic are appropriately protected from compromise of their confidentiality, integrity and availability.
- Controls and protection requirements are accomplished in a manner consistent with the business and workflow requirements of NBF ISRMF and ISMS supports the general concepts specified in National Electronic Security Authority (NESA), National Cyber Risk Management Framework (NCRMF) and ISO/IEC 27001 and is designed to assist the satisfactory implementation of information security controls at NBF.

Shari'ah Compliance Risk

The bank operates an Islamic window for the provision of Shari'ah compliant banking services. We have an Internal Shari'ah Supervision Committee to provide guidance on and approval for matters pertaining to Islamic Shari'ah.

The approved statement of compliance with Islamic Shari'ah is published in our Annual Report.

Environmental, Social and Governance Risk (ESG)

NBF is committed to embedding sustainability within the bank's organisational structure and conducting business in a responsible way. The Bank's sustainability objectives and commitments are outlined in our ESG Frameworks and Policies which include the ESG Position Statement, Climate Risk Roadmap and Sustainable Finance Framework. These are supported by the Bank's ESG Risk Management Framework, which defines the bank's principles and governance structures for identifying, assessing, mitigating and reporting ESG risks. This includes identifying, evaluating and managing ESG risks and opportunities in the lending portfolio.

As the Bank continues to mature its strategy, regular reporting, including the development of quantitative and qualitative statements of risk appetite, will be established for climate and sustainability risks; as well as consideration of the potential impacts to other risk areas such as Conduct Risk, Legal and Reputational Risk.

Details on how NBF measures, monitors and manages ESG Risk are available in the ESG Risk Management Framework.

Risk Appetite, Enterprise-wide Risk Management and the Internal Control Framework:

NBF is committed to the implementation of best practices and governance standards.

The Board of Directors has overall responsibility for the establishment and oversight of enterprise risk management framework. The Board sets the overall risk appetite and strategy in consultation with the senior management and approves all principal governance committee charters, policies and guidelines to manage the above-mentioned risks.

The Board has established committees to enhance the oversight mechanism to carry out its responsibilities effectively.

Risk appetite is defined as the aggregate level and type of risk the Bank is willing to assume, decided in advance and within its risk capacity, to achieve its strategic objective and business plan. Defining Risk Appetite also helps us arrive at an appropriate balance of risk/ reward when making business decisions, to optimize financial growth opportunities and mitigate potential loss or damage.

The Risk Appetite Statement (RAS) intends to document the bank's willingness to take risks to achieve its strategic objectives. The RAS is used as the primary guiding document in the execution of the business strategy and therefore all strategic decisions are also considered in context of the defined RAS.

The RAS articulates the aggregate level and types of risk that the bank will accept or avoid in order to achieve its business objective. For each material risk, the Board has defined the maximum level of risk that the bank is willing to operate within.

The Board has approved the Enterprise-wide Risk Management Framework document that describes how the bank manages all of its material risks.

NBF has zero tolerance for non-compliance with its Risk Appetite, policies and procedures and strongly promotes a risk-based culture across the bank. The bank reinforces this through various channels that include communication of Risk Appetite and risk policies annually to all staff for mandatory reading, a compulsory training program and quarterly compliance certification process. The bank has also established a robust operational risk program to report any error or process failure and, regular monitoring of Key Risk Indicators.

The bank has a well-established mechanism to set and monitor operating limits, with any deviations from risk thresholds captured in the Breach register with clear delegation of authority for approval of remediation at management and board governance committees.

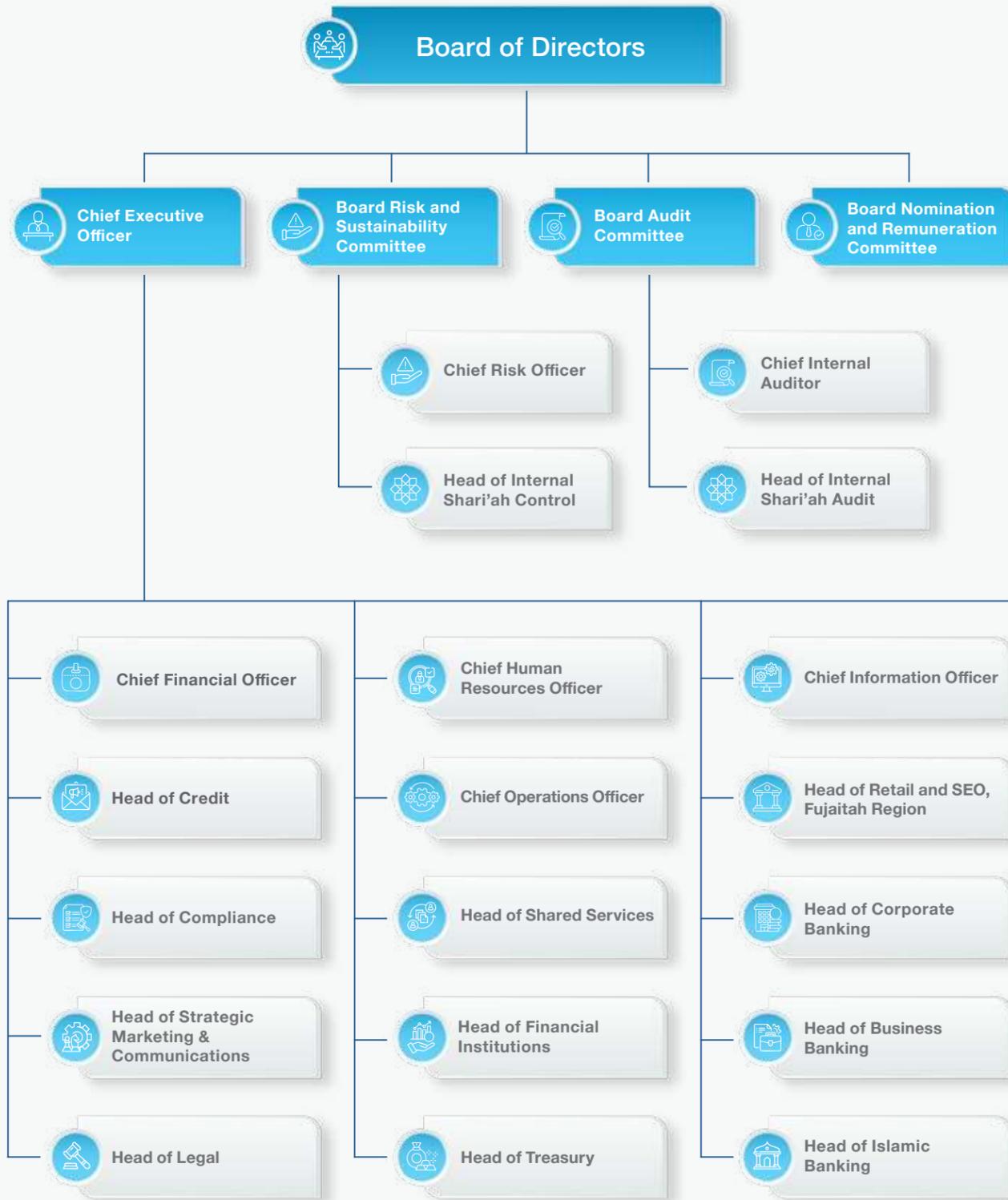
Responses to Risk Profile being outside our Appetite is based on whether there is a breach of a hard limit These indicators are measured daily through management information systems and platforms developed by the bank. Responses to risks that arise in our business will depend on the type and level of the risk. Risks can be Accepted, Avoided, Treated or Transferred.

Our Risk Governance Structure is set out below:



In setting the bank's Risk Appetite, the Board considers factors that are relevant to the domestic economy, regional economy and global economy. The bank has not entered into complex or non-transparent transactions or activities.

Our Organisational Structure



BOARD GOVERNANCE

Roles and Responsibilities

Our Board consists of nine members who are appointed for a three-year term at the Annual General Assembly Meeting.

Our Chairman and Deputy Chair are selected by Members of the Board. The Chair has a pivotal role in ensuring that the Board functions as the principal governance forum for the bank and that all important issues are properly addressed.

The Governance Charter of the Board of Directors sets the roles and responsibilities of the Board as a whole and each of the members of the Board.

The core responsibilities include:

- Decisions on the vision, mission, long-term objectives and strategy of the bank;
- Approval of the policies of the bank;
- Approval of authorities and powers delegated to the CEO, committees and senior management;
- Approval of the Bank's annual budget including specific approval of capital expenditure, investments and disposals;
- Reviewing and, where appropriate, approving material related party transactions which are not in the ordinary course of business;
- Approval of the capital management policy and the basis of allocation of capital within the bank;
- Decisions on the organisation structure of the bank;
- Ensuring that the Bank manages risk effectively;
- Ensuring that there is an appropriate system of internal control in the bank including approval of the structure, powers and processes of Internal Audit;
- Ensuring that the Board has the appropriate number and quality of directors to fulfil its responsibilities;
- Appointment of committees of the Board and approval of the committee Charter that contains detail of the

mandate, scope, process and accountability of the committee to the Board;

- Approval of the appointment, dismissal, and remuneration of the CEO and Senior Management;
- Approval of remuneration policy and bonus pools and salary scales for employees; and
- Approval and review of the corporate governance arrangements of the Bank.

Independence

The Board ensures that its composition complies with all regulations including independence which is reviewed annually.

Conflict of Interest

The Board has in place clear policies on Conflict of Interest. No Director may take part in deliberations in respect of a matter in which he or she has a real or perceived conflict of interest, and conflicted Directors do not vote on any such resolution.

MEMBERS OF THE BOARD

Recruitment approach

Nomination to become a Member of the bank's Board of Directors is overseen by the Board Nomination and Remuneration Committee.

The Committee is charged with ensuring that the nominees are skilled in a diverse range of disciplines and have significant experience across key sectors of the UAE economy in order to contribute key insights into the banks strategy and operations to assist management deliver long-term sustainable value for the bank's various stakeholders.

All nominees for appointment to the Board of Directors are assessed against the requirements of the Fit and Proper policy and if successful, are presented to the Central Bank of the UAE for approval. If the 'No Objection' confirmation is received, the nominee is presented to the Annual General Assembly Meeting for approval by shareholders.

During the year there were no changes to the composition of the Board of Directors.

Name Category (executive and non-executive, independent)	Experiences and Qualifications	Board Tenure (from the Date of First Election)	Memberships and Positions in other Joint Stock Companies	Other Significant Regulatory, Governmental or Commercial Positions
Shaikh Saleh Bin Mohamed Bin Hamad AlSharqi • Chairman • Non-Executive Member • Non-Independent Member	<ul style="list-style-type: none"> • Completed standard military course from Royal Military Academy Sandhurst • Served in UAE Armed Forces as a Colonel 	Since 1984 42 years	-	<ul style="list-style-type: none"> • Chairman of Department of Industry and Economy, Government of Fujairah, which controls port of Fujairah, Fujairah customs, Fujairah International Airport, Fujairah Free zone Authority and Government Companies. The Department of Industry supervises all investments and industrial projects in the Emirate of Fujairah. • Chairman of Fujairah National Group

<p>Dr. Raja Easa Saleh Al Gurg</p> <ul style="list-style-type: none"> Deputy Chairperson Non-Executive Member Non-Independent Member 	<ul style="list-style-type: none"> Holds an Honorary Doctorate in Literature from Amity University – India Holds an Honorary Doctorate at Queen's University Belfast for economics Graduated from the University of Kuwait in English Literature 	Since 2020 6 years	-	<ul style="list-style-type: none"> Chairperson and Managing Director of Easa Saleh Al Gurg Group LLC Chairperson of the Board of Directors of Al Jalila Foundation Vice Chairperson of University of Dubai Board Member of Dubai Women's Association Board of Directors of Dubai Health Corporation Board of Governance Deputy Chair of Mohammed Bin Rashid University of Medicine and Health Sciences Board of Trustees for Ajman University Board of Governance Deputy Chair of Hamdan Bin Mohammed Smart University Honorary Pro-Chancellor at Heriot Watt University Advisory Board of Coutts Bank, the wealth division of the Royal Bank of Scotland Group
<p>Shaikh Hamad Bin Saleh Bin Mohamed AlSharqi</p> <ul style="list-style-type: none"> Board Member Non-Executive Member Independent Member 	<ul style="list-style-type: none"> Bachelor in Business Administration & HR, Higher Colleges of Technology 	Since 2014 12 years	-	<ul style="list-style-type: none"> Chairman of Al Sharq Health care (The Health care group of Fujairah National Group) Chairman of Fujairah National Industries (the industries Group of Fujairah National Group) Vice-Chairman of Fujairah National Group
<p>Mr. Hussain Mirza Al Sayegh</p> <ul style="list-style-type: none"> Board Member Non-Executive Member Non-Independent Member 	<ul style="list-style-type: none"> Master Degree in International Relations – University of Southern California (UK Program) London Bachelor Degree in Business Administration – University of Jordan 	Since 1992 34 years	-	<ul style="list-style-type: none"> Chairman, Union Cement Co., Ras Al Khaimah Board Trustee of Mohammed Bin Rashid Humanitarian & Charity Est. Board Member of Thumbay Group
<p>Mr. Saif Sultan AlSalami</p> <ul style="list-style-type: none"> Board Member Non-Executive Member Non-Independent Member 	<ul style="list-style-type: none"> Master in Computer Engineering – Florida Institute of Technology, USA Bachelor in Electrical Engineering, – Florida Institute of Technology, USA 	Since 1999 27 years	<ul style="list-style-type: none"> Board Member of Al Fujairah National Insurance Company 	<ul style="list-style-type: none"> Managing Director of Fujairah National Group Board Member of GPS Chemoil LLC FZC

<p>Mr. Mohamed Obaid Bin Majed Al Aleeli</p> <ul style="list-style-type: none"> Board Member Non-Executive Member Non-Independent Member 	<ul style="list-style-type: none"> Master Degree in Management Technology, University of Wisconsin, USA Bachelor Degree in Industrial Technology, University of Wisconsin, USA 	Since 1993 33 years	-	<ul style="list-style-type: none"> General Director -Department of Industry and Economy – Government of Fujairah Board Member of Arab Company for Poultry Production in Fujairah Member of the Economic Integration Committee – Ministry of Economy and Tourism Member of Industrial Development Council of the UAE – Ministry of Industry and Advanced Technology Board member of Emirates Authority for Standardization and Metrology, UAE Member of Foreign Trade Committee, Ministry of Economy and Tourism, UAE Member of the Steering Committee of the “Make it in the Emirates” Platform – Ministry of Industry and Advanced Technology Member of the Economic Coordination and Cooperation Committee – Ministry of Economy and Tourism Member of the Advisory Committee of the Emirati Talent Competitiveness Council (Nafis) Member of the Board of Directors, UAE Sailing and Modern Rowing Federation Member of the Federal Emergency and Natural Disaster Committee
<p>Mr. Ahmed Saeed Al Raqbani</p> <ul style="list-style-type: none"> Board Member Non-Executive Member Independent Member 	<ul style="list-style-type: none"> MBA from London Business School (LBS) B.ENG in Civil Engineering from University College London (UCL) 	Since 2016 10 years	Chairman of Fujairah Building Industries PJSC	<ul style="list-style-type: none"> Chairman of Fujairah Rock and Aggregate Company Managing Director of East Coast Group
<p>Mr. Khalil Ebraheim Hassan Ahmed</p> <ul style="list-style-type: none"> Board Member Non-Executive Member Independent Member 	<ul style="list-style-type: none"> Master of Commerce, Professional Accounting - from University of Queensland, Australia Master of Commerce, Applied Finance - from University of Queensland, Australia 	Since 2023 3 years	Vice Chairman of Fujairah Building Industries PJSC	<ul style="list-style-type: none"> Deputy Managing Director, Port of Fujairah Board Member of Fujairah Rock and Aggregate Company

	<ul style="list-style-type: none"> Bachelor of Business Administration - BBA, Financial Management & Marketing from Arab Academy for Science and Technology and Maritime Transport (AASTMT), Egypt Executive Development Diploma, Business Leadership & Management from International Institute for Management Development, Switzerland 			
Mr. Easa Farid Al Gurg <ul style="list-style-type: none"> Board Member Non-Executive Member Non-Independent Member 	<ul style="list-style-type: none"> Bachelor of Science in Business Administration with a concentration in Management and Marketing – from American University of Sharjah 	Since 2024 2 years	-	<ul style="list-style-type: none"> Group CEO of the Easa Saleh Al Gurg Group (ESAG) Board Member of Dubai Chambers of Commerce

Female Representation

NBF promotes female representation in line with government strategy. Female participation on NBF's Board of Directors is 11%. NBF is proud to have Dr. Raja Easa Saleh Al Gurg as its Deputy Chairperson.

Board Assessment

The Board Nomination and Remuneration Committee conducts an annual assessment of the Board's performance. The annual assessment includes Board Organisation, Structure and Objectives Board Meeting Processes Board Responsibilities and Performance Board Interaction with Senior Management. In addition, an independent Board evaluation is conducted periodically in accordance with regulatory requirements. Recommendations are considered and addressed to enhance the governance structure of the Board, and its committees and charters are updated on a yearly basis. The Board evaluation conducted in 2025 was positive with feedback that meetings devoted sufficient time to relevant topics, the Board was focused on the right topics, Board members had sufficient skills and experience to consider the relevant matters and Board materials were well prepared and distributed in a timely manner.

Director's Remuneration

Board Remuneration paid during 2025 for year 2024	Directors' fees (AED per annum)
Chairman	1,500,000
Deputy Chairperson	1,500,000
Director	750,000 (Per Person)

No additional allowances were paid to Members of the Board of Directors for attendance at Committees.

Proposed Board Remuneration details that will be presented at the Annual General Assembly Meeting are as follows:

Board Remuneration will be paid during 2026 for year 2025	Directors' fees (AED per annum)
Chairman	1,500,000
Deputy Chairperson	1,500,000
Director	750,000 (Per Person)

Board meetings

The Board of Directors held eight meetings throughout the year. Below are the dates and summary of attendance:

Date of the meeting	Number of attendees
10 February 2025	9
18 March 2025	8
29 April 2025	6
25 June 2025	8
27 August 2025	8
6 October 2025	9
29 October 2025	9
27 November 2025	9

Board Committees

The Board has delegated specific powers and authority to three sub-committees:

- The Board Audit Committee;
- The Board Risk and Sustainability Committee; and
- The Board Nomination and Remuneration Committee.

The Board Audit Committee (BAC)

The Board Audit Committee (BAC) provides oversight of Internal Audit and the statutory external auditors. It seeks to provide reasonable level of assurance on the control environment, and the governance of the bank's operations. As part of these responsibilities, the BAC provides oversight over remediation of audit and regulatory findings. The BAC oversees and considers issues relating to the bank's accounts and financial reporting.

The responsibilities of the Committee include the following:

- Confirming and assuring the independence of internal auditors;
- Reviewing with the Chief Internal Auditor and the external auditors the scope, plan, coordination and effectiveness of internal and external audit work;
- Overseeing the preparation of financial statements, including a review of the interim and annual financial statements, to monitor that such financial statements have been prepared in accordance with proper accounting rules and practices;
- Reviewing the group's internal control systems for effectiveness;
- Reviewing key audit reports and ensuring that senior management is taking necessary corrective action in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other problems identified by auditors and other control functions; and
- Reviewing all internal audit reports concerning any investigation or significant fraud that occurs within the group.

The membership of the Board Audit Committee are:

Name	Designation
Mr. Ahmed Saeed AlRaqbani	Chairman
Shaikh Hamad Bin Saleh Bin Mohamed AlSharqi	Member
Mr. Saif Sultan AlSalami	Member
Mr. Khalil Ebraheim Hassan Ahmed	Member
Mr. Easa Farid AlGurg	Member

The BAC is supported by an Independent Advisor.

The Committee held six meetings in 2025

Date	Attendance
22 January 2025	5
22 February 2025	5
22 April 2025	4
14 May 2025	5
31 July 2025	4
22 October 2025	5

The Board Risk and Sustainability Committee (BRSC)

The BRSC provides holistic oversight and advice to the Board on the Enterprise-wide Risk Framework and Risk Profile of the NBF Group. The committee considers and recommends the Risk Appetite Framework in line with the business strategy and operating environment and seeks to reinforce a strong risk aware culture.

It reviews the reports on risk profile, stress testing, capital adequacy, liquidity, credit risk, and market risk.

The committee also oversees the framework and risk posture for managing other enterprise risks such as Operational, Fraud, Information security, Technology Risks, Model risk, Legal, ESG and Sustainability, Corporate Governance, Shari'ah compliance, reputation, strategic risks and endorses related Group policies and frameworks.

The responsibilities of the Committee include the following:

- Review the Bank's Risk profile and Risk Appetite and any emerging risks which may impact the strategy;
- Consider the Bank's stress test scenarios and assumptions and consider and approve the results of different stress and reverse stress tests;
- Monitor the Bank's compliance with legal and regulatory obligations including extra-territorial regulatory obligations, e.g. FATF;
- Consider and recommend to the Board for approval the capital adequacy assessment and the methodologies and results of the reverse stress testing for submission of the ICAAP and the regulatory feedback related to those submissions;
- Review and recommend to the Board for its approval the Bank's risk management and compliance frameworks and policies and any other frameworks or policies requiring Board approval;
- Review reports, significant findings and escalations from the Risk Management and Compliance functions, Risk and Compliance committees of the Management and from the regulatory agencies;
- Review the implementation of the Bank's climate and sustainability strategy;
- Review and approve material disclosure documentation prior to the issue to the market such as Pillar III disclosures; and
- Review and approve public reports and disclosures in relation to sustainability matters.

The members of BRSC are:

Name	Designation
Shaikh Hamad Bin Saleh Bin Mohamed AlSharqi	Chairman
Mr. Saif Sultan AlSalami	Member
Mr. Ahmed Saeed Al Raqbani	Member
Mr. Khalil Ebraheim Hassan Ahmed	Member
Mr. Easa Farid AlGurg	Member

The BRSC is supported by an Independent Advisor.

The Committee held five meetings in 2025

Date	Attendance
26 February 2025	5
14 May 2025	5
4 August 2025	5
27 October 2025	5
11 December 2025	5

The Board Nomination and Remuneration Committee (BNRC)

The BNRC approves and oversees the bank's Remuneration Scheme design and its implementation. It also supports the Board with recommendations for CEO and Senior Management appointments. It has a key role in assessing the performance of the Board and its Committees and considers issues of Director independence and appointment.

The responsibilities of the Committee include the following:

- Making recommendations to the Board relating to the appointment, reappointment and succession planning of the Directors;
- Considering appointment, termination and succession planning for the CEO and other senior management positions;
- Reviewing the remuneration policy for the Board, the CEO, senior management and employees of the Bank;
- Reviewing the structure, size and composition of the Board;
- Evaluating the balance of skills, knowledge and experience on the Board; and
- Reviewing the performance of the Board.

The members of the BNRC are:

Name	Designation
Shaikh Saleh Bin Mohammed AlSharqi	Chairman
Dr. Raja Easa Saleh AlGurg	Member
Mr. Saif Sultan AlSalami	Member

The Committee held four meetings in 2025

Date	Attendance
18 March 2025	3
25 June 2025	3
7 August 2025	3
18 November 2025	3

EXTERNAL AUDIT

The bank appointed PricewaterhouseCoopers ("PwC") as its external auditor for 2025.

PwC is a multinational professional services network and one of the largest audit firms in the world.

PwC was appointed as external auditors for the bank and its subsidiaries by the shareholders at the Annual General Assembly Meeting (AGAM) held on 18 March 2025.

The bank ensures independence of its External Auditors in line with the requirements of the Central Bank of the UAE and international accounting standards. The BAC approved the External Auditor Evaluation and Non-Audit Services Policy to ensure that independence is assessed and maintained throughout the term of the engagement.

The BAC ensures independence through ensuring that non-audit services are limited only to those acceptable under the IESBA Code and must be approved by the BAC prior to any engagement.

Selection criteria for the appointment of the External Auditor include:

- The auditor being properly constituted in accordance with relevant laws and regulations;
- The independence of the Statutory Audit firm from NBF and its ability to maintain independence throughout the engagement;
- The bank having a right to immediately terminate the service of the Statutory Auditor once their independence has been compromised;
- There being no conflict-of-interest situations that could affect the independence of the Auditor;
- Arrangements that enable partner rotation and succession planning;
- Professional competency, experience and integrity of key personnel;
- Compliance with relevant professional Codes of Ethics;
- Thoroughness of the audit approach and methodology; and
- Cost effectiveness.

The fees paid to PwC for audit and related services were:

Name of the audit office and name of the partner auditor	Audit office - PwC / Partner – Tamsin King
Number of years spent as the Bank's external auditors'	Four (4) years
Number of years the partner auditor spent auditing the Bank's accounts	Three (3) years
Auditing fees for the year 2025 including review of selected returns of the Central Bank of the UAE	AED 800,000 plus out-of-pocket expenses capped at 5% and value added tax (VAT)
Audit related services fees for the year 2025 [XBRL, annual audit of NBF Financial services FZC (subsidiary of NBF), procedures in respect of pillar 3 disclosures, Internal Control over Financial Reporting (ICoFR) and tax group aggregated financial statements]	AED 500,000 plus out-of-pocket expenses capped at 5% and value added tax (VAT)
Total audit and related services fees for the year 2025	AED 1,300,000 plus out-of-pocket expenses capped at 5% and value added tax (VAT)
Fees and costs for special services other than auditing the financial statements for the year 2025 if any, and in the absence of any other fees, this is expressly stated	The non-audit fees, amounting to AED 37k, was attributable to the agreed-upon procedures in respect of de-licensing and cancellation of the Securities and Commodities Authority ('SCA') promotion activity license held by NBF
Details and nature of other services provided (if any), and in the absence of other services, this is explicitly stated	None
A statement of the other services that an another external auditor rather than the Bank's accounts auditor provided during 2025 (if any), and in the absence of another external auditor, this is explicitly stated	None

The Bank's auditor, PwC, has provided unmodified opinions on all interim and annual consolidated financial statements. Excerpts of opinions from Interim and Annual Accounts 2025 are provided below:

Interim:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the periods ended 31 March 2025, 30 June 2025 and 30 September 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Annual:

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Bank of Fujairah PJSC (the "Bank") and its subsidiaries (together 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.

SENIOR MANAGEMENT

All Senior Management are members of the Management Committee (ManCom), which is NBF's most senior management level committee. The ManCom operates under delegated authority from the Board. ManCom and its individual members are accountable to the Board for delivery of the bank's strategic and operational plans and for ensuring that risks are only taken within the bank's Risk Appetite.

All Senior Management are selected on the basis of an assessment of Fitness and Propriety to ensure that they have appropriate qualifications and experience to fully discharge the role, and that they are of good character and sound financial position to ensure that they will discharge their duties without conflict of interest and in the best interests of the Bank's stakeholders. This process is performed annually to determine the continuing nature of fitness and propriety.

The bank's key Senior Management includes:

Name and Role	Date of Appointment	Education and Experience
Annan Anwar Chief Executive Officer	October 2024	<p>Education</p> <ul style="list-style-type: none"> • Executive MBA - London Business School • Institute of Chartered Accountants - Pakistan • Association of Chartered Certified Accountants • Bachelor of Commerce – University of Karachi <p>Experience</p> <ul style="list-style-type: none"> • Deputy CEO – National Bank of Fujairah (2020 to 2024) • CFO – National Bank of Fujairah (2005 to 2020) • Senior Manager – Consumer Business Finance – Standard Chartered Bank (2005 – 2005) • Manager Finance & Treasury - Saudi Orix Leasing Co. (2002 – 2005) • Assistant Manager – Taseer Hadi Khalid & Co (1997 to 2002)
Brian Mulholland Chief Financial Officer	July 2022	<p>Education</p> <ul style="list-style-type: none"> • Professional, Association Chartered Certified Accountants • Professional, Chartered Insurance Institute level 1 and 2 • Postgraduate Diploma, Financial Times Non-Executive Director Programme • Sheffield Hallam University, 1997 Degree- BA (Hons) Accounting and Management Control <p>Experience</p> <ul style="list-style-type: none"> • Redwood Bank - Chief Financial Officer (2017 – 2022) • Coutts & Co/Adam & Company - Finance Director (2014 –2016) • Royal Bank of Scotland - Global Head of Capital Planning, Chief Administration Officer (CAO) (2010 – 2014) • Head of Treasury Finance, and Interim Finance Director for Dunfermline Building Society (2004 – 2010)
Daniel Lima Chief Risk Officer	August 2024	<p>Education</p> <ul style="list-style-type: none"> • Institute of Chartered Accountants England and Wales (Fellow) • King's College London, M.Sc. Chemistry (Hons) <p>Experience</p> <ul style="list-style-type: none"> • HSBC Group PLC <ul style="list-style-type: none"> - Chief Risk Officer, Chairman of HBSA Funds Board, Saudi Arabia - Chief Risk Officer, UAE - Deputy Head, Global Audit MENA, UAE - Chief Operating Officer, Uruguay

Sharif Rafei Head of Retail Banking and Senior Executive Fujairah Region	November 2022	<p>Education</p> <ul style="list-style-type: none"> California State University – (BA – Arts) <p>Experience</p> <ul style="list-style-type: none"> National Bank of Fujairah (1994 to date) <ul style="list-style-type: none"> Head of Retail and SEO Regional Manager Branch Manager ADCB – Branch Manager (1984 -1995) FCI Fujairah – Personnel and Admin Manager (1983-1994)
Mohamed Al Ameer Chief Human Resources Officer	July 2025	<p>Education</p> <ul style="list-style-type: none"> Masters in Strategic Human Resources - University of Wollongong Masters in Business Psychology - Herriot Watt University Professional Certifications: Certified Human Resource Manager ACI <p>Experience</p> <ul style="list-style-type: none"> Ruya Bank - SVP Human Resources (Feb 2024 to Jul 2025) Miral Experiences - SVP Human Resources (Aug 2020 to Feb 2024) Al Futtaim Group - General Manager – Emiratisation Strategy and Group Employee Relations (Sep 2019 to Aug 2020) Miral Experiences - Director of HR Operations and Emiratisation (Jul 2018 to Aug 2019) CBI (Dubai) - Head of Talent Acquisition and Emiratisation (Oct 2015 to Feb 2018) First Gulf Bank - Sr. Manager - HRRM, HR Department (Dec 2013 to July 2015)
Mandeep Vohra Head of Credit	June 2025	<p>Education</p> <ul style="list-style-type: none"> Master of Management Studies - Finance (Jamnalal Bajaj Institute of Management Studies, India) Bachelor of Technology - Electronics Engineering (Indian Institute of Technology (IIT)) <p>Experience</p> <ul style="list-style-type: none"> Standard Chartered Bank - Global Coordinator Credit Risk, Commercial Clients Segment (June 2014 - June 2015) Standard Chartered Bank - Dubai: Head of Risk – SME Banking Africa, Middle East, Pakistan (July 2010 – Jun 2014) Standard Chartered Bank - Singapore: Head Product Management (Feb 2008 – June 2010) Standard Chartered Bank - Singapore Head of Small Business (Aug 2005 – Feb 2008) Standard Chartered Bank - India: Head of Sales – Small and Medium Enterprises, India (June 2003 - July 2005) Standard Chartered Bank - Dubai: Senior Relationship Manager, Corporate Banking (1996 – June 2003)

Balwant Bains Chief Internal Auditor	May 2022	<p>Education</p> <ul style="list-style-type: none"> Certified Internal Auditor London Guildhall University BA Business Studies – 1995 Luton University – Higher National Certificate Business Information Technology – 1991 <p>Experience</p> <ul style="list-style-type: none"> National Bank of Fujairah Chief Internal Auditor – May 2022 to present Al Ahli Bank of Kuwait – Group Chief Internal Auditor and Board Member ABK Egypt – 2008 to 2022 National Bank of Kuwait – Head, Market & Operations Risk Management Division – 2005 to 2008 Head of Banking Operations Audit – 2005
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REMUNERATION

The Board Nomination and Remuneration Committee approved the remuneration scheme for staff that recognised the need to balance incentive payments with the time that adverse risk consequences take to become evident. Senior Management and Material Risk Takers variable pay is now subject to a deferred proportion. Incentive payments for most staff are related to delivery of the bank's performance targets and the individual's performance against personal objectives.

For staff in the control functions of Internal Audit, Risk Management and Compliance Department, incentive payments are governed by a separate incentive scheme that is determined by delivery of individual and departmental objectives and not the profitability of the bank.

Overall, remuneration levels are set in order to remain competitive with our industry and market position with variable elements set to reflect risk management and performance.

Total Remuneration for all 20 members of Senior Management (including those that retired or resigned through the year) was:

Position	Appointment Date	Total salaries and allowances paid for 2025	Total Bonuses Paid for 2025 (Bonus) (in AED) *	Any other cash / in kind Bonuses for 2025 Due in the future
Chief Executive Officer	01 Oct 2024			
Chief Financial Officer	18 Jul 2022			
Chief Risk Officer	05 Aug 2024			
Head of Retail and SEO, Fujairah Region	01 Nov 2022			
Chief Human Resource Officer	14 Jul 2025			
Head of Human Resource (Until June 2025)	10 Oct 2010			
Chief Operations & Technology Officer (Until August 2025)	09 Jan 2024			
Head of Compliance (Until May 2025)	27 Sep 2020			
Interim Head of Compliance	01 Jun 2025			
Head of Credit (Until April 2025)	29 Sep 2021			
Head of Credit	30 Jun 2025			
Chief Internal Auditor	30 May 2022			
Head of Business Banking	31 Mar 2003			
Head of Treasury	10 Sep 2017			
Head of Legal	28 Feb 2022			

Head of Corporate Banking	28 Sep 2023			
Head of Islamic Banking	02 Jul 2013			
Head of Financial Institutions	08 Jan 2014			
Head of Shared Services	01 Mar 2022			
Head of Strategic Marketing & Communications	18 Jun 2017			
Total		30,196,019	8,881,850	3,242,850

* This reflects bonus for the year 2024 paid in 2025.

The aggregate amount of variable salary (bonus) payments to all staff in 2025, reflecting performance in 2024 was AED 60.0 million reflecting 7% of Net Profit. This was approved at the AGAM held on 18th March 2025.

Delegation of Authority

The Board sets the strategic objectives and risk appetite of the bank and oversees delivery and implementation by Senior Management. The Board reserves certain powers for itself and delegates certain authority and responsibility for day-to-day management of the bank and the execution of its strategic priorities to the CEO and other management through specific written delegations of authority.

The CEO may in turn delegate further certain authorities and responsibilities to Senior Management through written delegation letters. Irrespective of any delegation by the CEO, the CEO remains accountable to the Board for the exercise of delegated power and management's performance.

Management Committees

The Bank has a number of Management Committees in place that supports the execution of the Bank's strategy and play a central role in ensuring the effective operation, oversight and monitoring of NBF's business activities. The principal management committees are summarised below:

Committee	Responsibilities	No. of 2025 meetings
Management Committee	The Management Committee (ManCom) supports the Chief Executive Officer in determining and implementing the Bank's strategy as approved by the Board, including decisions on the annual budgets, monitoring ongoing budget management and business performance, decisions on key strategic initiatives and review of material projects.	39
Management Risk Committee	Ensures effective management of risks across the Bank in support of and in line with the business strategy and the Board-approved risk appetite.	16
IT Steering Committee	To provide oversight for the strategy and management of the bank's technology infrastructure. The committee is the guiding body for the prioritization and implementation of integrated, bank-wide information technology and communications projects.	9
Central Credit Committee	To independently assess and monitor the credit risks of the Bank against the Bank's credit policies, the Bank's agreed risk appetite and the best credit risk management practices.	15
Asset and Liability Committee	To independently assess and manage the Balance Sheet structure of the Bank, both conventional and Islamic, against the Bank's market risk (Foreign Exchange rate, Equity prices, Interest rate and, Basis Risk), liquidity risk, treasury, investment, capital and dividend policies against the bank's risk appetite.	16
Investment Committee	To independently manage the Bank's Proprietary Investments, and to govern the activities carried out through the Bank's Investment Solution Product Offerings.	12
Compliance Committee	To assess compliance risks inherent in the businesses of the Bank and its subsidiaries.	12
Operational Risk & Fraud Committee	The Operational Risk and Fraud Committee is responsible for ensuring operational and fraud risks are maintained within risk appetite through providing timely review of risks, events and control failures and through oversight and review of action plans. In addition, the Committee oversee the Bank's Business Continuity and Crisis Management preparedness status.	12

Information Security Governance Committee	To establish and implement continually improving Information Security, Physical Security and Data Privacy across NBF and its subsidiaries.	11
Shari'ah Governance Committee	The Committee reports to the Internal Shari'ah Supervision Committee and to the Management Risk Committee and independently assesses and manages Shariah compliance risks for the Islamic products of Bank.	3

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of NBF group, related parties, as defined in line with International Accounting Standard No. 24. Further, the bank has adopted the definition in the Corporate Governance Regulations and Standards issued by the Central Bank of the UAE which includes major shareholders of the group, directors and officers of the group and companies of which they are principal owners and key management personnel and the first-degree relatives of each. Banking transactions are entered into with related parties on agreed terms and conditions approved by the Board of Directors. The bank is required to enter into transactions with related parties on an 'arm's length basis'. The significant transactions and balances included in the consolidated financial statements, are as follows:

AED'000	2025	2024
Statement of financial position items		
Loans and advances and Islamic financing receivables	2,576,543	3,971,914
Customer deposits and Islamic customer deposits	10,283,225	10,589,657
Investments and Islamic instruments	213,034	139,261
Acceptances	42,584	208,870
Contingent liabilities		
Letters of credit	70,702	130,064
Financial guarantees and other direct credit substitutes	42,950	36,212
Transaction related contingencies	835,710	621,819
Commitments for future expenditure	123,510	6,369
Statement of changes in equity items		
Tier 1 capital securities coupon paid	-	36,621
Statement of income items		
Interest income and income from Islamic financing and investment activities	200,215	205,865
Interest expense and distribution to Islamic depositors	437,588	489,969
Other income	15,356	12,104
Operating expenses	45,855	42,049
Key management compensation		
Salaries and other short-term benefits	48,050	30,466
Employee end of service benefits	1,510	2,043
Board members' remuneration	8,250	8,250

Stage 3 ECL, amounting to AED 282.8 million, has been recognized pertinent to related parties (31 December 2024: AED 282.6 million). Further, stage 1 and 2 ECL amounted to AED 13.0 million (31 December 2024: 18.2 million).

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to AED 2,154.1 million (2024: AED 2,430.8 million).

During the year, capital expenditure transactions with related parties amounted to AED 17.6 million (2024: AED 1.5 million).

Further, segregation of balances with related parties and key management personnel at the reporting date are shown below:

AED'000	2025	2024
Major shareholders and their related entities		
Loans and advances and Islamic financing receivables	1,154,264	1,382,056
Customer deposits and Islamic customer deposits	8,478,255	8,710,719
Investments and Islamic instruments	213,034	139,261
Acceptances	38,990	200,188
Letters of credit	46,354	107,632
Financial guarantees and other direct credit substitutes	42,506	35,512
Transaction related contingencies	540,603	489,377
Commitments for future expenditure	123,510	1,176
Exposure to directors and their related entities		
Loans and advances and Islamic financing receivables	139,424	143,448
Customer deposits and Islamic customer deposits	155,535	86,304
Transaction related contingencies	2,445	11,339
Key management personnel and their related parties		
Loans and advances and Islamic financing receivables	64,776	45,691
Customer deposits and Islamic customer deposits	38,958	178,189
Financial guarantees and other direct credit substitutes	-	5
Others		
Loans and advances and Islamic financing receivables	1,218,079	2,400,719
Customer deposits and Islamic customer deposits	1,610,477	1,614,445
Acceptances	3,594	8,682
Letters of credit	24,348	22,432
Financial guarantees and other direct credit substitutes	444	695
Transaction related contingencies	292,662	121,103
Commitments for future expenditure	-	5,193

SHAREHOLDINGS

Each share carries one vote for resolutions put to shareholders at a General Assembly Meeting.

The Shareholders who hold 5% or more of the bank's capital at 31st December 2025 were:

Name	Number of shares owned	The percentage of shares owned from the bank's capital
Department of Industry & Economy- Government of Fujairah	1,297,104,309	50.27%
Easa Saleh Al Gurg LLC	478,282,553	18.54%
Investment Corporation of Dubai	194,496,108	7.54%
Fujairah Investment Company	130,000,000	5.04%

Distribution of Shareholding was as follows:

Shares ownership (share)	Number of shareholders	Number of shares owned	The percentage of shares owned in the capital
Less than 50,000	43	580,363	0.02%
From 50,000 to less than 500,000	61	9,448,884	0.37%
From 500,000 to less than 5,000,000	28	53,822,990	2.09%
More than 5,000,000	25	2,516,560,044	97.52%

The distribution of shareholder ownership on 31st December 2025 was:

	Individuals	Corporate entities	Government entities	Total
Local	6.06%	31.05%	62.89%	100%
GCC	-	-	-	-
Arab	-	-	-	-
Foreign	-	-	-	-
Total	6.06%	31.05%	62.89%	100%

Share Transactions of the Board of Directors and their Spouses and Children in 2025:

Name	Position	Shares owned on 31/12/2025	Total sale Transaction	Total Purchase Transaction
Shaikh Saleh Bin Mohamed Bin Hamad AlSharqi	Chairman	-	-	-
Dr. Raja Easa Saleh Al Gurg	Deputy Chairperson	55,683	Nil	Nil
Shaikh Hamad Bin Saleh Bin Mohamed AlSharqi	Member	-	-	-
Mr. Hussain Mirza Al Sayegh	Member	-	-	-
Mr. Saif Sultan AlSalami	Member	-	-	-
Mr. Mohamed Obaid Bin Majed Al Aleeli	Member	484,189	Nil	Nil
Mr. Ahmed Saeed AlRaqbani	Member	-	-	-
Mr. Khalil Ebraheim Hassan Ahmed	Member	-	-	-
Mr. Easa Farid Abdulla Al Gurg	Member	-	-	-

NBF share prices for the year 2025 were as follows:

Month	Closing price	Highest price	Lowest price
January 2025	4.20	4.69	3.60
February 2025	4.23	4.70	4.23
March 2025	4.23	4.23	4.23
April 2025	4.23	4.23	4.23
May 2025	4.20	4.23	4.20
June 2025	3.95	4.20	3.65
July 2025	3.65	4.50	3.65
August 2025	4.00	4.00	4.00
September 2025	4.00	4.00	3.50
October 2025	4.54	4.54	3.95
November 2025	4.54	4.54	3.95
December 2025	5.10	5.15	3.95

The comparative performance of the bank's shares with the general market index and the sector index to which the bank belongs during the year 2025 was:

Bank Sector	Price to Book Ratio	Price to Earnings Ratio
NBF (Dec 2025)	1.70	10.92
Industry (Sep 2025)	1.38	9.91

Investor relations and controls

Name of the Investor Relations Officer	Shahrazad Hamroun - Sr. Manager – Financial Control & Investor Relations
Contact information	Tel: 09-2029210, 09-2029208 Fax: 09-2029403 e-mail: NBF-investorrelations@nbf.ae, s.hamroun@nbf.ae
Website	https://nbf.ae/en/about-us/investor-relations

The procedures that have been taken regarding investor relations controls:

- Hosting of quarterly and annual consolidated financial statements on the ADX and Group's website and sharing these with SCA
- Establishing a disclosure policy to ensure compliance with all applicable laws and regulations concerning disclosure of material non-public information, including International Financial Reporting Standards (IFRS), the rules of the UAE Central Bank and its Basel II Pillar 3 guidelines and the listing requirements of the Securities and Commodities Authority (SCA) and ADX
- Availability of uncollected dividends information and the mechanism of collecting it by the shareholders
- Publication of the annual report and
- Investor presentations

Details of Special Resolutions presented to the General Assembly in 2025

In the Annual General Assembly Meeting held on 18 March 2025 there was no agenda for special resolutions.

The Board Secretary

Name	Date of appointment
Ms. Raheema Ahmed Al Rayssi	7 June 2021

Material events and important disclosures in 2025

The bank's material events, and important disclosures related to its quarterly and annual earnings were announced in the market in accordance with the requirements of SCA and ADX.

Transactions carried out by the bank during the year 2025 that are equal to 5 per cent or more of the bank's capital

Statement of Financial position line item	AED mn	No. of transactions
Loans and Advances and Islamic Financing Receivables	1,520.0	4
Due from Banks and Financial Institutions	18,572.6	34
Customer Deposits and Islamic Customer Deposits	973.8	2

Emiratization in the bank by the end of 2023, 2024 and 2025

The Bank is fully committed to the development and advancement of Emiratization. This commitment is reflected in the consistent and measurable increase in the Bank's Emiratization percentages over recent years, reaching 41.1% for the year ended 31 December 2023, 42.7% for the year ended 31 December 2024, and **43.5%** for the year ended 31 December 2025.

This year-on-year progress demonstrates NBF's strong commitment to the UAE national agenda and its continued investment in developing national talent. Further reinforcing this commitment, NBF was recognized through the NAFIS Awards for two consecutive years in the Medium-Sized Entities category-achieving 1st place for 2023–2024 and 2nd place for 2024–2025.

SHARI'AH GOVERNANCE

The bank provides Islamic Financial Services through its Islamic window called NBF Islamic which is supervised from the perspective of compliance with the principles of Islamic Shari'ah by our Internal Shari'ah Supervision Committee (ISSC). The appointment of the ISSC members is approved by the Board of Directors after confirmation by the Higher Shari'ah Authority (HSA) of the CBUAE and by the shareholders at the AGAM of the bank.

Our ISSC consists of qualified Shari'ah scholars who are responsible to review and ensure that Islamic banking products, services and operations are in compliance with the principles of Islamic Shari'ah.

NBF Islamic's business is governed from a Shari'ah compliance perspective by the Shari'ah Governance Framework. The Shari'ah Governance Framework outlines the reporting framework, accountability, responsibilities of all relevant stakeholders involved and also depicts a clear segregation between the three lines of defence of Shari'ah compliance in all activities relating to the NBF Islamic's operations and business.

Our ISSC Members are:

Name	Date of Appointment	Education and Experience	Other Positions Held
Dr. Moosa Khoory	June 2024	<ul style="list-style-type: none"> • Master's in International Business Law (LLM) - MBRCLD • Master's in Shari'ah and Islamic Studies - University of Sharjah • Ph.D - Durham University 	<ul style="list-style-type: none"> • Chairman, Fatwa and Shari'ah Supervisory Board DFM • Member, Consultancy Council, College of Shari'ah and Islamic Studies at University of Sharjah • ISSC Member CBD • ISSC Member UAB • ISSC Standard Chartered • ISSC Member Amlak Finance • ISSC Member Aman Insurance • Member, Dubai Future Council for Humanitarian Affairs
Dr. AbdulRahman Al Saadi	March 2024	<ul style="list-style-type: none"> • Ph.D Mohammed Bin Saud Islamic University 	<ul style="list-style-type: none"> • ISSC Member Sharjah Islamic Bank • ISSC Member CBD • ISSC Ajman Bank • ISSC Member J Equity Partners Bahrain • ISSC Member Muzn Bank • AAOIFI Shari'ah Board Rapporteur
Dr. Ashraf MD Hashim	August 2024	<ul style="list-style-type: none"> • Ph.D University of Birmingham, United Kingdom 	<ul style="list-style-type: none"> • Chairman of the Central Bank of Malaysia's Shari'ah Advisory Council • Member of the Shari'ah Advisory Council Securities Commission of Malaysia • Member of the Shari'ah Committee for International Islamic Liquidity Management Cooperation • Chairman of Shari'ah Committee of Bursa Malaysia • Member of ISSC Standard Chartered • Member of ISSC ADIB
Trainee Members			
Dr. Mohamed El Bedwawi	January 2025	<ul style="list-style-type: none"> • Ph.D Mohamed Bin Zayed University for Humanities • Ph.D Candidate University of Dundee 	<ul style="list-style-type: none"> • Advisor to the Islamic Cultural Centre and the London, Central Mosque in Britain • Preacher at Islamic Affairs and Charitable Activities Department

Mr. AbdulAziz Alkamali	February 2026	<ul style="list-style-type: none"> Imam Malik College, Dubai, Master's in Jurisprudence and its Principles 	<ul style="list-style-type: none"> Director of the Studies and Research Department at Dar Al Ber Society Imam, Preacher, and Circle Supervisor with the Islamic Affairs and Charitable Activities Department in Dubai from 2011 Participating Preacher from 2011 to present Participating Imam from 2015 to 2020 Supervisor at Maktoum Quran Memorization Centers in Dubai, summer courses, from 2015 to 2018
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In 2025, the ISSC held 4 meetings and issued over 70 decisions, relating to deal structure approvals and resolutions covering various products and investments.

STATEMENT OF SHARI'AH COMPLIANCE

In the name of Allah, The Most Merciful, The All Beneficent

ANNUAL REPORT OF THE INTERNAL SHARI'AH SUPERVISION COMMITTEE

(NBF Islamic, the Islamic window of National Bank of Fujairah PJSC)

Issued on: 28 January 2026

To: Shareholders of National Bank of Fujairah ("the Institution")

After greetings,

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

1. Responsibility of the ISSC

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

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

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

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Institution's Activities by reviewing those Activities, and monitoring them through the internal Shari'ah control, internal Shari'ah audit in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

- Convening (4) meetings during the year.
- Issuing fatwas, resolutions and opinions on matters presented to the ISSC in relation to the Institution's Activities.
- Monitoring compliance of policies, procedures, accounting standards, product structures, contracts, documentation, business charters, and other documentation submitted by the Institution to the ISSC for approval.

- Ascertaining the level of compliance of allocation of expenditures and costs, and distribution of profits between investment accounts holders and shareholders with parameters set by the ISSC.
- Supervision through the internal Shari'ah control, internal Shari'ah audit, of the Institution's Activities including supervision of executed transactions and adopted procedures on the basis of samples selected from executed transactions, and reviewing reports submitted in this regard.
- Providing guidance to relevant parties in the Institution – to rectify (where possible) incidents cited in the reports prepared by internal Shari'ah control, internal Shari'ah audit and issuing of resolutions to set aside revenue derived from transactions in which non-compliances were identified for such revenue to be disposed towards charitable purposes.
- Approving corrective and preventive measures related to identified incidents to preclude their reoccurrence in the future.
- Specifying the amount of Zakat due on each share of the Institution.
- Communicating with the Board and its subcommittees, and the senior management of the Institution (as needed) concerning the Institution's compliance with Islamic Shari'ah.

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

4. Independence of the ISSC

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

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

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

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

ATTESTATION

This report has been reviewed and endorsed by the CEO, CFO, CRO and Interim Head of Compliance.

During 2025, the bank made significant progress in strengthening governance across key areas, including risk management, compliance, sustainability, people and culture, consumer protection, and general governance. We continuously review governance practices and processes to ensure that proper consideration of all relevant matters have been undertaken and that outcomes deliver long-term value to our stakeholders. Updated governance procedures will ensure that regulatory and community expectations are met in the areas of AML, KYC, and financial crime prevention as well as conduct and consumer protection.

All internal policies required to ensure compliance with the Central Bank's Regulations and Standards on corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, external audit and outsourcing have been implemented and reviewed for adequacy by the Board within the last year. We have identified areas for operational improvement in AML, KYC, and Sanctions, Operational Risk, Resilience and Consumer Protection and ongoing action plan and programs are in place to enhance these in line with best practices. The Board undertakes oversight of the progress of all improvement plans and expects that areas identified for improvement will be implemented by the end of 2026.

Saleh Bin Mohamed AlSharqi
Chairman

Sustainability Report

NBF is committed to engaging with and helping the community, protecting the environment, and developing local talent.

SUSTAINABILITY APPROACH AND FRAMEWORK

Our ESG Position Statement remains the cornerstone of our sustainability strategy, guiding how we integrate ESG across the business. It ensures alignment with our corporate purpose and the UAE's long-term sustainability agenda, reinforcing our commitment to embedding ESG principles into strategy, risk management, and decision-making.

Our sustainability framework is structured around six core pillars: prioritising sustainable and inclusive banking; spearheading digital innovation; reducing environmental impact; nurturing local pioneers; maintaining a safe and diverse workplace; and governance, integrity, and risk management.

In 2025, we delivered measurable progress across these pillars. For the first time, we were recognised at the MEA Business Achievement Awards for ESG Excellence, Outstanding Sustainability Initiative, and Outstanding Community Impact & Engagement. We also received the Dubai Chamber of Commerce ESG Label, affirming our adherence to leading ESG reporting standards.

To strengthen organisational capability, we launched a mandatory sustainability awareness eLearning programme for all employees. Sustainability also remained a key theme in our NBF Knowledge Series, including sessions such as 'Global Forces Influencing the Sustainability of International Markets in 2025'.

COMMUNITY ENGAGEMENT

Our community engagement expanded in both scope and impact during 2025. The NBF Fujairah Run, held under the patronage of His Highness Sheikh Mohammed Bin Hamad Bin Mohammed AlSharqi, Crown Prince of Fujairah, attracted a record registrations of 6,400 runners, reinforcing its status as one of the emirate's most anticipated annual events. We continued our support for the Fujairah Welfare Association through Ramadan Drives and youth sports initiatives. Our collaboration with the Mission to Seafarers marked its 13th consecutive year, reflecting our sustained commitment to maritime communities.

The NBF Art initiative, launched under the theme 'Many Paths One Destination', remained an important platform for emerging creative talent. We also celebrated Emirati Women's Day by highlighting stories of empowerment within our workforce and the wider community, reaffirming our belief in gender equality as a driver of progress.

Our knowledge-sharing efforts continued through participation in major regional forums, including GTR MENA 2025, the Abu Dhabi Infrastructure Summit, GITEX Global 2025, and FUJCON 2025.

PRIORITISING SUSTAINABLE AND INCLUSIVE BANKING

As a financial institution, we play a central role in enabling a sustainable and inclusive economy. In 2025, we strengthened our Sustainable Finance Framework (SFF) to align more closely with clients' sustainability goals and international best practice. By 31 December 2025, our sustainable finance limits had reached AED 3.5 billion, while ESG-linked investments totalled AED 780 million.

We continued to prioritise socially significant sectors, with a sustained focus on healthcare and education. As at year end, our portfolio exposure stood at AED 150 million and AED 683 million respectively.

During the year, we further embedded ESG due diligence into our credit assessment process, with 1780 clients assessed using our ESG Scorecard. We also progressed our work on baselining financed emissions and mapping our operational and portfolio decarbonisation pathways. In parallel, we advanced the development of a comprehensive Climate Risk Strategy, integrating climate considerations into our Enterprise Risk Management Framework and credit policies.

REDUCING ENVIRONMENTAL IMPACT AND ENERGY CONSUMPTION

As climate challenges intensify, we continue to strengthen our environmental stewardship and resource efficiency.

In 2025, we reduced our Scope 1 and Scope 2 emissions intensity by 20 per cent. We are establishing a comprehensive baseline of our operational emissions in accordance with the Greenhouse Gas (GHG) Protocol and mapping our net-zero trajectory to ensure future initiatives are aligned with, and tracked against, this trajectory. This will be followed by the development of a science-based net-zero pathway for operational emissions to support ongoing monitoring accountability.

Total water consumption reduced from 12,154m³ to 11,224m³ reflecting a reduction of 11% in water consumption intensity in 2025. Similarly, electricity consumption reduced from 7,509mWh in 2024 to 6,181mWh in 2025.

In 2025, our Dubai Head Office was awarded LEED Gold Certification, the world's leading benchmark for sustainability in the built environment. This recognition underscores our commitment to environmental stewardship, operational excellence, and sustainable business practices.

Together, these certifications and recognitions demonstrate our commitment to operational excellence and adherence to global best practice. They reinforce our position as a responsible and forward-looking bank, integrating environmental stewardship with sustainable business growth and long-term value creation.

NBF'S SIX CORE SUSTAINABILITY FRAMEWORK PILLARS

- 1 **Prioritising Sustainable and Inclusive Banking** 
- 2 **Governance, Integrity & Risk Management** 
- 3 **Reducing Environmental Impact** 
- 4 **Nurturing Local Pioneers** 
- 5 **Maintaining a Safe and Diverse Workplace** 
- 6 **Spearheading Digital Innovation** 


1,780
 clients assessed using our ESG Scorecard


AED 833 million
 in loans and financing dedicated to the vital sectors of health and education

2025 SUSTAINABILITY HIGHLIGHTS

LENDING

AED 3.5 billion of Sustainable Finance portfolio 

DIGITAL

83% digitally active customers 

34% increase in digital transactions

INVESTMENTS

AED 780 million of ESG Linked Investments 

EMPLOYEES

47.6% female full-time employees 

43.5% UAE national full-time employees

ASSETS

25.6% assets in the SME segment 

 data breaches for the sixth consecutive year

ZERO employee and contractor recordable injuries 

 **20%** reduction in Scope 1 and 2 emission intensity

 **11%** reduction in water consumption intensity

To know more about our sustainability and CSR efforts, please visit nbf.ae to read the consolidated 'NBF Sustainability Report 2025'.

Internal Shari'ah Supervision Committee Report

Monitoring and supervision of Shari'ah-compliant banking.

In the name of Allah, The Most Merciful, The All Beneficent

ANNUAL REPORT OF THE INTERNAL SHARI'AH SUPERVISION COMMITTEE

(NBF Islamic, the Islamic window of National Bank of Fujairah PJSC)

Issued on: 28 January 2026

To: Shareholders of National Bank of Fujairah ("the Institution")

After greetings,

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

1. Responsibility of the ISSC

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

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

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

2. Shari'ah Standards

In accordance with the HSA's resolution (No. 18/3/2018), and with effect from 01/09/2018, the ISSC has abided by the Shari'ah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as minimum Shari'ah requirements, in all fatwas, approvals, endorsements and recommendations, relating to the Institution's Activities.

3. Duties Fulfilled by the ISSC During the Financial Year

The ISSC conducted Shari'ah supervision of the Institution's Activities by reviewing those Activities, and monitoring them through the internal Shari'ah control, internal Shari'ah audit in accordance with the ISSC's authorities and responsibilities, and pursuant to the Regulatory Requirements in this regard. The ISSC's activities included the following:

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

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

4. Independence of the ISSC

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

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

Premised on information and explanations that were provided to us with the aim of ascertaining compliance with Islamic Shari'ah, the ISSC has concluded with a reasonable level of confidence, that the Institution's Activities are in compliance with Islamic Shari'ah, except for the incidents of non-compliance observed, as highlighted in the relevant reports. The ISSC also provided directions to take appropriate measure in this regard.

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

Signatures of members of the Internal Shari'ah Supervision Committee of the Institution

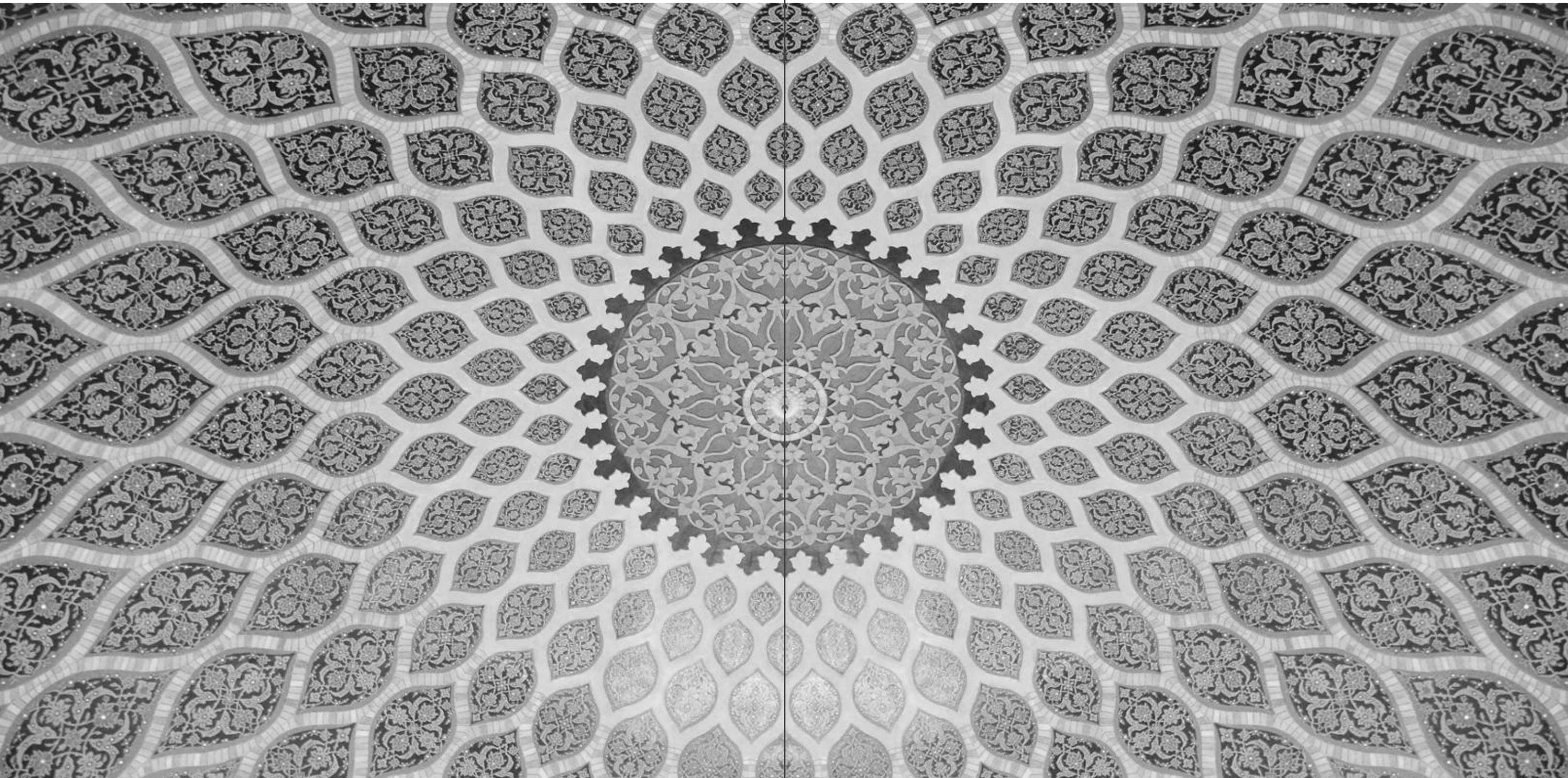
Dr. Moosa Khoory (Chairman)



Dr. Abdul Rahman Al Saadi (Executive Member)



Dr. Ashraf Bin Md Hashim (Member)



Independent Auditor's Report

NBF is committed to the highest levels of transparency and governance.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL BANK OF FUJAIRAH PJSC

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Bank of Fujairah PJSC (the "Bank") and its subsidiaries (together 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.

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

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

Our audit approach

Overview

Key Audit Matter

Measurement of Expected Credit Losses on loans and advances and Islamic financing receivables

As part of designing our audit, we determined materiality and

assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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

Key audit matter

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter

Measurement of Expected Credit Losses ("ECL") on loans and advances and Islamic financing receivables

The Group recognises ECL provisions on all its financial assets including loans and advances and Islamic financing receivables.

The ECL charge for the year ended 31 December 2025 for loans and advances and Islamic financing receivables amounted to AED 558.7 million (net of recoveries and write off) and the allowance for ECL as at that date amounted to AED 2.2 billion.

During the year, the Bank implemented a new Expected Credit Loss (ECL) model and updated key assumptions and methodology accordingly.

The Group exercises significant judgements and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default, forward looking adjustments and staging criteria for both funded and unfunded exposures subject to ECL. For defaulted exposures, the Group exercises judgements to estimate the expected future cashflows related to individual exposures, including the value of collateral.

The Group's impairment policy under IFRS 9 Financial Instruments is presented in note 4 (e) to the consolidated financial statements. We considered this as a key audit matter considering the exercise of significant judgments, estimates including use of forward-looking macroeconomic data and complex models, and as it has a material impact on the consolidated financial statements of the Group.

How our audit addressed the key audit matter

We performed the following audit procedures on computation and reasonableness of the ECL provision included in the Group's consolidated financial statements for the year ended 31 December 2025.

We tested on a sample basis the completeness and accuracy of the data used in the calculation of ECL provision. For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria, including the basis for movement between the stages.

We involved our internal expert for the testing of the new ECL model developed and implemented by the management to assess the following areas:

- Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 Financial Instruments.
- Reasonableness and appropriateness of the updated methodology and assumptions used in the calculation of various components of ECL modelling including the computation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for the models selected for testing.
- Reasonableness of the key assumptions made in developing the modelling framework including assumptions used for default definition, Significant Increase in Credit Risk (SICR) and for estimating macro economic scenarios.
- For a sample of exposures, ECL provisions were computed for selected portfolios across different stages to assess mathematical integrity of the ECL computation.

We performed an independent credit assessment for a sample of non-retail customers, by assessing the quantitative and qualitative factors including assessments of the financial performance of the customers, the source of repayments and its history and other relevant risk factors.

For a sample of Stage 3 non-retail customers, we assessed the appropriateness of staging, discounted cash flows, including the discount rates used and the probable scenario analysis and the robustness of the Group's controls with respect to the valuation and enforceability of collateral, including the underlying assumptions.

We assessed, on a sample basis, that reported exceptions to policies and procedures, from the Risk Appetite Statement and corporate limit exceptions were approved by the Board and/or its approved delegate and the approval process was formally documented.

We assessed the adequacy of the disclosures made in the Group's consolidated financial statements around ECL provisions as required by IFRS Accounting Standards.

Other information

The Directors are responsible for the other information. The other information comprises the Strategic Report, Directors' Report, Corporate Governance Report, Sustainability Report, and Internal Shari'ah Supervision Committee Report as included in the Annual Report, (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Strategic Report, Directors' Report, Corporate Governance Report, Sustainability Report, and Internal Shari'ah Supervision Committee Report as included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, the Directors are 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 the Directors either intend to liquidate the Group or to cease operations, or have 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.

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

- Identify and assess the risks of material misstatement of the 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 the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 period 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.

Report on other legal and regulatory requirements

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

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended;
- the Group has maintained proper books of account;
- as disclosed in note 9.3 to the consolidated financial statements, the Group has not purchased or invested in any shares during the year ended 31 December 2025;
- note 30 to the consolidated financial statements discloses material related party transactions, transactions with conflict of interest and the terms under which they were conducted;
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended, or in respect of the Bank, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2025; and
- note 25 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2025.

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

PricewaterhouseCoopers Limited Partnership Dubai Branch

28 January 2026

Jigesh Ashokkumar Shah

Registered Auditor Number 5621
Dubai, United Arab Emirates

Group Financial Statements

NBF has built a strong position by concentrating on its core business and deepening its focus on the customers.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 AED'000	Restated* 2024 AED'000
Assets			
Cash and balances with the Central Bank of the UAE	7,37	9,332,525	6,635,580
Due from banks and financial institutions	8	1,420,745	2,229,905
Investments and Islamic instruments - fair value	9,37	11,864,529	11,017,842
Investments and Islamic instruments - amortised cost	9	6,667,038	6,183,631
Loans and advances and Islamic financing receivables	10	37,466,935	32,392,174
Acceptances		1,415,268	1,302,132
Other assets	13	605,716	539,992
Property and equipment	14	263,808	378,389
Intangibles	14	337,324	199,423
Total assets		69,373,888	60,879,068
Liabilities			
Due to banks	15	1,893,359	1,043,520
Customer deposits and Islamic customer deposits	16	50,981,399	45,757,020
Repurchase agreements	15	4,723,661	3,527,962
Term borrowings	15	899,885	808,060
Acceptances		1,420,716	1,306,664
Other liabilities	17	1,704,957	1,580,167
Total liabilities		61,623,977	54,023,393
Equity			
Share capital	18.1, 18.4	2,580,412	2,580,412
Statutory reserve	18.3, 18.4	1,709,784	1,709,784
Special reserve	18.3	885,493	764,977
Fair value reserve		105,252	32,567
Cash flow hedge reserve		3,833	565
Proposed cash dividends	18.2	516,082	387,062
Retained earnings		1,949,055	1,380,308
Total equity attributable to equity holders of the Group		7,749,911	6,855,675
Total liabilities and equity		69,373,888	60,879,068

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 28 January 2026 and are signed on its behalf by:



Saleh Bin Mohamed Bin Hamad AlSharqi
Chairman



Dr. Raja Easa Al Gurg
Deputy Chairperson

The notes on pages 63 to 115 form an integral part of these consolidated financial statements.
The report of the independent auditor is set out on pages 53 to 56.

*For further details, refer note 37 - comparative figures of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2025

	Note	2025 AED'000	2024 AED'000
Interest income and income from Islamic financing and investment activities	20	3,425,954	3,326,786
Interest expense and distribution to Islamic depositors	21	(1,536,887)	(1,539,247)
Net interest income and net income from Islamic financing and investment activities		1,889,067	1,787,539
Fees and commission income		550,276	466,539
Fees and commission expense		(98,556)	(57,263)
Net fees and commission income	22	451,720	409,276
Foreign exchange and derivatives income	23	226,070	189,130
Income / (loss) from investments and Islamic instruments		9,081	5,836
Other operating income	24	86,177	43,450
Operating income		2,662,115	2,435,231
Operating expenses			
Employee benefit expense		(453,142)	(449,275)
Depreciation and amortisation	14	(68,154)	(54,552)
Other operating expenses		(263,603)	(306,535)
Total operating expenses		(784,899)	(810,362)
Operating profit before impairment losses and tax		1,877,216	1,624,869
Net impairment losses	26	(552,211)	(690,040)
Profit for the year before tax		1,325,005	934,829
Tax	35	(119,840)	(84,721)
Profit for the year after tax		1,205,165	850,108
Earnings per share (basic and diluted)	27	AED 0.467	AED 0.292

The notes on pages 63 to 115 form an integral part of these consolidated financial statements.
The report of the independent auditor is set out on pages 53 to 56.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 AED'000	2024 AED'000
Profit for the year after tax		1,205,165	850,108
Other comprehensive income / (loss):			
Items that will not be reclassified subsequently to consolidated statement of income:			
Movement in fair value reserve (equity instruments):			
Net change in fair value		8,087	(2,004)
Tax		(908)	180
Other comprehensive loss of the items that will not be reclassified subsequently to the consolidated statement of income		7,179	(1,824)
Items that may be reclassified subsequently to consolidated statement of income:			
Movement in fair value reserve (debt instruments):			
- Net change in fair value		74,061	29,590
- Net change in allowances for impairment		6,959	176
- Net amount transferred to the consolidated statement of income		(10,366)	(6,968)
Net change in fair value on cash flow hedges		3,268	1,795
Deferred tax	35	(5,148)	(2,815)
Other comprehensive income of the items that may be reclassified subsequently to consolidated statement of income		68,774	21,778
Other comprehensive income for the year		75,953	19,954
Total comprehensive income for the year		1,281,118	870,062

The notes on pages 63 to 115 form an integral part of these consolidated financial statements.
The report of the independent auditor is set out on pages 53 to 56.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 AED'000	Restated* 2024 AED'000
Operating activities			
Profit for the year before tax		1,325,005	934,829
Adjustments for:			
Depreciation and amortisation	14	68,154	54,552
Provision for employee end of service and other long term benefits	17.1	23,220	24,050
Gain on disposal of property, equipment and intangibles		(161)	(176)
Net impairment losses	26	552,211	690,040
Tax	35	(119,840)	(84,721)
Net fair value gain on disposal of investments and Islamic instruments		(10,416)	(7,187)
Net changes in fair value of investments		1,335	1,351
Cash flow from operating activities before changes in operating assets and liabilities and payment of employee end of service and other long term benefits		1,839,508	1,612,738
Payment of employee end of service and other long term benefits	17.1	(20,060)	(17,662)
Change in due from the Central Bank of the UAE		(2,350,000)	350,000
Change in investments and Islamic instruments from CBUAE M-Bills		(486,644)	(871,901)
Change in due from banks and financial institutions		154,169	(157,840)
Change in loans and advances and Islamic financing receivables		(5,633,469)	(5,158,914)
Change in acceptances and other assets		(179,776)	(247,180)
Change in due to banks		849,839	(93,557)
Change in repurchase agreements		1,195,699	1,026,630
Change in customer deposits and Islamic customer deposits		5,224,379	7,185,014
Tax paid		(84,541)	-
Change in acceptances and other liabilities		307,567	462,356
Net cash generated from operating activities		816,671	4,089,684
Investing activities			
Purchase of property, equipment and intangibles		(91,474)	(100,582)
Proceeds from sale of property, equipment and intangibles		161	176
Purchase of investments and Islamic instruments		(3,428,730)	(2,574,348)
Proceeds from sale and maturity of investments and Islamic instruments		2,489,016	1,294,853
Net cash used in investing activities		(1,031,027)	(1,379,901)
Financing activities			
Cash dividends paid		(387,062)	(212,000)
Proceeds from term borrowings		91,825	440,760
Repayment of term borrowings		-	(183,650)
Tier 1 capital securities coupon paid		-	(94,668)
Issue of Additional Tier (AT1) capital securities	19	-	1,010,075
Repayment of Additional Tier 1 (AT1) capital securities	19	-	(1,285,550)
Tier 1 capital securities issuance cost		-	(824)
Net cash used in financing activities		(295,237)	(325,857)
Net change in cash and cash equivalents		(509,593)	2,383,926
Cash and cash equivalents at beginning of the year		6,997,007	4,613,081
Cash and cash equivalents at end of the year	31	6,487,414	6,997,007
Principal non-cash transactions during the year	19		
Conversion of AT1 capital securities to paid-up share capital		-	(1,010,075)
Issuance of ordinary shares on conversion of AT1 capital securities		-	354,412
Movement in reserves on conversion of AT1 capital securities		-	655,663
		-	-
Interest / profit income received		3,410,189	3,328,555
Interest / profit expense paid		1,587,557	1,554,596

The notes on pages 63 to 115 form an integral part of these consolidated financial statements.

The report of the independent auditor is set out on pages 53 to 56.

*For further details, refer note 37 - comparative figures of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

AED'000	Share capital	Statutory reserve	Special reserve	Fair value reserve	Cash flow hedge reserve	Proposed dividends	Retained earnings	Tier 1 capital securities	Total
At 1 January 2025	2,580,412	1,709,784	764,977	32,567	565	387,062	1,380,308	-	6,855,675
Profit for the year after tax	-	-	-	-	-	-	1,205,165	-	1,205,165
Other comprehensive income for the year	-	-	-	72,685	3,268	-	180	-	76,133
Total comprehensive income for the year	-	-	-	72,685	3,268	-	1,205,345	-	1,281,298
Proposed cash dividends	-	-	-	-	-	516,082	(516,082)	-	-
2024 cash dividends paid	-	-	-	-	-	(387,062)	-	-	(387,062)
Transfer to reserves (note 18.3)	-	-	120,516	-	-	-	(120,516)	-	-
At 31 December 2025	2,580,412	1,709,784	885,493	105,252	3,633	516,082	1,949,055	-	7,749,911
At 1 January 2024	2,120,000	1,054,121	679,967	14,408	(1,230)	318,000	1,095,790	1,285,550	6,566,606
Profit for the year after tax	-	-	-	-	-	-	850,108	-	850,108
Other comprehensive income for the year	-	-	-	18,159	1,795	-	1,974	-	21,928
Total comprehensive income for the year	-	-	-	18,159	1,795	-	852,082	-	872,036
Issuance of AT1 capital securities (note 19)	-	-	-	-	-	-	-	1,010,075	1,010,075
Repayment of AT1 capital securities (note 19)	-	-	-	-	-	-	-	(1,285,550)	(1,285,550)
Conversion of AT1 capital securities to paid - up share capital (note 18.4)	354,412	655,663	-	-	-	-	-	(1,010,075)	-
AT1 capital securities issuance cost	-	-	-	-	-	-	(824)	-	(824)
Tier 1 capital securities coupon paid	-	-	-	-	-	-	(94,668)	-	(94,668)
Proposed cash dividends	-	-	-	-	-	387,062	(387,062)	-	-
2023 bonus shares issued	106,000	-	-	-	-	(106,000)	-	-	-
2023 cash dividends paid	-	-	-	-	-	(212,000)	-	-	(212,000)
Transfer to reserves (note 18.3)	-	-	85,010	-	-	-	(85,010)	-	-
At 31 December 2024	2,580,412	1,709,784	764,977	32,567	565	387,062	1,380,308	-	6,855,675

The notes on pages 63 to 115 form an integral part of these consolidated financial statements.
The report of the independent auditor is set out on pages 53 to 56.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. Legal status and activities

National Bank of Fujairah (the Bank) is a Public Joint Stock Company registered under the laws of the United Arab Emirates. The Bank operates under a banking license issued on 29 August 1984 by the Central Bank of the United Arab Emirates (Central Bank of the UAE or CBUAE) and commenced operations on 20 September 1984. The shares of the Bank were listed on Abu Dhabi Securities Exchange (ADX) on 23 October 2005. The shareholders who hold 5% or more of the Bank's share capital as at 31 December 2025 were:

Name	The percentage of shares owned from the Bank's capital
Department of Industry and Economy - Government of Fujairah	50.27%
Easa Saleh Al Gurg LLC	18.54%
Investment Corporation of Dubai	7.54%
Fujairah Investment Company	5.04%

The Bank is controlled by the Department of Industry and Economy - Government of Fujairah by majority of voting rights.

The principal activity of the Bank is commercial banking which is carried out from its network of fifteen branches, across the UAE in emirates of Fujairah, Abu Dhabi, Dubai, Sharjah and Ras Al Khaimah.

The Bank has two fully owned subsidiary companies:

- NBF Financial Services FZC was established in December 2004 with limited liability status in the Fujairah Free Trade Zone to provide support services to the Bank.
- NBF Markets (Cayman) Limited is registered in the Cayman Islands as an exempted company limited by shares under the Companies Law (revised) of the Cayman Islands and regulated by the Cayman Island Government General Registry. The Company was established on 31 January 2017 to provide support services to the Bank to enter into foreign exchange and derivative transactions with financial institutions / counterparties under the terms and conditions of International Swaps and Derivatives Association (ISDA).

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

The registered address of the Group is Hamad Bin Abdullah Street, P. O. Box 887, Fujairah, United Arab Emirates.

2. Disclosure policy

The Group has established a disclosure policy to ensure compliance with all applicable laws and regulations concerning disclosure of material non-public information, including IFRS Accounting Standards, the rules of the Central Bank of the UAE and applicable requirements of the laws of United Arab Emirates.

3. Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of laws of the United Arab Emirates.

4. Material accounting policies

(a) Changes in accounting policies

New and revised IFRS accounting standards adopted in the consolidated financial statements

The following new and revised IFRS accounting standards, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these consolidated financial statements. The application of these revised IFRS accounting standards, except where stated, have not had any material impact on the amounts reported for the current and prior periods. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards effective from 1 January 2025

Amendments to IAS 21 - Lack of Exchangeability

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

These new requirements are effective for annual reporting periods beginning on or after 1 January 2025.

Standards, amendments and interpretations issued but not yet effective and not early adopted

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

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

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

IFRS 18, 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027)

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

The key new concepts introduced in IFRS 18 relate to:

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

Given the effective date of 1 January 2027, the Group is currently assessing the impact of this new standard on the future presentation of the consolidated financial statements and intends to adopt this, when it becomes effective. Further, the Group will continue to evaluate the measures required to adhere to this new standard in terms of processes and financial reporting aspects for adoption.

(b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of the following financial assets measured at fair value:

- Derivative financial instruments;
- Financial instruments at fair value through profit or loss; and
- Financial instruments at fair value through other comprehensive income.

(c) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured and presented in the United Arab Emirates Dirham ("AED") which is the functional currency of the Bank.

The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements.

(d) Basis of consolidation

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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) Financial instruments

Classification and measurement

The Group classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows. The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

Financial assets measured at fair value through other comprehensive income

Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

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

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in the income statement. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement. Refer to note 9 for Investments and Islamic instruments at fair value through other comprehensive income.

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost.

Equity instruments

Investment in equity instruments that are not held for trading, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in OCI rather than profit or loss. Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends 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 recognised in OCI are transferred to retained earnings on disposal of an investment. These investments are held for long term strategic purposes.

4. Material accounting policies (continued)
(e) Financial instruments (continued)

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss comprise:

- financial assets held for trading; and
- financial assets specifically designated as fair value through profit or loss on initial recognition.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise. Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship. Trading derivatives and trading securities are classified as held for trading and recognised at fair value through profit or loss.

Financial instruments designated as measured at fair value through profit or loss

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

Financial assets measured at amortised cost

Debt instruments

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

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

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently

measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described in note 4 (e) Impairment of financial assets.

Impairment of financial assets

The Group applies a three-stage approach to measuring expected credit losses (ECL) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- due from banks and financial institutions;
- loans and advances and Islamic financing receivables;
- acceptances and relevant other financial assets;
- loan commitments;
- financial guarantee contracts and lines of credit.

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk (SICR) since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been an SICR since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest income is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired.

The Group assesses, on a forward-looking basis, the ECL associated with the above categories of financial assets. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The assessment of SICR and the calculation of ECL both incorporate all available, reasonable and supportable information; including forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Acceptances:

The ECL related to acceptances is netted from gross acceptances under assets.

Loan commitments and letters of credit:

The ECL related to loan commitments and letters of credit are recognised in other liabilities. When estimating lifetime ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn-down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn-down, based on a probability-weighting of the scenarios.

Guarantee contracts:

The ECL related to guarantee contracts are recognised in other liabilities. For this purpose, the Group estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The calculation is made using a probability-weighting of the scenarios.

Measuring ECL

The ECL is measured on either a 12-month or lifetime basis depending on whether an SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), defined as follows:

- Two types of PDs are used for calculating ECL

(i) 12 month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12 month ECL for Stage 1 exposures.

(ii) Lifetime PDs – This is the estimated probability of a default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECL for Stage 2 and Stage 3 exposures.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. It varies for the types of financial assets defined in the section above.

- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default.

Weighted average ECL is calculated considering base case, upside and downside scenarios multiplied by the associated scenario weightings, at the contract level for reflection of the ECL impact in the books of accounts.

The most significant year-end assumptions used for ECL estimate as at 31 December 2025 and 31 December 2024 are set out in the following table. The scenarios base case, upside and downside were used for all portfolios keeping in view the following principal macroeconomic variables:

Macroeconomic variables - 2025	Scenario	Assigned probabilities	2026	2027	2028	2029	2030	Subsequent years
Oil Price (USD per barrel)	Base case	40%	63.23	66.02	68.19	69.38	70.61	85.75
	Upside	30%	68.94	70.12	69.47	70.55	71.79	86.91
	Downside	30%	45.00	50.28	64.08	67.33	68.82	83.99
UAE Gross Domestic Product (GDP) (AED billion)	Base case	40%	1,962	2,047	2,137	2,226	2,315	3,141
	Upside	30%	1,995	2,114	2,209	2,298	2,380	3,239
	Downside	30%	1,890	1,890	1,993	2,105	2,190	2,983
Stock market volatility (Delta of points)	Base case	40%	27.30	25.95	24.52	24.17	23.97	24.76
	Upside	30%	23.48	24.88	23.85	23.66	23.78	24.51
	Downside	30%	41.20	27.01	24.93	24.48	24.41	25.18

Macroeconomic variables - 2024	Scenario	Assigned probabilities	2025	2026	2027	2028	2029	Subsequent years
Oil Price (USD per barrel)	Base case	40%	75.96	70.31	68.72	69.75	70.48	84.41
	Upside	30%	83.52	80.14	76.33	76.24	76.38	88.52
	Downside	30%	59.90	60.20	65.51	66.48	67.18	80.46
UAE Gross Domestic Product (GDP) (AED billion)	Base case	40%	1,806	1,867	1,939	2,016	2,097	2,742
	Upside	30%	1,841	1,934	2,008	2,086	2,168	2,833
	Downside	30%	1,744	1,729	1,812	1,912	1,996	2,609
Stock market volatility (Delta of points)	Base case	40%	22.60	23.74	23.71	23.14	23.27	23.24
	Upside	30%	19.47	22.09	22.38	22.58	23.10	22.99
	Downside	30%	37.12	24.09	23.46	23.40	23.73	23.66

4. Material accounting policies (continued)
(e) Financial instruments (continued)

Sensitivity analysis

If the above macroeconomic variables (defined above) were to change using only base case, upside or downside scenarios to analyse the sensitivity, the ECL under stages 1 and 2 will change as follows:

2025			
Change in ECL due to change in macroeconomic variables	Base case	Upside	Downside
Stage 1	-10.29%	-33.10%	+46.83%
Stage 2	-1.20%	-5.23%	+6.83%

2024			
Change in ECL due to change in macroeconomic variables	Base case	Upside	Downside
Stage 1	-12.53%	-29.26%	+49.51%
Stage 2	-0.92%	-9.34%	+9.60%

There has been no significant sensitivity impact on stage 3 ECL.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been an SICR for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information. Further, forward-looking economic information / variables are also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by segments and product type. Further, the assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a periodic basis by the Risk and Credit functions.

An exposure will migrate through the ECL stages as the asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the allowances for impairment reverts from lifetime ECL to 12-month ECL. Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's rating downgrade methodology, or which are less than or equal to 30 days past due, are considered to have a low credit risk. The allowances for impairment for these financial assets is based on a 12-month ECL. When an asset is uncollectible, it is written off against

Significant increase in credit risk (SICR)

The Group assesses SICR since initial recognition for financial instruments in line with IFRS 9 and Central Bank of the UAE guidelines, considering the following qualitative and quantitative factors:

Quantitative factors

Stage	Corporate and Institutional Banking portfolio	Retail portfolio	Due from banks and Investments portfolio
1 » 2	<ul style="list-style-type: none"> Rating downgrade as per internally defined criteria from the rating assigned at the initial recognition Restructured portfolio Days past due (DPD) 31-89 days Credit facility subject to 3 or more deferrals of instalments due in a rolling 24- month period 	<ul style="list-style-type: none"> Restructured portfolio DPD 31-89 days 	Credit rating of Caa1 to Caa3 to be classified as Stage 2
1 » 3 2 » 3	<ul style="list-style-type: none"> Credit impaired portfolio DPD ≥ 90 days 		Credit rating of Ca and below to be classified as Stage 3

The Group also considers relevant regulatory requirements, in the context of the alignment of those requirements with IFRS Accounting Standards, in the estimation of ECL in respect of Stage 3 exposures.

Qualitative factors

For Corporate and Institutional Banking portfolio, if the borrower and / or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and / or economic conditions in which the borrower operates
- Actual and expected forbearance or restructuring
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow / liquidity problems such as delay in servicing of trade creditors / loans

For Retail portfolio, if the borrower meets one or more of the following criteria:

- In short-term forbearance
- Direct debit cancellation
- Extension to the terms granted

The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit and Risk teams.

Curing Criteria - upward ECL stage movement

The curing criteria is in line with the Credit Risk Management Standards (CRMS) guidelines issued by the Central Bank of the UAE and is considered based on the combination of the following factors:

- DPD movement / Repayment Frequencies
- Probationary period
- Notches of ratings upward movement

From stage 2 (Lifetime ECL) to stage 1 (12 month ECL)

- Where there is an evidence of a significant reduction in credit risk, financial instruments are monitored for a probationary period, in line with the Credit Risk Management Standards (CRMS) issued by the CBUAE, to confirm if the risk of default has decreased sufficiently before upgrading such exposures from stage 2 to stage 1.
- Upward movement of risk ratings is reflected as per internally defined criteria; and / or
- Repayments of principal and/or interest / profit in line with the applicable facility agreement as prescribed by CRMS.

From stage 3 (Lifetime ECL – credit impaired) to stage 2 (Lifetime ECL – not credit impaired)

- Where there is an evidence of a significant reduction in credit risk, financial instruments are monitored for a probationary period, in line with the CRMS issued by the CBUAE, to confirm if the risk of default has decreased sufficiently before upgrading such exposures from stage 3 to stage 2.
- Upward movement of risk ratings is reflected as per internally defined criteria; and / or
- Repayments of principal and/or interest / profit in line with the applicable facility agreement as prescribed by CRMS

An exposure cannot be upgraded from Stage 3 to Stage 1

directly and should be upgraded to Stage 2 initially before upgrading to Stage 1 based on the above-mentioned criteria.

Derecognition of financial assets and liabilities

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 or 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 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 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 repurchase agreements.

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.

Fair value measurement principles

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the fair value of a financial instrument is based on quoted market prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a quoted market price is not available or if a market for a financial instrument is not active, the fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, discounted cash flow methods, comparison to similar instruments for which market observable prices exist. For investments under management with external fund managers, fair value is provided by the external fund managers and is determined based on the market value of underlying investments of each fund. For other investments, a reasonable estimate of the fair value is determined by reference to the price of recent market transactions involving similar investments, or based on the expected discounted cash flows.

4. Material accounting policies (continued)
(e) Financial instruments (continued)

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the date of the consolidated statement of financial position for an instrument with similar terms and conditions.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and the counterparty, where appropriate. Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction.

The fair value of derivatives that are not exchange traded is estimated at the amount that the Group would receive or pay to terminate the contract at the date of the consolidated financial statements - statement of financial position, taking into account current market conditions and the current creditworthiness of the counterparty.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, group, pricing service or regulatory agency, and those prices represent actual and regularly recurring market transactions on an arm's length basis.
- Level 2: Valuation techniques based on observable input, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Pursuant to disclosure requirements of IFRS 13 Fair Value Measurement, the Group has disclosed the relevant information under note 6.2.

(f) Derivatives

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in the price of one or more underlying financial instrument, reference rate or index.

Derivative financial instruments are initially recognised at fair value at trade date and are subsequently re-measured at fair value at the end of each reporting period. All derivatives are carried at their fair values as assets where the fair values

are positive (unrealized gains) and as liabilities where the fair values are negative (unrealized losses). Derivative assets and liabilities arising from different transactions are only offset if the transactions are with the same counterparty, a legal right of offset exists and the parties intend to settle the cash flows on a net basis.

Derivative fair values are determined from quoted prices in active markets where available. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models.

The method of recognizing fair value gains and losses depends on whether derivatives are held for trading or are designated as hedging instruments, and if the latter, the nature of the risks being hedged.

Derivatives may be embedded in another contractual arrangement (a "host contract"). The Group accounts for such embedded derivatives at fair value separately from the host contract when the host contract is not itself carried at fair value through profit or loss, and the characteristics of the embedded derivative are not closely related to the host contract.

Hedge accounting

Derivatives designated as hedges are classified as either: (i) hedges of the change in the fair value of recognized assets or liabilities or firm commitments ('fair value hedges'); (ii) hedges of the variability in future cash flows attributable to a particular risk associated with a recognized asset or liability, or a highly probable forecast transaction that could affect future reported net income ('cash flow hedges'); or (iii) a hedge of a net investment in a foreign operation ('net investment hedges'). Hedge accounting is applied to derivatives designated in this way provided certain criteria are met.

At the inception of a hedging relationship, to qualify for hedge accounting, the Group documents the relationship between the hedging instruments and the hedged items as well as its risk management objective and its strategy for undertaking the hedge. The Group prepares a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the hedging instruments, primarily derivatives, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective part is recognized immediately in the consolidated statement of income. Amounts accumulated in equity are reclassified from other comprehensive income and transferred to the consolidated statement of income in the periods in which the hedged item affects profit or loss, in the same line of the consolidated statement of income as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the cumulative gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset

or non-financial liability. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting. Any cumulative gains or losses recognized in equity remain in equity until the forecast transaction is recognized, in the case of a non-financial asset or a non-financial liability, or until the forecast transaction affects the consolidated statement of income. If the forecast transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are immediately transferred to the consolidated statement of income from other comprehensive income.

Hedge effectiveness testing

To qualify for hedge accounting, the Group requires that at the inception of the hedge and through its life, each hedge must be expected to be highly effective and demonstrate actual effectiveness on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method the Group adopts for assessing hedge effectiveness depends on its risk management strategy.

For prospective effectiveness, the hedging instrument must be expected to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. Hedge ineffectiveness is recognized in the consolidated statement of income.

Derivatives that do not qualify for hedge accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in the consolidated statement of income.

Derivative financial instruments held or issued for trading purposes

The Bank's derivative trading activities relate to deals with customers that are normally offset by transactions with other counterparties. The Bank may also take positions with the expectation of profiting from favourable movements in prices, rates or indices.

Derivative financial instruments held or issued for hedging purposes

As part of its asset and liability management, the Bank uses derivatives for economic hedging purposes in order to reduce its exposure to market risks. This is achieved by hedging specific financial instruments, portfolios of fixed rate financial instruments and forecast transactions, as well as hedging of aggregate financial position exposures. Where possible, the Bank applies hedge accounting.

Forwards and futures

Forwards and futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Futures contracts, including commodity futures, are transacted at standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

The main differences in the risks associated with forwards and futures contracts are credit and liquidity risks. The Bank has credit exposure to the counterparties of forward contracts. The credit risk related to future contracts is

considered very low because the cash margin requirements of the exchange help ensure that these contracts are always honoured. Forward contracts are usually settled gross and are, therefore, considered to bear a higher liquidity risk than the future contracts which, unless chosen to be executed by delivery, are settled on a net basis. Both types of contracts result in market risk exposure.

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts taken out by the Bank with other counterparties (customers and financial institutions) in which the Bank either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In a currency swap (included within foreign exchange contracts), the Bank pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross settled.

Irrespective of whether settled through clearing houses or directly with the counterparties, most swaps are fully collateralised and require daily margin settlement. The practice significantly reduces the Bank's credit risk but requires more diligent liquidity management than if the positions were not collateralised.

Options

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

The Bank purchases and sells options through regulated exchanges and in the over-the-counter markets. Options purchased by the Bank provide it with the opportunity to purchase (call options) or sell (put options) the underlying asset at an agreed value either on or before the expiration of the option. The Bank is exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value.

Options written (sold) by the Bank provide the purchaser the opportunity to purchase from, or sell to, the Bank the underlying asset at an agreed value either on or before the expiration of the option. These instruments represent a higher market risk than purchased options.

(g) Key accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may therefore differ resulting in future changes in these estimates. These disclosures supplement the commentary on financial risk management set out in note 5.

4. Material accounting policies (continued)
(g) Key accounting estimates and judgments (continued)

In particular, considerable management judgement is required for the following:

- impairment losses on loans and receivables;
- fair value measurement of investments portfolio;
- valuation of derivative financial instruments; and
- classification of Additional Tier 1 (AT1) capital securities as equity. Refer note 19 for details.

Details of fair value measurement principles and fair value hierarchy are covered in note 4 (e) of these consolidated financial statements.

Assessment and calculation of ECL

The calculation of ECL involves significant accounting judgements, estimates and assumptions. This includes significant judgements relating to determination of the impact of the macro-economic scenarios on ECL.

The Group incorporated the latest available macroeconomic inputs into the ECL model to reflect the change in the macroeconomic forecast with details covered in notes 4 (e) and 5 (c) of these consolidated financial statements.

(h) Due from banks and financial institutions

Amounts due from banks and financial institutions are initially recognized at fair value and measured subsequently at amortised cost using the effective interest method. Impairment of amounts due from banks and financial institutions is assessed as outlined in the accounting policy on financial instruments in note 4 (e).

(i) Repossessed assets

Real estate and other collateral may be acquired as the result of settlement of certain loans and advances and Islamic financing receivables and are recorded as assets held for sale and reported in 'other assets'. The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loans and advances and Islamic financing receivables (net of impairment allowance) at the date of exchange. No depreciation is provided in respect of assets held for sale. Any subsequent write-down of the acquired asset to fair value less costs to sell is recorded as an impairment loss and included in the consolidated statement

of income. Any subsequent increase in the fair value less costs to sell, to the extent this does not exceed the cumulative impairment loss, is recognised in the consolidated statement of income. The Group's collateral disposal policy is in line with the respective regulatory requirement of the UAE.

(j) Property and equipment, intangibles (software), capital work-in-progress, depreciation and amortisation

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing an item of property and equipment is recognised in the carrying value of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Depreciation is charged to the consolidated statement of income on a straight line basis over the estimated useful lives of property and equipment. Freehold land is not depreciated.

Subsequent costs are included in the asset's carrying amount or 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.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Where the carrying value of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal are recognized in the consolidated statement of income.

Intangibles (software)

Software acquired by the Group is stated at cost less accumulated amortisation and impairment losses, if any. Cost of the software represents the costs incurred to acquire and bring the software to use.

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

The estimated useful lives for various types of assets are as follows:

Class of asset	Estimated useful life
Buildings	20 to 40 years
Leasehold improvements	Shorter of the lease term or useful life
Furniture and equipment	5 years
Motor Vehicles	3 years
Software	7 years

Useful life and the depreciation method are re-assessed at each reporting date.

Capital work-in-progress

Capital work-in-progress is stated at cost and is transferred to the appropriate asset category when it is brought into use and is depreciated in accordance with the Group's accounting policy.

(k) Government grants

Land granted by the Government of Fujairah is recorded at nominal value.

(l) Due to banks, term borrowings and customer deposits and Islamic customer deposits

Due to banks, term borrowings and customer deposits and Islamic customer deposits are initially measured at fair value plus directly attributable transaction costs. Subsequently, these are measured at amortised cost using the effective interest method except where the Group chooses to carry the liabilities at fair value through the consolidated statement of income. Amortised cost is calculated by taking into account any discount or premium on settlement.

(m) Repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the Bank retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within cash collateral on securities lent and repurchase agreements, reflecting the transaction's economic substance as a loan to the Bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR.

(n) Provisions

A provision is recognised if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

(o) Guarantees

Guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment or provide agreed service when due in accordance with the terms of a debt.

Financial guarantee contracts are initially measured at fair value and subsequently at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognized in accordance with the principles of IFRS 15.

(p) Employee end of services benefits

Provision is made, in accordance with the provisions of IAS 19, for the end of service benefits due to employees in accordance with the UAE labour law for their periods of service up to the financial position date and the provision arising is disclosed as 'provision for employees' end of service and other long term benefits' in the consolidated statement of financial position. The Group pays its contributions in

respect of UAE citizens under the UAE pension and social security law and no further liability exists.

(q) Interest income and expense

Interest income and expense for all interest bearing financial instruments are recognised in the consolidated statement of income on an accruals basis using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash receipts and payments earned or paid on a financial asset or a liability through its expected life or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently unless re-priced.

When calculating effective interest rates, the Group estimates cash flows considering all contractual terms of the financial instruments excluding future credit losses. The calculation includes all amounts paid or received by the Group that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

The interest income / expense accrual on the assets / liabilities linked to risk-free benchmark reference rate (RFR) indexes will follow the standard market conventions relating to respective RFRs.

(r) Net fees and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided principally into the following two categories:

(i) Fee income earned from services that are provided over a certain period of time.

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

(ii) Fee income earned from providing transaction services.

Fees and commission income earned and expense incurred from the provision of services are recognised as revenue and expense, as and when the services are rendered.

(s) Foreign exchange and derivatives income and Income from investments and Islamic instruments

Foreign exchange and derivatives income and Income from investments and Islamic instruments includes income from trading. Gains and losses on investments at fair value through profit or loss, are recognized in the consolidated statement of income.

(t) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established.

(u) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and balances with the Central Bank of the UAE (including statutory reserve) and other balances due from banks (excluding bills discounted) maturing within three months. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position. Balances with the Central Bank of the UAE include certificates of deposit. In accordance with Central Bank of the UAE regulations on the issuance of the

4. Material accounting policies (continued)
(u) Cash and cash equivalents (continued)

Central Bank certificates of deposit, the Bank can enter into repurchase agreements in order to obtain short term liquidity.

As per the UAE regulations, the Bank is allowed to draw their balances held in the UAE reserve account, while ensuring that they meet the reserve requirements over 14 days period.

(v) Foreign currencies

Foreign currency transactions are recorded at the rate of exchange ruling at the value date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the rate of exchange ruling at the reporting date. Any resultant gains and losses are recognised in the consolidated statement of income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Forward foreign exchange contracts are translated into AED at the mid-market rate of exchange applicable to their maturities ruling at the reporting date. Any resultant gains and losses are recognized in the consolidated statement of income.

(w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of each operating segment are reviewed regularly by the Chief Executive Officer (CEO) (referred to as the "Chief Operating Decision Maker" or "CODM") to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

(x) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS accounting standards / IAS, or when gains and losses arise from a group of similar transactions such as in the Group's trading activity.

(y) Earnings / (loss) per share

The Group presents basic and diluted earnings / (loss) per share (EPS / LPS) data for its ordinary shares. Basic EPS / LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS / LPS 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 dilutive potential ordinary shares.

(z) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated based on the higher of fair value less costs to sell and value in use. The reduction in carrying amount is recognised in the consolidated statement of income.

(aa) Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of property and equipment that are considered of low value. Payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group has the option, under some of its leases to lease the assets for an additional term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to

exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

(ab) Acceptances

Acceptances arise when the Group is under an irrevocable obligation to make payments against accepted documents drawn under Letters of Credit. Acceptances specify the amount of money, the date and the counterparty person/entity to which the payment is due. After the acceptance, the instruments/documents become an unconditional liability (time draft or deferred payment undertaking) of the Group and is therefore recognised as a financial liability in the consolidated statement of financial position with a corresponding contractual right of reimbursement from the customer recognising it as a financial asset. Acceptances have been considered within the scope of IFRS 9—Financial Instruments. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

(ac) Islamic financing receivables, Islamic instruments and Islamic customer deposits

The Group engages in Shari'ah compliant Islamic banking activities through a window called "NBF Islamic." The Islamic operations were launched in 2014 and the various Islamic instruments described below are accounted for, disclosed and presented in accordance with the requirements of the underlying substance of the instruments and IFRS accounting standards.

Murabaha

Murabaha receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. Murabaha is a sale transaction in which the seller (Group) expressly mentions the actual cost of the asset to be sold to the customer, and sells it to the customer on a cost plus mark-up (profit) basis. It is in fact the sale of an asset for a profit, usually on deferred payment basis. Income on Murabaha financing is recognized on a time apportioned basis over the period of the Murabaha contract, using the effective profit rate method.

Ijara

Ijara involves a contract where the Group buys and then leases an item to a customer for a specified rental over a specific period. The duration of lease, as well as the basis for rental, are set and agreed in advance. The Group acquires the beneficial ownership of the property to lease the usufruct to the customer.

Income on Ijara financing is recognized on a time apportioned basis over the lease term, using the effective profit rate method.

Qard

A Qard is the transfer of ownership in tangible wealth (money), from the customer to the Group, and it is binding on the Group to return equal wealth (money) to the customer on demand or as per the agreed terms, which means that the principal is to be repaid on demand. The Islamic current account offered to customers is based on the concept of Qard, a profit free amount received from the customer to the Group, on which no profit or other form of return is payable.

Sukuk

Certificates of equal value representing undivided shares in ownership of tangible assets, usufructs and services or (in the ownership of) the assets of particular projects or special investment activity. It is an asset backed trust certificate

evidencing ownership of an asset or its usufruct (earnings or benefits) and complies with the principle of Shari'ah.

Wa'ad – Structured Shari'ah hedging product

Islamic Swaps are based on a Wa'ad (promise) structure between two parties to buy a specified Shari'ah compliant commodity at an agreed price on the relevant date in future. It is a conditional promise to purchase a commodity through a unilateral purchase undertaking. Islamic swap structure comprises profit rate swap and currency swap. For profit rate swaps, counterparties generally exchange fixed and floating rate profit payments by executing the purchase/sale of commodity under "Murabaha Sale Agreement" in a single currency.

Wakala

Wakala is defined as a contract between the Group and a customer, whereby the customer (principal: Muwakkil) appoints the Group (agent: Wakil) to invest certain funds, according to the terms and conditions of the Wakala. The funds are used to generate profit for the customer by investing in Islamic financing facilities of the Group's other customers or investing in other Shari'ah compliant investment instruments.

Income generated from the Wakala deposits are paid to the customers and the Group recognizes a corresponding expense in the statement of income. Any losses as a result of the misconduct or negligence or violation of the terms and conditions of the Wakala are borne by the agent; otherwise, they are borne by the principal.

Istisna' forward ijara

Istisna' with forward Ijara structure involves an agreement which provides the customer with financing for building and construction of a Shari'ah compliant asset; qualifying for an ijara transaction. This broadly includes the condition that the asset should have an identified usufruct and is non-consumable. Although, the asset does not exist in its final form at the signing of the contract, the exact details and specifications of the asset shall be clearly described in both the Istisna' and forward ijara documents.

Income on Istisna' forward Ijara financing is recognized on a time apportioned basis over the lease term, using the effective profit rate method.

Mudaraba

In Mudaraba, the customer enters into a contract with the Group where the customer in the capacity of Rab-al-Maal will give the Group cash as capital for investment purposes. The Group, as Mudarib, shall endeavor to assist the customer in achieving the investment goals. This is the type of an unrestricted Mudaraba investment contract whereby the investment decision will be at the full discretion of the Group. All the shari'ah compliant assets and investments of Islamic window comprise the Mudaraba pool, where no expenses are charged to Mudaraba pool and all expenses are borne by the Group. The customer and the Group will then share the profit (if any) from the shari'ah compliant investments made by the Group based on a pre-agreed Profit Sharing Ratio (PSR) and pre-assigned weightages. The PSR and weightages are disclosed on the website of NBF Islamic.

The owner of the funds (customer) has authorised the group in its capacity as (Mudarib) to mix the Mudaraba Capital with its own funds of the equity rights, balances of the of Current Accounts, other accounts deemed as Current Accounts and others in which the group is authorised to invest.

4. Material accounting policies (continued)

(ac) Islamic financing receivables, Islamic instruments and Islamic customer deposits (continued)

In case the investment fails to generate income or suffers a loss, the Rab-al-Maal shall bear the loss of investment and whilst the Mudarib shall bear the loss of effort and labour. Mudarib will only be liable for financial losses in case of negligence or misconduct.

Rab-al-Maal's share of profit is accrued as an expense in the consolidated statement of income in accordance with agreed terms and conditions.

(ad) Tax**Corporate income tax**

Current corporate income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is provided for in accordance with fiscal regulations of the respective countries in which the Group operates and is recognized in the consolidated statement of profit or loss. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit as reported in the consolidated statement of profit or loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associate, and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (if applicable) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to corporate income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

5. Financial risk management**(a) Introduction**

Risk is inherent in the Group's activities and is managed through a process of ongoing identification, measurement, mitigation, reporting and monitoring. The Group's exposure can be broadly categorized into the following defined Material Risks:

- Credit risk
- Liquidity risk
- Market risk (includes investment price risk, currency risk and interest rate risk)
- Operational risk (includes risks arising from Group's processes, personnel, technology, legal, regulatory requirements and information security risks)
- Regulatory compliance risk

Reputational and strategic business risks are interrelated to the above defined Material Risks. These risks are considered through the Bank's strategic planning and general risk management activities. NBF's risk management strategy is focused on ensuring awareness, measurement and appropriate oversight to these defined material risks.

The Group remains focused to further develop its enterprise risk management culture, practices and processes proactively on an ongoing basis.

The Bank follows the Basel III Standardized Approach for its risk and capital management. In addition, the Bank is also exposed to other risks that are managed along with the key risks, and are quantified, monitored and reported as part of the NBF's Internal Capital Adequacy Assessment Process (ICAAP) Framework. Such risks include, among others, residual risk, concentration risk, liquidity risk, interest rate risk in banking book, settlement risk, reputational risk, cyber risk, Shari'ah non-compliance risk, money laundering risk, strategic risk, business risk, and legal and compliance risk.

The Board approved ICAAP covers these approaches and a detailed report is submitted to the Central Bank of the UAE on an annual basis.

The Group has complied with the 'Capital Adequacy Regulations' issued by the Central Bank of the UAE, which is in accordance with the revised rules outlined by the Basel Committee on Banking Supervision in 'Basel III: A global regulatory framework for more resilient banks and banking systems'. Relevant information / details have been disclosed in note 5 (g).

(b) Governance and risk management framework

The Group is always committed to the implementation of best practices and governance standards.

This note presents broad information about the Group's objectives, policies and processes for identifying, measuring, reporting and mitigating the above mentioned risks and the Group's management of capital. This note also covers enhanced disclosures relating to Pillar 3 (Market Discipline) of Basel III.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's enterprise risk management framework. The Board sets the overall risk appetite and strategy in consultation with the senior management and approves all principal governance committee charters, policies and guidelines to manage the above mentioned risks. The Board has established committees, as detailed in the Corporate Governance Report, to enhance the oversight mechanism to carry out its responsibilities effectively.

Risk Appetite, Enterprise-wide Risk Management and the Internal Control Framework:

The Group defines Risk Appetite as the degree of risk that it is prepared to accept in pursuit of its strategic objectives and strategic plan, giving considerations to the Bank's various stakeholders, including depositors, shareholders and other relevant parties. The Risk Appetite Statement (RAS) intends to document the Group's willingness to undertake risk to achieve its strategic plan objectives. The RAS is used as the primary guiding document in the execution of the business strategy and therefore all strategic decisions are also considered in context of the defined RAS.

The RAS is a Board approved articulation of the aggregate level and types of risk that the Group will accept or avoid in order to achieve its business objective. For each material risk, the Board has defined the maximum level of risk that the Bank is willing to operate within.

The Board sets the risk appetite, policies and has approved the Enterprise-wide Risk Management Framework. The Bank follows a three lines of defense structure with management control being the first, independent risk management oversight being the second and an independent audit assurance being the third. The principal responsibility for the execution and implementation of policies and procedures and internal controls rests with respective functions and departments in

accordance with the approved framework. An independent Risk Management function carries out the oversight through independent challenge, validation and verification of risks taken by the risk taking functions and departments using methods such as review of procedures, spot checks to assess adequacy of internal controls and meeting of compliance requirements, analysis of data and forecasting and modelling. An independent internal and external audit process provides an independent assurance to the Board.

The Bank continued to invest in various regulatory compliance activities. The Group undertook improvements to its Anti-Money Laundering (AML) / Combating the Financing of Terrorism (CFT) / sanctions control environment and also enhanced its operational risk profile and testing to ensure effectiveness of controls.

The Group follows Board approved whistle blowing policy where staff, customers and other stakeholders of the Bank can independently raise matters to the Head of Internal Audit.

The Group through the Grievance and Disciplinary Committee (GDC) comprising Head of Human Resources, Chief Risk Officer and Head of Retail Banking, and reporting to the CEO promotes transparent and fair dealings among staff.

The role of the Internal Audit Function within the Group is to provide independent and objective assurance that the process for identifying, evaluating and managing significant risks faced by the Group is appropriate and effectively applied. In addition, it also provides an independent check on the compliance with laws and regulations and measuring compliance with the Group's policies and procedures. Additionally, Internal Audit provides consulting services which are advisory in nature and are generally performed at the specific request of the Senior Management. It is led by the Head of Internal Audit who reports to the Chairman of the Board Audit Committee. To perform its role effectively, Internal Audit has organizational independence from management, to enable unrestricted evaluation of management activities and personnel.

The Central Bank of the UAE has issued a number of standards and regulations on the various elements of Risk Management. The Group has taken measures to adhere to all standards and regulations to ensure compliance.

Model risk management

The Group utilises models in many of its financial and business activities such as underwriting a credit facility to reporting ECL under IFRS 9.

To manage the model risks, the Group has implemented the Model Risk Management Policy and Guidelines. This Policy is applicable to models in all entities and subsidiaries of the Group. All risk quantification models that directly affect the financial reporting on ECL require independent validation.

The Policy establishes a systematic approach to manage the development, validation, approval, implementation and ongoing use of the models through their lifecycle. It sets out an effective management structure with clearly defined roles and responsibilities, policies and controls for managing model risk. The Policy is reviewed on a regular basis to ensure it meets regulatory standards and international practices. Any change to the Policy must be approved by the Board of Directors.

The independent validation provides Fit-for-Purpose (FFP), Conditional Approval (CA) or Not Fit-for-Purpose (NFFP) recommendation for the Board and Management to approve the use of the new risk quantification / valuation models. In addition to new model validation, the Group evaluates the performance of existing models through a regular review and validation process through internal or external partners.

5. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations in full or on time and arises principally from the Group's loans and advances and Islamic financing receivables to customers and amounts due from banks and investments portfolio.

The Group is mainly engaged in Corporate and Institutional Banking business which comprises the majority of loans and advances and Islamic financing receivables. The Group has also been growing its Retail Banking loans and advances and Islamic financing receivables. The credit is assessed based on specific guidelines which are reviewed and approved by the Board Risk and Sustainability Committee and the Board.

Management of credit risk

The Credit Risk Management Framework and Policy (CRFP) articulates the credit risk management activities across the key credit lifecycle stages of:

- Origination;
- Evaluation and approval;
- Administration;
- Monitoring and portfolio management;
- Credit Risk Mitigation; and
- Early warning signals followed by Special Assets & Remedial Management

The CRFP includes elements of:

- Risk policy setting;
- An authorization structure and limits for the approval and renewal of credit facilities;
- Review and assessment of credit applications in line with credit policies and within the authorization and limit structure. Renewals of facilities are subject to the same review process;
- Diversification and limiting concentrations of exposure to counterparties, geographies, industries and asset classes;
- Reviewing compliance, on an ongoing basis, with agreed exposure limits relating to counterparties, industries, countries and products and reviewing limits in accordance with the risk management strategy and market trends;
- Remedial management and recoveries; and
- Stress testing.

Credit limits for individual clients and counterparties are established with direct knowledge of the client's creditworthiness as per the Bank's Credit Policy. An independent Credit Department is responsible for reviewing, recommending and approving underwriting proposals. The Group has developed and implemented comprehensive procedures and information systems to monitor the condition of individual credits across the various portfolios and identify early warning signals.

The Risk Management Department, as the second line of defense, is responsible for oversight of credit risk and formulation of credit policies in line with strategic objectives, risk appetite, business growth, regulatory requirements and risk management standards. Managing credit risk has both qualitative and quantitative aspects. Credit Portfolio Risk is responsible for undertaking a portfolio review of credit risks through various counterparty, industry and portfolio reviews. Independent departments are responsible for documentation, collateral management, custody and limit management. Periodic review of the process is also undertaken.

Concentration risk

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

In order to avoid excessive concentration of risk, the RAS, risk policies and procedures include specific guidelines to ensure maintenance of diversified portfolios through a series of country, counterparty, industry, sector and product limits.

Credit exposures to individual customers or customer groups are controlled through a tiered hierarchy of delegated approval authorities. Approval is required from the Central Bank of the UAE for exposures which are likely to exceed single counterparty / group limit(s), keeping in view the regulatory capital base, in accordance with the regulations of monitoring of large exposure limits issued by the Central Bank of the UAE.

The following tables illustrate the sectoral, geographical and currency wise analysis of loans and advances and Islamic financing receivables. Information about other areas of credit risk is included in the respective notes to the consolidated financial statements.

Sector analysis

An analysis of sector concentrations of credit risk arising from loans and advances and Islamic financing receivables and off-balance sheet exposures is as follows:

2025 AED'000	Funded exposure	Unfunded exposure	Gross exposure	Funded exposure Stage 3	Stage 3 ECL- Funded	Write-off	Past dues but not impaired	
							Upto 89 days	90 days & above
Trade	15,924,069	2,483,649	18,407,718	172,542	173,192	57,403	74,050	-
Construction and real estate	3,872,962	5,568,294	9,441,256	505,066	504,348	220,331	1,476	-
Government	1,090,304	3,051	1,093,355	-	-	-	-	-
Manufacturing	5,118,479	1,358,821	6,477,300	546,941	548,237	97,240	54,608	-
Financial institutions	3,229,680	456,264	3,685,944	-	-	-	-	-
Service industries	2,825,215	493,324	3,318,539	58,808	61,112	78,868	667	-
Individuals	7,580,751	8,026	7,588,777	280,697	183,382	40,382	1,479	-
Gross amount	39,641,460	10,371,429	50,012,889	1,564,054	1,470,271	494,224	132,280	-

2024 AED'000	Funded exposure	Unfunded exposure	Gross exposure	Funded exposure Stage 3	Stage 3 ECL- Funded	Write-off	Past dues but not impaired	
							Upto 89 days	90 days & above
Trade	13,647,123	2,724,598	16,371,721	335,184	319,583	128,836	38,814	1,836
Construction and real estate	4,539,900	4,604,552	9,144,452	534,999	518,600	25,377	1,071	1,732
Government	941,051	16,263	957,314	-	-	-	-	-
Manufacturing	4,985,828	1,187,161	6,172,989	530,813	457,519	106,038	16,122	18,814
Financial institutions	2,118,605	172,327	2,290,932	-	-	-	-	-
Service industries	2,543,993	439,202	2,983,195	56,186	49,343	32,732	11,342	-
Individuals	5,725,714	1,592	5,727,306	309,291	179,970	465	1,271	-
Gross amount	34,502,214	9,145,695	43,647,909	1,766,473	1,525,015	293,448	68,620	22,382

Geographic location analysis

Based on the location of the borrower, an analysis of geographic concentrations of credit risk arising out of loans and advances and Islamic financing receivables and off-balance sheet exposures is as follows:

2025 AED'000	Funded exposure	Unfunded exposure	Gross exposure	Funded exposure Stage 3	Stage 3 ECL- Funded	Write-off	Past dues but not impaired	
							Upto 89 days	90 days & above
UAE	35,275,388	9,953,336	45,228,724	1,564,054	1,470,271	494,224	66,927	-
GCC	1,554,591	24,555	1,579,146	-	-	-	6,157	-
Europe	337,192	245,930	583,122	-	-	-	53,839	-
Americas	394,583	21,611	416,194	-	-	-	-	-
Others	2,079,706	125,997	2,205,703	-	-	-	5,357	-
Gross amount	39,641,460	10,371,429	50,012,889	1,564,054	1,470,271	494,224	132,280	-

2024 AED'000	Funded exposure	Unfunded exposure	Gross exposure	Funded exposure Stage 3	Stage 3 ECL- Funded	Write-off	Past dues but not impaired	
							Upto 89 days	90 days & above
UAE	30,332,202	9,020,665	39,352,867	1,766,473	1,525,015	293,448	52,774	22,382
GCC	1,344,508	12,687	1,357,195	-	-	-	6,063	-
Europe	530,018	81,532	611,550	-	-	-	1,157	-
Americas	435,469	-	435,469	-	-	-	-	-
Others	1,860,017	30,811	1,890,828	-	-	-	8,626	-
Gross amount	34,502,214	9,145,695	43,647,909	1,766,473	1,525,015	293,448	68,620	22,382

Currency wise analysis

The Group's credit exposure by currency type of loans and advances and Islamic financing receivables and off-balance sheet exposures is as follows:

AED'000	2025			2024		
	Funded exposure	Unfunded exposure	Gross exposure	Funded exposure	Unfunded exposure	Gross exposure
AED	27,784,750	7,293,336	35,078,086	25,026,353	5,958,090	30,984,443
USD	10,108,107	2,756,840	12,864,947	8,333,589	2,869,507	11,203,096
EUR	180,437	156,597	337,034	111,978	110,439	222,417
GBP	1	23,324	23,325	108	16,211	16,319
XAU	929,305	-	929,305	816,518	-	816,518
Others	638,860	141,332	780,192	213,668	191,448	405,116
Gross amount	39,641,460	10,371,429	50,012,889	34,502,214	9,145,695	43,647,909

5. Financial risk management (continued)

(c) Credit risk (continued)

Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of the counterparty to honour its obligations to deliver cash, securities or other assets as contractually due. Any delays in settlement are monitored and quantified as part of the Group's Credit Risk Management.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement or clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals in accordance with the approved credit framework.

Risk mitigation, collateral and credit enhancements

In line with Basel, IFRS 9 standards and the CRMS issued by the Central Bank of the UAE (CBAE), the CRFP outlines the basis pertaining to the eligibility, valuation, roles and responsibilities of various departments and overall management of collateral in order to adopt effective credit risk mitigation mechanism and maximize the use of eligible collateral.

The eligible collateral under IFRS 9 helps in arriving at EAD and LGD for Expected Credit Loss (ECL) calculations. As for

measuring ECL, the expected cash shortfalls will reflect via LGD, the cash flows expected from collateral realization provided the same are as per contractual terms.

The Group manages credit exposure by obtaining security where appropriate, and the Group may also close out transactions, facilitate a secondary market sale or reduce exposures as appropriate to mitigate credit risk.

The amount and type of collateral depends on assessments of the credit risk of the counterparty. The types of collateral mainly include cash, guarantees, stand-by letter of credit (bank guarantee), pledge over listed shares and mortgage and liens over real estate or movable and immovable assets, vehicles, ships and equipment. Collateral generally is not held against non-trading investments and due from banks and financial institutions.

Management monitors the market value of collateral, and wherever necessary the Group requests additional collateral in accordance with the underlying agreement, and considers collateral obtained during its review of the adequacy of the allowance for impairment losses.

Estimates of fair value are updated and assessed on a periodic basis in accordance with the respective credit policies.

Particulars	Loans and advances and Islamic financing receivables		Collaterals	
	2025	2024	2025	2024
AED'000				
Stage 3				
Pledged deposits	268,897	389,464	5,298	9,073
Debt / equity securities	181,817	132,955	74,000	25,288
Property	540,038	635,860	472,189	482,610
Others	573,302	608,194	-	-
Gross amount	1,564,054	1,766,473	551,487	516,971
Life time ECL (Stage 3)	(1,470,271)	(1,525,015)	-	-
Carrying amount	93,783	241,458	551,487	516,971
Stage 1 and 2				
Pledged deposits	9,070,219	10,625,634	3,980,651	3,132,240
Debt / equity securities	63,104	270,523	63,104	258,534
Property	18,532,362	11,406,169	16,242,533	9,111,449
Others	10,411,721	10,433,415	-	-
Gross amount	38,077,406	32,735,741	20,286,288	12,502,223
12-month ECL (Stage 1) and Life-time ECL (Stage 2)	(704,254)	(585,025)	-	-
Carrying amount	37,373,152	32,150,716	20,286,288	12,502,223
Total	37,466,935	32,392,174	20,837,775	13,019,194

Particulars	Contingent liabilities		Collaterals	
	2025	2024	2025	2024
AED'000				
Pledged deposits	6,804,370	5,960,148	1,226,393	1,255,250
Others	3,567,059	3,185,547	1,167,403	551,727
Total	10,371,429	9,145,695	2,393,796	1,806,977

As at 31 December 2025, re-possessed mortgage properties amounted to **AED 10.8 million** (2024: AED 10.8 million) which have been adjusted against the outstanding receivables. These have been recorded under Other Assets and fully provisioned.

Credit quality

The credit quality of the loans and advances and Islamic financing receivables is managed by the Group using internal credit ratings comprising 22 grades. The risk rating system is used as a credit risk management tool whereby any risks taken on the Group's

books are rated against a set of predetermined standards which are in line with the Central Bank of the UAE guidelines.

The Group's Credit Risk Rating Methodology reflects its assessment of the probability of default of individual counterparties mapped to the ratings specified by the External Credit Assessment Institutions (ECAIs). The mapping is based on a statistical model which takes into consideration the industry weights, country specific factors and the sensitivity of the counter party to systematic risk. Risk classification distribution by risk grades is presented below:

2025 Risk grades of gross loans and advances and Islamic financing receivables

AED'000	Stage 1	Stage 2	Stage 3	Total
RR 1-19				
Grade RR 1-17: Performing	36,763,702	302,541	-	37,066,243
Grade RR 18-19: Watchlist	-	1,011,163	-	1,011,163
Total - RR 1-19	36,763,702	1,313,704	-	38,077,406
RR 20-22: Non-performing	-	-	1,564,054	1,564,054
Total	36,763,702	1,313,704	1,564,054	39,641,460

2024 Risk grades of gross loans and advances and Islamic financing receivables

AED'000	Stage 1	Stage 2	Stage 3	Total
RR 1-19				
Grade RR 1-17: Performing	30,974,093	443,418	-	31,417,511
Grade RR 18-19: Watchlist	-	1,318,230	-	1,318,230
Total - RR 1-19	30,974,093	1,761,648	-	32,735,741
RR 20-22: Non-performing	-	-	1,766,473	1,766,473
Total	30,974,093	1,761,648	1,766,473	34,502,214

Loans and advances and Islamic financing receivables with renegotiated terms

Loans and advances and Islamic financing receivables with renegotiated terms are loans and advances and Islamic financing receivables that have been restructured, either 'non-distressed' (rescheduled) or 'distressed' (restructured) and where the Group has made concessions that it would not otherwise consider. Rescheduled / Restructured loans are classified under stage 1, 2 or 3 based on criteria specified under the CRMS issued by the Central Bank of the UAE (CBAE).

When renegotiation happens, the Group assesses whether or not the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.

- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.
- Discounted cash flows (DCF) after renegotiation are equal to or greater than the DCF at the time the facility was granted.

If the terms are substantially different, the Group derecognizes the original financial asset and recognizes a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether SICR has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the obligor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset.

5. Financial risk management (continued)
(c) Credit risk (continued)

The Group monitors the subsequent performance of modified assets. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 (Lifetime ECL – credit impaired) to Stage 2 (Lifetime ECL – not credit impaired) to Stage 1 (12 month ECL). This is only applicable for assets which have performed as per the new terms in accordance with the curing criteria as defined in note 4(e).

The following table contains an analysis of the credit risk exposure of total restructured loans and advances and Islamic financing receivables and acceptances and relevant off balance sheet exposures:

2025				
Total restructured portfolio - AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	232,957	564,636	441,539	1,239,132
Allowances for impairment (ECL)	(5,780)	(193,349)	(396,082)	(595,211)
Carrying amount	227,177	371,287	45,457	643,921

2024				
Total restructured portfolio - AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	141,520	855,048	427,203	1,423,771
Allowances for impairment (ECL)	(4,207)	(195,069)	(352,685)	(551,961)
Carrying amount	137,313	659,979	74,518	871,810

The following table contains an analysis of the credit risk exposure of newly restructured loans and advances and Islamic financing receivables, including accrued interest / profit, and acceptances and relevant off balance sheet exposures during the year:

Restructured portfolio during the year AED'000	2025		2024	
	Post-modification	Pre-modification	Post-modification	Pre-modification
Outstanding balance				
Stage 1	-	950	-	1,622
Stage 2	152	659	-	5,104
Stage 3	11,962	17,714	24,801	16,963
Allowances for impairment (ECL)	(9,535)	(11,176)	(21,622)	(12,463)
Carrying amount	2,579	8,147	3,179	11,226

Allowances for impairment

Monthly, the Group establishes an allowance for impairment losses that represents its expected credit losses in the categories of financial assets defined in section 4(e) above. The methods of assessment of allowances for impairment have been summarized in note 4.

As part of the approach, the Bank has designed and implemented separate ratings scales pertaining to corporate banking and business banking, retail banking and due from banks and financial institutions that are based on the observed historical defaults in the Bank's credit portfolio through the cycle which has determined the mean probability of default for the credit portfolio and have assigned individual probabilities of default to each credit risk grade.

Together with the Exposure at Default and Loss Given Default, the Bank determines the Expected Loss of each of its corporate, business banking, financial institutions and retail borrowers.

Write-off policy

The Group writes-off loans and advances and Islamic financing receivables balances (and any related allowances for impairment losses) when it has generally exhausted all possible efforts for collection and determines that the loans and advances and Islamic financing receivables are no longer collectible; in line with the CRMS issued by the CBUAE.

The Group may write-off financial assets that are still subject to enforcement activity. However, the Group retains the right and seeks to recover amounts it is legally owed in full, even when partially or fully written-off.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It includes the risk of inability to fund assets at appropriate maturities and rates, and inability to liquidate assets at a reasonable price and in an appropriate time frame, and inability to meet obligations as they become due. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to diminish.

The Group's approach to managing liquidity is to maintain, as far as possible, sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or putting the Group's reputation at risk.

Management of liquidity risk

Treasury is entrusted with the responsibility of ensuring compliance with both statutory liquidity requirements and internal risk limits. All liquidity risk management policies and procedures are subject to review and approval by Asset and Liability Committee (ALCO), Management Risk Committee (MRC), Board Risk and Sustainability Committee (BRSC) and the Board.

The Group maintains a portfolio of short-term liquid assets, largely made up of cash and balances with the Central Bank of the UAE representing 13.5% (2024: 10.9%) of total assets which also include mandatory cash reserve deposits with the Central Bank of the UAE. Short-term liquid assets also include investment grade marketable securities, due from banks and financial institutions and other inter-bank facilities, to ensure that sufficient liquidity is maintained both under normal conditions and simulated stress scenarios.

The Group uses lending to stable resource ratio (LSRR) of 1:1 and eligible liquid assets ratio (ELAR) of 10%, which represents high quality liquid assets as stipulated by the Central Bank of the UAE, as key risk indicators and monitors them on a regular basis. The Group uses more prudent internal LSRR measure of 0.925:1 as a trigger point for action planning. During the year, these ratios were prudently managed:

	ELAR		LSRR	
	2025	2024	2025	2024
12 month - Average	29.1%	29.6%	68.1%	67.5%
12 month - Highest	31.6%	31.1%	70.3%	69.3%
12 month - Lowest	26.9%	27.2%	65.7%	66.2%

The Group manages its concentration of deposits by continuing to widen the customer base and sources of liabilities and setting in place caps on individual size and varying maturities.

Liquidity positions, key risk indicators and actions are discussed at ALCO to monitor and review achievement of short and long term liquidity strategies and thresholds.

Liquidity risk appetite is prudently and proactively reviewed taking into consideration the market events and relevant risk management standards. Adherence to the longer stress period is being achieved through reliance on both higher quality and adequate level of liquid assets. The Group monitors 30 days stress test under two scenarios of local market crisis and a two notch downgrade of NBF Issuer Credit Rating in line with its liquidity risk appetite. The Bank has also defined a contingency funding plan to manage any liquidity crisis situation. As part of the ICAAP, the Bank assesses the impact on capital adequacy of liquidity risk including concentrations by carrying out stress tests.

The following table shows the Group's assets and liabilities and commitments on the basis of their earliest possible contractual maturity and / or expected date of settlement or realization. For example, demand deposits (current and savings accounts) from customers are expected to maintain a stable balance and historically have been long-term in nature; and term deposits are often rolled over on maturity. Loans and advances and Islamic financing receivables are partly revolving in nature. Cash and balances with the Central Bank of the UAE include certificates of deposit which are readily convertible into cash under repurchase arrangements with the Central Bank of the UAE. Investments portfolio include FVOCI investments which can be redeemed before their contractual maturity.

5. Financial risk management (continued)
(d) Liquidity risk (continued)

2025 AED'000	Less than 1 month	1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Cash and balances with the Central Bank of the UAE	6,082,525	500,000	1,950,000	800,000	-	-	9,332,525
Due from banks and financial institutions	820,198	362,685	162,540	75,322	-	-	1,420,745
Investments and Islamic instruments - fair value	43,292	2,646,477	3,098,019	2,720,030	3,207,143	149,568	11,864,529
Investments and Islamic Instruments - amortised cost	299,525	44,224	471,862	265,673	3,348,757	2,236,997	6,667,038
Loans and advances and Islamic financing receivables	6,016,022	6,428,627	4,680,615	2,651,367	10,648,445	7,041,859	37,466,935
Acceptances and other assets	342,603	1,259,165	376,909	42,307	-	-	2,020,984
Property, equipment and intangibles	-	-	-	-	-	601,132	601,132
Total assets	13,604,165	11,241,178	10,739,945	6,554,699	17,204,345	10,029,556	69,373,888
Due to banks	1,539,009	354,350	-	-	-	-	1,893,359
Customer deposits and Islamic customer deposits	34,628,756	6,520,276	4,941,539	4,475,195	405,833	9,800	50,981,399
Repurchase agreements	394,038	261,827	183,448	161,862	3,722,486	-	4,723,661
Term borrowings	-	-	275,475	257,110	367,300	-	899,885
Acceptances and other liabilities	214,072	2,363,854	376,909	170,838	-	-	3,125,673
Total equity	-	-	-	-	-	7,749,911	7,749,911
Total liabilities and equity	36,775,875	9,500,307	5,777,371	5,065,005	4,495,619	7,759,711	69,373,888
On-Balance Sheet Gap	(23,171,710)	1,740,871	4,962,574	1,489,694	12,708,726	2,269,845	-
Cumulative Gap	(23,171,710)	(21,430,839)	(16,468,265)	(14,978,571)	(2,269,845)	-	-

2024 AED'000	Less than 1 month	1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Cash and balances with the Central Bank of the UAE	5,635,580	200,000	800,000	-	-	-	6,635,580
Due from banks and financial institutions	1,510,285	291,425	412,403	15,792	-	-	2,229,905
Investments and Islamic instruments - fair value	220,718	2,840,494	3,941,875	1,633,178	2,367,301	14,276	11,017,842
Investments and Islamic Instruments - amortised cost	7,433	244,057	345,620	237,330	3,987,272	1,361,919	6,183,631
Loans and advances and Islamic financing receivables	5,914,180	5,113,213	4,119,376	2,423,071	8,872,073	5,950,261	32,392,174
Acceptances and other assets	510,544	998,053	287,132	46,395	-	-	1,842,124
Property, equipment and intangibles	-	-	-	-	-	577,812	577,812
Total assets	13,798,740	9,687,242	9,906,406	4,355,766	15,226,646	7,904,268	60,879,068
Due to banks	1,043,520	-	-	-	-	-	1,043,520
Customer deposits and Islamic customer deposits	28,875,822	6,007,137	4,307,779	5,008,907	1,557,292	83	45,757,020
Repurchase agreements	-	407,641	218,999	296,549	2,604,773	-	3,527,962
Term borrowings	-	-	-	-	808,060	-	808,060
Acceptances and other liabilities	423,188	2,042,760	287,132	133,751	-	-	2,886,831
Total equity	-	-	-	-	-	6,855,675	6,855,675
Total liabilities and equity	30,342,530	8,457,538	4,813,910	5,439,207	4,970,125	6,855,758	60,879,068
On-Balance Sheet Gap	(16,543,790)	1,229,704	5,092,496	(1,083,441)	10,256,521	1,048,510	-
Cumulative Gap	(16,543,790)	(15,314,086)	(10,221,590)	(11,305,031)	(1,048,510)	-	-

The following table incorporates guarantees, letters of credit and notional amounts of derivative financial instruments, entered into by the Group, outstanding at the date of consolidated statement of financial position, analyzed by the earliest period these can be called. The notional amount is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicators of either the market risk or the credit risk. The amounts set out below do not represent expected cash flows.

2025 AED'000	Less than 1 month	1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Guarantees	8,883,904	-	-	-	-	-	8,883,904
Letters of credit	506,762	666,016	274,011	40,736	-	-	1,487,525
Forward foreign exchange contracts	14,373,307	6,274,904	6,815,338	905,764	-	172,021	28,541,334
Currency options	202,106	384,787	428,763	388,975	407,980	-	1,812,611
Interest rate derivatives	-	196,723	-	420,136	455,920	1,073,050	2,145,829
Commodity derivatives	33,515	618,998	16,763	4,263	-	-	673,539
Total	23,999,594	8,141,428	7,534,875	1,759,874	863,900	1,245,071	43,544,742

5. Financial risk management (continued)
(d) Liquidity risk (continued)

2024 AED'000	Less than 1 month	1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Guarantees	7,362,269	-	-	-	-	-	7,362,269
Letters of credit	561,103	973,637	152,128	91,026	5,531	-	1,783,425
Forward foreign exchange contracts	11,855,198	3,946,748	3,552,396	2,119,855	117,504	-	21,591,701
Currency options	15,096	72,500	264,456	321,776	1,057,824	-	1,731,652
Interest rate derivatives	-	-	-	178,575	2,317,585	615,190	3,111,350
Commodity derivatives	14,273	416,176	6,790	-	-	-	437,239
Total	19,807,939	5,409,061	3,975,770	2,711,232	3,498,444	615,190	36,017,636

The positive and negative fair values of derivative financial instruments, entered into by the Group, at the reporting date are as below:

AED'000 Derivatives	2025				2024			
	Notional	Positive fair value	Negative fair value	Net	Notional	Positive fair value	Negative fair value	Net
Forward foreign exchange contracts	28,541,334	93,245	93,093	152	21,591,701	49,713	44,673	5,040
Currency options	1,812,611	19,100	19,100	-	1,731,652	4,913	4,888	25
Interest rate derivatives	2,145,829	9,388	15,071	(5,683)	3,111,350	32,975	27,484	5,491
Commodity derivatives	673,539	4,881	7,469	(2,588)	437,239	2,537	2,024	513
Total	33,173,313	126,614	134,733	(8,119)	26,871,942	90,138	79,069	11,069

Liquidity analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group's financial liabilities as at 31 December 2025 based on contractual undiscounted repayment obligations. However, the Group expects that substantial repayment requests will not occur on the earliest date and the amounts set out below do not represent expected cash flows.

2025 AED'000	Carrying amount	Gross notional outflows	Less than 1 month	1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years
Financial liabilities								
Due to banks	1,893,359	1,897,531	1,541,677	355,854	-	-	-	-
Customer deposits and Islamic customer deposits	50,981,399	51,555,819	34,745,413	6,655,017	5,084,922	4,643,176	417,491	9,800
Repurchase agreements	4,723,661	5,187,356	406,299	299,682	225,834	239,558	4,015,983	-
Term borrowings	899,885	958,466	-	10,602	288,613	269,084	390,167	-
Acceptances and other liabilities	3,125,673	3,125,673	214,072	2,363,854	376,909	170,838	-	-
Total	61,623,977	62,724,845	36,907,461	9,685,009	5,976,278	5,322,656	4,823,641	9,800

(e) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates, commodity prices and credit spreads will affect the Group's income and/or the value of its holdings of financial instruments.

Management of market risks

The Group distinguishes its exposure to market risk between trading and non-trading portfolios. The trading portfolio includes positions arising from market-making, proprietary positions and other marked-to-market positions so designated. The non-trading portfolio includes positions other than those with the trading intent that arises from interest rate management of the Group's assets and liabilities.

The Group has well-defined policies, procedures and trading limits in place to ensure oversight of Treasury's day-to-day operations, in accordance with the Board's defined risk appetite. These are reviewed periodically to ensure that they remain in line with the Group's overall market risk appetite. The Group manages market risk positions within the risk management limits set out by the Board. Overall responsibility for monitoring market risk is vested with the MRC.

Investment price risk

The risk originates primarily from the investment portfolio of the Group which is managed on a fair value basis. The Group manages the risk through diversification of investments in terms of counterparty, industry and country. The investment portfolio is managed directly by ALM & Investments under Treasury and the portfolio performance and risk limits are closely monitored by Treasury Middle Office and Market Risk and reported to the IC on a monthly basis.

The Investment Committee (IC) reviews sensitivity of investment price volatility on annualized income. The overall stop loss limit is set at 15% of the purchase price or last year end price, whichever is recent for Fixed Income Instrument (FI) and 20% of the purchase price or last year end price, whichever is recent for equities. When the loss reaches 10% in case of FI and 15% in case of Equities, the ALM & Investments team escalates to the IC to decide the strategy of either holding the investment or its disposal. Any loss in excess of 15% for FI and 20% for Equities is escalated to the Board. For Total Investment Portfolio, the Group has set loss referral limits which are monitored regularly and reported to IC.

The table below shows the impact of change (positive / negative) in fair value of investments by 10% on net income and regulatory capital and equity for 2025 and 2024:

	Assumed level of change %	Impact on profit and regulatory capital 2025 AED'000	Impact on profit and regulatory capital 2024 AED'000
Investments classified as FVTPL			
Reference benchmarks: Fair value of funds	10%	13	43
Investments classified as FVOCI			
Reference benchmarks: Quoted debt securities / Islamic Sukuks	10%	1,144,643	1,041,453
Other investments	10%	41,947	61,134

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Board of Directors has set limits on positions by currencies which are closely monitored. Exceptions, if any, are only allowed by seeking prior approval of ALCO and MRC supported by a business case and ratification by the Board. During the year, the Group complied with the open position limits and the exception approval process.

The Group carries out sensitivity analysis on the basis of 5% shift in exchange rate and analyzes their impact on annualized exchange income. ALCO reviews currency limits based on these sensitivities.

The UAE currency is pegged to the US Dollar and this is considered while setting the limits and analyzing the sensitivity impact.

At 31 December, the Group's open positions [long / (short)] and potential impact of a shift in exchange rate on the statement of income are as follows:

Currency	USD	EUR	Others
Open position			
2025 (AED'000)	831,811	9,583	41,471
2024 (AED'000)	699,855	2,230	30,045
Assumed change in exchange rates	5%	5%	5%
Impact on profit from increase in exchange rates:			
2025 (AED'000)	41,591	479	2,074
2024 (AED'000)	34,993	112	1,502
Impact on profit from decrease in exchange rates:			
2025 (AED'000)	(41,591)	(479)	(2,074)
2024 (AED'000)	(34,993)	(112)	(1,502)

At 31 December 2025, the impact on profit due to change in exchange rate by 5% is +19.53% (2024: +19.36%). Excluding the impact of US\$ open position, the impact is +1.13% (2024: +0.85%).

5. Financial risk management (continued)
(e) Market risk (continued)

Interest rate risk

The principal risk to which financial assets and liabilities are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates.

The Group's Treasury manages interest rate risk principally through monitoring interest rate gaps and matching the interest re-pricing profile of financial assets and liabilities. The Group's long term financial assets and liabilities are priced generally on a floating rate basis, which tracks the changes in market interest rates. Long term loans and advances and Islamic financing receivables that are priced on a fixed rate basis constitute 12.6% (2024: 8.3%) of the total loans and advances and Islamic financing receivables portfolio.

The Group measures the interest rate sensitive gaps across tenors considering the availability of a contractual ability to re-price all its assets and liabilities. The sensitivity analysis i.e. the impact of a parallel shift in interest rate curves on net interest income (NII) and equity is ascertained and presented to ALCO for review on a monthly basis. Strategies and actions required to mitigate this risk, if any, are approved and monitored by ALCO and executed by Treasury. The Group carries out sensitivity analysis on the net interest income for one year assuming changes (whether increase or decrease) in interest rates. An analysis of the Group's sensitivity to an increase or decrease in market interest rates based on the financial assets and financial liabilities, denominated in various currencies, held at 31 December, assuming no asymmetrical movement in yield curves and a constant consolidated statement of financial position, is as follows:

Currency	AED	USD	EUR	Others	TOTAL
Assumed change in interest / profit rates	±100 bps				

Impact on net interest income and net income from Islamic financing and investment activities from increase in interest / profit rates

2025 (AED'000)	63,004	(4,321)	(2,014)	700	57,369
2024 (AED'000)	103,459	(4,966)	(577)	4,594	102,510

Impact on net interest income and net income from Islamic financing and investment activities from decrease in interest / profit rates

2025 (AED'000)	(63,000)	2,549	218	1,948	(58,285)
2024 (AED'000)	(103,683)	7,237	(494)	(975)	(97,915)

An impact of 5% or higher on regulatory capital is considered as a trigger event based on which an action plan is agreed. At 31 December, the impact of 25 bps, 50 bps and 100 bps shift on net interest income and net income from Islamic financing and investment activities and regulatory capital is as follows:

Impact on net interest income and net income from Islamic financing and investment activities

bps	2025		2024	
	Upward shift	Downward shift	Upward shift	Downward shift
25	0.76%	-0.76%	1.43%	-1.37%
50	1.52%	-1.52%	2.87%	-2.74%
100	3.04%	-3.09%	5.73%	-5.48%

Impact on regulatory capital

bps	2025		2024	
	Upward shift	Downward shift	Upward shift	Downward shift
25	0.20%	-0.20%	0.38%	-0.36%
50	0.39%	-0.39%	0.76%	-0.73%
100	0.78%	-0.79%	1.52%	-1.45%

The Group also conducts interest rate stress testing based on modified duration approach. The results of the shift analysis are reviewed monthly by ALCO, which along with MRC has the overall responsibility for managing pricing policy.

The Group's interest rate gap position on financial assets and liabilities based on the earlier of contractual re-pricing or maturity date is as follows:

2025 AED'000	Less than 1 month	1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing items	Total
Cash and balances with the Central Bank of the UAE	1,200,000	500,000	1,950,000	800,000	-	-	4,882,525	9,332,525
Due from banks and financial institutions	441,321	358,820	545,282	75,322	-	-	-	1,420,745
Investments and Islamic instruments - fair value	44,347	2,645,198	3,098,019	2,720,030	3,207,237	149,568	130	11,864,529
Investments and Islamic Instruments - amortised cost	299,525	44,224	471,862	265,673	3,348,757	2,236,997	-	6,667,038
Loans and advances and Islamic financing receivables	15,417,318	12,911,508	3,995,362	733,904	4,592,897	419,493	(603,547)	37,466,935
Acceptances and other assets	-	-	-	-	-	-	1,989,830	1,989,830
Total financial assets	17,402,511	16,459,750	10,060,525	4,594,929	11,148,891	2,806,058	6,268,938	68,741,602
Due to banks	1,539,010	354,349	-	-	-	-	-	1,893,359
Customer deposits and Islamic customer deposits	13,322,647	6,829,645	5,900,323	8,349,916	403,606	9,800	16,165,462	50,981,399
Repurchase agreements	4,302,144	259,655	-	161,862	-	-	-	4,723,661
Term borrowings	275,475	532,585	91,825	-	-	-	-	899,885
Acceptances and other liabilities	-	-	-	-	-	-	2,808,786	2,808,786
Total financial liabilities	19,439,276	7,976,234	5,992,148	8,511,778	403,606	9,800	18,974,248	61,307,090
Interest rate sensitivity gap								
On-balance sheet	(2,036,765)	8,483,516	4,068,376	(3,916,849)	10,745,285	2,796,258	(12,705,309)	7,434,512
Off-balance sheet	(304,654)	68,168	-	236,486	-	(668)	-	(668)
Cumulative	(2,341,419)	6,210,265	10,278,641	6,598,278	17,343,563	20,139,153	7,433,844	-

5. Financial risk management (continued)
(e) Market risk (continued)

2024 AED'000	Less than 1 month	1 month to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- interest bearing items	Total
Cash and balances with the Central Bank of the UAE	2,550,000	200,000	800,000	-	-	-	3,085,580	6,635,580
Due from banks and financial institutions	765,046	286,125	1,162,538	16,196	-	-	-	2,229,905
Investments and Islamic instruments - fair value	456,624	2,772,785	3,867,379	1,633,177	2,272,088	14,277	1,512	11,017,842
Investments and Islamic Instruments - amortised cost	7,433	229,788	345,620	237,330	4,001,540	1,361,920	-	6,183,631
Loans and advances and Islamic financing receivables	13,269,049	11,629,968	3,791,405	1,181,051	2,457,740	404,916	(341,955)	32,392,174
Acceptances and other assets	-	-	-	-	-	-	1,814,507	1,814,507
Total financial assets	16,848,152	15,118,666	14,966,941	3,067,754	8,731,368	1,781,113	4,559,644	60,273,639
Due to banks	1,043,520	-	-	-	-	-	-	1,043,520
Customer deposits and Islamic customer deposits	11,202,035	6,233,412	4,567,473	5,704,246	1,557,292	-	16,492,562	45,757,020
Repurchase agreements	2,853,561	407,641	-	-	266,760	-	-	3,527,962
Term borrowings	183,650	532,585	91,825	-	-	-	-	808,060
Acceptances and other liabilities	-	-	-	-	-	-	2,585,193	2,585,193
Total financial liabilities	15,282,766	7,173,638	4,659,298	5,704,246	1,824,052	-	19,077,755	53,721,755
Interest rate sensitivity gap								
On-balance sheet	1,765,386	7,945,028	5,307,644	(2,636,492)	6,907,316	1,781,113	(14,518,111)	6,551,884
Off-balance sheet	(292,235)	(209,184)	-	80,629	420,790	-	-	-
Cumulative	1,473,151	9,208,995	14,516,639	11,960,776	19,288,882	21,069,995	6,551,884	-

Interest rate yields (per annum)

The average earning on placements and balances with banks was **4.8%** (2024: 5.6%), on loans and advances and Islamic financing receivables was **6.1%** (2024: 7.1%) and on the investment portfolio was **4.6%** (2024: 4.4%). The average cost of customer deposits and Islamic customer deposits was **2.5%** (2024: 3.0%) and of due to banks and term borrowings was **4.5%** (2024: 5.1%)

Derivative financial instruments

In the ordinary course of business, the Group enters into various types of derivative transactions that are affected by variables in the underlying instruments.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in 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 in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

Derivative financial instruments which the Group enters into includes forward foreign exchange contracts, interest rate derivatives, commodity derivatives and currency options.

The Group uses derivative financial instruments for hedging purposes as part of its asset and liability management activities in order to reduce its own exposure to fluctuations in interest rates.

The Group uses interest rate swaps to hedge interest rate risks. In all such cases, the hedging relationship and objectives including details of the hedged item and hedging instrument are formally documented and the transactions are accounted for based on the type of hedge.

The Group's exposure to interest rate swaps designated in hedge accounting relationships represents an amount of **AED 518.9 million** (31 December 2024: AED 501.4 million). The objective of the majority of these hedges is to reduce fluctuations from interest rate risk and is consistent with the overall interest rate risk management strategy of NBF.

The following table shows the positive (assets) and negative (liabilities) fair values of derivative financial instruments for hedging purposes:

Hedging instrument

2025 AED '000	Assets	Liabilities	Notional
Derivatives held as cash flow hedges			
Interest rate swaps	3,858	25	518,886
Total derivative financial instruments	3,858	25	518,886

2024 AED '000	Assets	Liabilities	Notional
Derivatives held as cash flow hedges			
Interest rate swaps	565	-	501,418
Total derivative financial instruments	565	-	501,418

(f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities. Potential loss may be in the form of financial loss or other damages, for example loss of reputation and public confidence that will impact the Group's credibility and ability to do business.

The Group's objective in managing operational risk is to balance avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness.

The Group has defined policies and procedures which are followed to manage operational risk through the Operational Risk Committee (ORC). Compliance with Group standards is supported by a programme of periodic risk and internal control assessments and reviews undertaken by Internal Audit, Operational Risk and Compliance. The results of reviews are discussed with the businesses and functional units to which they relate and regular reports are provided to the Internal Audit, MRC, Board Risk and Sustainability Committee (BRSC) and the Board.

The regulatory risk capital charge allocation with respect to Operational Risk is computed based on the Standardized Approach. However, the Bank, as part of the ICAAP, computes the risk capital charge allocation for Pillar 2 risks related to residual risk, settlement risk, reputational risk, cyber risk, Shari'ah non-compliance risk, money laundering risk, strategic risk, model risk and legal and compliance risk through an internally designed but externally independently validated scorecard approach which encompasses a broad range of best industry practices including the regulatory requirements and guidance issued from time to time, locally and internationally.

(g) Management of capital

The Group's lead regulator, the Central Bank of the UAE, sets and monitors regulatory capital requirements. The requirements of capital for subsidiaries, NBF Financial Services FZC and NBF Markets (Cayman) Limited, are determined by the Free Zone Authority of Fujairah and Cayman Island Government General Registry respectively.

The Group's objectives and strategy when managing capital are:

- To safeguard the Group's ability to continue as a going concern and to increase returns for shareholders;
- To maintain adequate level and achieve an optimum structure for the Group's capital commensurate to its strategy, risk profile and relative positioning in the market;
- To comply with regulatory capital requirements set by the Central Bank of the UAE;

5. Financial risk management (continued)
(g) Management of capital (continued)

- To efficiently allocate capital to various businesses leading to enhanced shareholder value and optimal risk reward;
- To ensure effective internal organisation and processes and to assess and manage material risks on an ongoing basis; and
- To provide for any unforeseen losses.

The Group's capital management is carried out centrally and determines the level of risk-weighted asset growth and the optimal amount and mix of capital required to support planned business growth.

The Group and its subsidiaries have complied with all regulatory capital requirements throughout the year.

In implementing capital requirements, the Group calculates its capital adequacy ratio in accordance with the 'Capital Adequacy Regulations' issued by the Central Bank of the UAE. The Central Bank of the UAE introduced the implementation of Basel III reporting which the Group has adopted and has also developed and implemented risk management measurement tools and robust practices to become a Basel III compliant bank. The Central Bank of the UAE places considerable emphasis on the ICAAP and the Group has developed an economic capital model to comply with the Central Bank of the UAE requirements.

Regulatory Capital

The Bank's risk weighted assets (RWA) are weighted on the basis of relative credit, market, and operational risks. Credit risk includes both on and off-balance sheet risks. In accordance with the Basel III Compliance – Standardized Approach, the Bank is following the standardized measurement approach for credit, market and operational risk, under the existing Pillar 1 of Basel III requirements with the addition of the respective changes pertinent to capital supply.

The quantitative requirements, based on the regulations / guidelines, have been detailed below:

(i) Total regulatory capital (net of regulatory adjustments) – at least 10.5% of risk weighted assets (RWA) – comprises of two tiers:

a. Tier 1 capital – at least 8.5% of RWA, composed of:

- Common equity Tier 1 (CET1) – at least 7.0% of RWA; and
- Additional Tier 1 (AT1).

Common equity Tier 1 (CET1) includes ordinary share capital, statutory reserve, special reserve, retained earnings and fair value reserves relating to unrealized gains on investments classified as FVOCI / available-for-sale with a hair-cut of 55%; and Additional Tier 1 (AT1) comprises of Tier 1 capital securities.

b. Tier 2 capital

It includes collective impairment provision and sub-ordinated facilities. Collective impairment provision, including impairment reserve general, shall not exceed 1.25% of total credit risk weighted assets.

(ii) Banks must maintain a Capital Conservation Buffer (CCB) of 2.5% of RWA in the form of CET1 capital. CBUAE may also require banks to implement Countercyclical Buffer (CCyB), to protect the banks from periods of excess aggregate credit growth. CCyB must be met by using CET1 capital and the level may vary between 0 - 2.5% of RWA.

Minimum transitional arrangements as per Central Bank of the UAE

Capital element	Basel III 2025	Basel III 2024
Minimum common equity tier 1 ratio	7.0%	7.0%
Minimum tier 1 capital ratio	8.5%	8.5%
Minimum capital adequacy ratio	10.5%	10.5%
Capital conservation buffer	2.5%	2.5%

Capital Stress Testing:

The Group carried out and submitted to the Central Bank of the UAE stress testing exercise in accordance with the macroeconomic and business scenarios prescribed by the Central Bank of the UAE through its related guidelines. The results also included the mitigation plan / management action in response to the impact of the stress scenario on the capital adequacy of the Group. The Group passed the Central Bank of the UAE stress test.

The stress testing exercise achieves the following objectives:

- It provides a forward looking assessment of risk under a stressed scenario;
- It assesses the impact of various Macroeconomic Variables for UAE markets;
- It elaborates the methodologies, and the assumptions undertaken in the process;
- It assists the Group in shaping its strategy, by gauging the capital impact due to stress scenarios;
- It enables the Group to assess extreme risk scenarios, along with contingency plan for such events; and
- It reports results to the senior management and the Board of Directors for their review and approval to facilitate contingency planning.

Capital Allocation:

- The Group also assesses internally its capital requirements taking into consideration its growth requirements and business plans and quantifies its regulatory and risk/economic capital requirements within its integrated ICAAP Framework. Risks such as residual risk, concentration risk, liquidity risk, interest rate risk in banking book (IRRBB), settlement risk, reputational risk, strategic risk and cyber risk form part of ICAAP quantification.
- The Group also calculates Risk Adjusted Return on Capital (ROC) for credit applications that are priced on a risk-adjusted basis.

AED'000	2025	2024
CET1 capital		
Share capital	2,580,412	2,580,412
Statutory reserve	1,709,784	1,709,784
Special reserve	885,493	764,977
Retained earnings	1,949,055	1,380,308
IFRS 9 transitional arrangement – ECL (stage 1 and 2) impact	-	30,114
Accumulated other comprehensive income	49,088	14,909
Regulatory deductions - intangibles	(337,324)	(199,423)
CET1 total	6,836,508	6,281,081
Additional Tier 1 (AT1) Capital		
AT1 capital securities (note 19)	-	-
Total Tier 1	6,836,508	6,281,081
Tier 2 Capital		
Collective impairment provision	514,027	454,807
Total Tier 2	514,027	454,807
Total capital base (a)	7,350,535	6,735,888
Risk weighted assets AED'000		
Credit risk	41,122,170	36,384,556
Market risk	65,065	40,002
Operational risk	4,747,192	4,178,045
Total risk weighted assets (b)	45,934,427	40,602,603
Capital adequacy ratio (a) / (b)	16.0%	16.6%
Tier 1 ratio	14.9%	15.5%
Common equity Tier 1 ratio (CET 1)	14.9%	15.5%

The collective impairment provision on total credit risk weighted assets is maintained in line with the Central Bank of the UAE's requirements.

The Group prepares an ICAAP report and submits to the Central Bank of the UAE on an annual basis. The Group's ICAAP report includes assessment and review of the following, keeping in mind a forward-looking approach:

- Risk management framework to assess, measure, monitor and control all the material elements of risks;
- Risk profile and business strategy;
- Capital required to cover all material risks;
- Stress testing risks to assess capital requirement under stressed conditions; and
- Capital planning and budgeting.

Apart from credit, market and operational risk covered in Pillar 1, the ICAAP report covers other material risks such as residual risk, concentration risk, liquidity risk, interest rate risk in banking book (IRRBB), settlement risk, reputational risk, strategic risk, and cyber risk. ICAAP Stress Testing details, assumptions, methodology and results are documented in a separate stress testing manual that covers all aforementioned Pillar 1 and Pillar 2 risks.

Risk weights for credit risk

The Group has a diversified funded and unfunded credit portfolio. The exposures are classified as per the approach mentioned under the Central Bank of the UAE Basel III Capital Adequacy Framework covering the Standardized Approach for credit risk. The descriptions of the counterparty classes along with the risk weights used to derive the risk weighted assets are as follows:

5. Financial risk management (continued)

(g) Management of capital (continued)

Claims on sovereigns

These pertain to exposures to governments and their central banks. Claims on central banks and sovereigns are risk weighted in accordance with their ratings from acceptable ECALs, except that, for all GCC sovereigns a 0% weight has been applied.

Claims on public sector entities (PSEs)

Domestic currency claims on GCC non-commercial PSE are treated as claims on GCC sovereigns if their Central Bank or monetary authority treats them as such. Foreign currency claims on GCC PSE are treated one grade less favourable than its sovereign i.e. 20% risk weight are applied.

Claims on other foreign non-commercial PSE are treated one grade less favourable than its sovereign. Claims on commercial PSE are treated as claims on corporate.

Claims on multilateral development banks (MDBs)

All MDBs are risk weighted in accordance with the respective credit rating except for those members listed in the World Bank Group which are risk weighted at 0%.

Claims on banks

Claims on banks are risk weighted based on the ratings assigned to them by external rating agencies, however, short term claims denominated in local currency are assigned more favourable risk weighting.

Claims on corporate portfolio

Claims on corporates are risk weighted in accordance with ratings from acceptable ECALs. Risk weightings for unrated corporate claims are assigned at 100%.

Claims on regulatory retail exposures

Retail claims that are included in the regulatory retail portfolio are assigned risk weights of 75%, if it meets the criteria mentioned in the Central Bank of the UAE guidelines. Claims which do not meet the criteria are assigned risk weights of 100%.

Claims secured by residential property

A preferential risk weight of 35% is applied on claims that do not exceed AED 10 million and are secured by residential property with Loan-to-Value (LTV) of up to 85%. Other claims secured on residential property are risk weighted at 100%.

Claims secured by commercial property

100% risk weight is applied on claims secured by commercial property.

Past due exposures

The unsecured portion of any loan and financing (other than a qualifying residential mortgage loan) that is past due for more than 90 days, net of specific provisions (including partial write-offs), is risk weighted as follows:

- 150% risk weight where specific provisions are less than 20% of the outstanding amount of the loan and financing; and
- 100% risk weight where specific provisions are equal to or greater than 20% of the outstanding amount of the loan and financing.

Equity portfolios

Equity in banking book is risk weighted at 150%.

Other exposures

These are risk weighted at 100%.

Credit risk and risk weights

2025 AED'000	On & off balance sheet gross outstanding	Credit risk mitigation (CRM)		On & off balance sheet net exposure after credit conversion factor (CCF)	Risk-weighted assets
		Exposure before CRM	CRM		
Claims on sovereigns	18,305,233	18,305,233	-	18,305,233	169,079
Claims on PSEs, GREs and Corporates	38,071,127	38,071,127	4,554,581	28,367,846	26,874,546
Claims on Banks and Multilateral Development Banks	12,918,743	12,709,620	-	12,661,893	6,102,989
Regulatory retail exposures	1,297,996	1,047,412	14,873	1,032,539	774,404
Residential retail portfolio	5,695,249	5,695,249	-	5,695,249	3,097,685
Commercial real estate	3,173,184	3,173,184	-	3,173,184	3,173,184
Past due exposures	1,986,840	137,785	8,494	129,955	159,222
Higher-risk categories	130	130	-	130	196
Credit valuation adjustment (CVA) risk	114,628	114,628	-	114,628	114,628
Other exposures	2,082,681	2,071,881	-	2,071,881	656,237
Total	83,645,811	81,326,249	4,577,948	71,552,538	41,122,170

2024 AED'000	On & off balance sheet gross outstanding	Credit risk mitigation (CRM)		On & off balance sheet net exposure after credit conversion factor (CCF)	Risk-weighted assets
		Exposure before CRM	CRM		
Claims on sovereigns	16,315,777	16,315,777	-	16,315,777	92,495
Claims on PSEs, GREs and Corporates	35,620,132	35,620,132	5,285,755	26,588,063	25,022,454
Claims on Banks and Multilateral Development Banks	11,062,112	10,683,749	-	11,009,790	4,984,092
Regulatory retail exposures	1,067,924	873,451	158,176	715,275	536,456
Residential retail portfolio	4,069,885	4,069,885	-	4,069,885	2,278,409
Commercial real estate	2,089,572	2,089,572	-	2,089,572	2,089,572
Past due exposures	2,199,535	341,711	12,446	329,535	409,286
Higher-risk categories	1,511	1,511	-	1,511	2,267
Credit valuation adjustment (CVA) risk	131,095	131,095	-	131,095	131,095
Other exposures	1,165,696	1,154,896	-	1,154,896	838,430
Total	73,723,239	71,281,779	5,456,377	62,405,399	36,384,556

Unutilized credit limits which are revocable at the discretion of the Bank amount to **AED 17,655.6 million** (2024: AED 17,214.5 million).

The external rating of ECALs is mapped to the prescribed credit quality assessment scale that in turn produces standard risk weightings. The Group uses Credit Risk Mitigation techniques (CRM) whereby only cash and bank guarantees are used in the calculation of Pillar 1 Capital requirements.

Market risk and risk weights

The Group's capital charge, in respect of market risk in accordance with the Standardized methodology, is as follows:

AED'000	2025	2024
Interest rate risk		
- Specific interest rate risk	-	-
- General interest rate risk	-	-
Equity position risk	-	-
- General equity exposure risk	-	-
Foreign exchange risk	6,832	4,167
Option risk	-	33
Total market risk capital charge	6,832	4,200
Market risk – risk weighted assets	65,065	40,002

In line with the Basel Accord, investments designated as fair value through profit or loss form part of the banking book rather than the trading book. Accordingly, the designated investment portfolio has been covered under credit risk.

Operational risk and risk weights

The capital requirement for operational risk is calculated using the Standardized Approach. The total capital charge is calculated by multiplying the specified eight business lines' three (3) – year average net interest income and net income from Islamic financing and investment activities and net non-interest income by a percentage (beta) assigned to each of the business lines. The beta factors range from 12% to 18%, as specified in the Basel Accord.

In line with the CBUAE Directive effective from Q1 2024 reporting, the operational risk weighted assets for the capital calculation shall be updated on a quarterly basis, which was implemented by NBF Group.

6. Assets and liabilities

6.1 Classification and measurement

The carrying values of the assets and liabilities (financial and non-financial) at 31 December 2025 and 2024 are as follows:

2025 AED'000	At fair value through profit or loss	At fair value through other comprehensive income	Amortised cost / carrying value	Total
Assets				
Cash and balances with the Central Bank of the UAE	-	-	9,332,525	9,332,525
Due from banks and financial institutions	-	-	1,420,745	1,420,745
Investments and Islamic instruments	130	11,864,399	6,667,038	18,531,567
Loans and advances and Islamic financing receivables	-	-	37,466,935	37,466,935
Acceptances and other assets	-	-	2,020,984	2,020,984
Property and equipment and intangibles	-	-	601,132	601,132
Total assets	130	11,864,399	57,509,359	69,373,888
Liabilities				
Due to banks	-	-	1,893,359	1,893,359
Customer deposits and Islamic customer deposits	-	-	50,981,399	50,981,399
Repurchase agreements	-	-	4,723,661	4,723,661
Term borrowings	-	-	899,885	899,885
Acceptances and other liabilities	-	-	3,125,673	3,125,673
Total liabilities	-	-	61,623,977	61,623,977

2024 AED'000	At fair value through profit or loss	At fair value through other comprehensive income	Amortised cost / carrying value	Total
Assets				
Cash and balances with the Central Bank of the UAE	-	-	6,635,580	6,635,580
Due from banks and financial institutions	-	-	2,229,905	2,229,905
Investments and Islamic instruments	432	11,017,410	6,183,631	17,201,473
Loans and advances and Islamic financing receivables	-	-	32,392,174	32,392,174
Acceptances and other assets	-	-	1,842,124	1,842,124
Property and equipment and intangibles	-	-	577,812	577,812
Total assets	432	11,017,410	49,861,226	60,879,068
Liabilities				
Due to banks	-	-	1,043,520	1,043,520
Customer deposits and Islamic customer deposits	-	-	45,757,020	45,757,020
Repurchase agreements	-	-	3,527,962	3,527,962
Term borrowings	-	-	808,060	808,060
Acceptances and other liabilities	-	-	2,886,831	2,886,831
Total liabilities	-	-	54,023,393	54,023,393

Fair value of investments and Islamic instruments measured at amortised cost amounted to AED 6,710.8 million (2024: AED 6,075.6 million).

The Group performed a detailed analysis of its business models for managing financial assets and analysis of their cash flow characteristics.

6.2 Fair value measurement – fair value hierarchy:

2025 AED'000	Notional	Carrying value	Level 1	Level 2	Level 3
Investments and Islamic instruments					
Debt securities / Islamic sukuku	-	11,446,430	11,446,430	-	-
Other investments	-	419,602	419,472	130	-
Forward foreign exchange contracts	28,541,334	152	-	152	-
Currency options	1,812,611	-	-	-	-
Interest rate derivatives	2,145,829	(5,683)	-	(5,683)	-
Commodity derivatives	673,539	(2,588)	-	(2,588)	-

2024 AED'000	Notional	Carrying value	Level 1	Level 2	Level 3
Investments and Islamic instruments					
Debt securities / Islamic sukuku	-	10,414,529	10,414,529	-	-
Other investments	-	611,775	610,263	1,512	-
Forward foreign exchange contracts	21,591,701	5,040	-	5,040	-
Currency options	1,731,652	25	-	25	-
Interest rate derivatives	3,111,350	5,491	-	5,491	-
Commodity derivatives	437,239	513	-	513	-

	Fair value (FV) hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to FV
Debt securities / Islamic sukuku and Other investments	Level 1	Quoted bid prices in active market	None	Not applicable
Other investments	Level 2	Quoted prices in secondary market	None	Not applicable
Derivatives	Level 2	Observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices).	None	Not applicable

During the year, there were no transfers between Level 1 and Level 2. Further, there has been no change in the valuation techniques in relation to valuation of financial instruments. Please refer note 4 for details.

7. Cash and balances with the Central Bank of the UAE

AED'000	2025	Restated 2024
Cash on hand	1,415,644	316,466
Certificates of Deposit (CDs) with the Central Bank of the UAE	4,450,000	3,551,866
Regulatory cash reserve deposit	3,466,881	2,767,248
	9,332,525	6,635,580

8. Due from banks and financial institutions

8.1 By type:

AED'000	2025	2024
Placements	73,460	606,045
Current accounts / term deposits	467,330	823,596
Bills discounted	882,796	805,565
	1,423,586	2,235,206
Less: Allowances for impairment (ECL) (note 12)	(2,841)	(5,301)
	1,420,745	2,229,905

Current accounts / term deposits include cash collateral of AED 22.1 million (2024: AED 8.3 million) in respect of negative fair value of derivatives, in accordance with the agreements with interbank counterparties.

Bills discounted represent bank risk discounting portfolio to support customers' trade business.

8.2 By currency:

AED'000	2025	2024
AED	292,148	197,590
USD	901,446	1,763,064
EUR	74,773	53,517
GBP	7,368	16,975
XAU	6,215	33,389
Others	141,636	170,671
	1,423,586	2,235,206
Less: Allowances for impairment (ECL) (note 12)	(2,841)	(5,301)
	1,420,745	2,229,905

8.3 By geographical area:

AED'000	2025	2024
UAE	288,839	386,913
GCC	286,266	446,194
Europe	229,128	441,413
Americas	201,358	476,246
Others	417,995	484,440
	1,423,586	2,235,206
Less: Allowances for impairment (ECL) (note 12)	(2,841)	(5,301)
	1,420,745	2,229,905

The dispersion of due from banks and financial institutions portfolio based on the redistribution of risk is set out below:

AED'000	2025	2024
UAE	288,839	444,218
GCC	281,766	409,531
Europe	204,983	701,935
Americas	97,485	274,523
Others	550,513	404,999
	1,423,586	2,235,206
Less: Allowances for impairment (ECL) (note 12)	(2,841)	(5,301)
	1,420,745	2,229,905

8.4 Based on external credit ratings:

AED'000	2025	2024
AAA	-	110,190
AA	46,908	2,472
AA-	146,231	31,824
A+	39,288	265,484
A	419,839	876,166
BBB+	277,925	396,658
BBB	11,652	10,326
BBB- and below	481,743	542,086
	1,423,586	2,235,206
Less: Allowances for impairment (ECL) (note 12)	(2,841)	(5,301)
	1,420,745	2,229,905

8.5 Due from banks and financial institutions Stage-wise analysis

The following table contains an analysis of the credit risk exposure of due from banks and financial institutions. The gross carrying amount of due from banks and financial institutions, including accrued interest / profit, represents the Group's maximum exposure to credit risk on these assets:

2025				
AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	1,427,813	-	-	1,427,813
Allowances for impairment (ECL) (note 12)	(2,841)	-	-	(2,841)
Carrying amount	1,424,972	-	-	1,424,972

2024				
AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	2,253,905	-	-	2,253,905
Allowances for impairment (ECL) (note 12)	(5,301)	-	-	(5,301)
Carrying amount	2,248,604	-	-	2,248,604

Due from banks and financial institutions were in stage 1 throughout the year. Accordingly, there have been no significant movements between stages in respect of these financial assets.

9. Investments and Islamic instruments

AED'000	2025	Restated* 2024
Investments at fair value through profit or loss (FVTPL) (note 9.1)	130	432
Investments at fair value through other comprehensive income (FVOCI)		
Debt securities / Islamic sukuks (note 9.2)	11,446,430	10,414,529
Other investments / Islamic instruments (note 9.3)	419,472	611,343
	11,865,902	11,025,872
Less: Allowances for impairment (ECL) (note 12)	(1,503)	(8,462)
Investments at fair value through other comprehensive income (FVOCI)	11,864,399	11,017,410
Investments - fair value	11,864,529	11,017,842
Investments measured at amortised cost		
Debt securities / Islamic sukuks (note 9.2)	6,669,396	6,197,900
Less: Allowances for impairment (ECL) (note 12)	(2,358)	(14,269)
Investments measured at amortised cost	6,667,038	6,183,631
	18,531,567	17,201,473

9. Investments and Islamic instruments (continued)

9.1 Investments at FVTPL include various funds whose fair values are based on the net asset values provided by the fund managers.

9.2 Debt securities aggregating **AED 10,072.6 million** (2024: AED 8,621.8 million) represent the Group's investments in bonds which are quoted on recognized exchanges and prices of which are available on internationally recognized platforms of Reuters and Bloomberg and are liquid in normal market conditions. The debt securities portfolio includes floating rate securities amounting to **AED nil** (2024: AED 235.9 million).

Debt securities portfolio include Islamic sukus amounting to **AED 1,287.1 million** (2024: AED 1,076.0 million).

Debt securities portfolio include CBUAE M-bills amounting to **AED 8,043.2 million** (2024: AED 7,755.7 million).

9.3 Other investments include debt investments managed by external asset managers at the discretion of the Group, amounting to **AED 216.4 million** (2024: AED 610.3 million) and additional tier 1 perpetual securities of **AED 203.1 million**. No shares were purchased by the Bank during the year (2024: nil).

9.4 The dispersion of the investment portfolio is as follows:

AED'000	2025	2024
Government	11,092,691	10,815,286
Banks and financial institutions	7,226,244	5,797,143
Others	216,493	611,775
	18,535,428	17,224,204
Less: Allowances for impairment (ECL) (note 12)	(3,861)	(22,731)
	18,531,567	17,201,473

9.5 By geographical area:

AED'000	2025	2024
UAE	10,385,986	9,957,329
GCC	1,085,954	726,665
Europe	3,269,537	2,919,303
Americas	2,652,580	2,552,487
Others	1,141,371	1,068,420
	18,535,428	17,224,204
Less: Allowances for impairment (ECL) (note 12)	(3,861)	(22,731)
	18,531,567	17,201,473

The dispersion of investment portfolio based on the redistribution of risk is set out below:

AED'000	2025	2024
UAE	10,844,779	10,331,604
GCC	1,634,645	1,092,094
Europe	3,179,588	2,726,974
Americas	1,600,821	1,652,635
Others	1,275,595	1,420,897
	18,535,428	17,224,204
Less: Allowances for impairment (ECL) (note 12)	(3,861)	(22,731)
	18,531,567	17,201,473

Others include investments in multilateral development banks amounting to **AED 134.1 million** (2024: AED 348.2 million).

9.6 By currency:

AED'000	2025	2024
AED	8,158,438	7,987,849
USD	10,196,152	9,078,028
EUR	98,062	94,537
GBP	54,254	-
SGD	28,522	40,390
JPY	-	23,400
	18,535,428	17,224,204
Less: Allowances for impairment (ECL) (note 12)	(3,861)	(22,731)
	18,531,567	17,201,473

9.7 Based on external credit rating:

2025 AED'000	Debt securities / Islamic sukus	Other investments	Total
AAA	89,819	-	89,819
AA	1,531,685	-	1,531,685
AA-	8,661,031	-	8,661,031
A+	1,070,657	41,835	1,112,492
A	832,084	216,362	1,048,446
A-	2,857,639	36,127	2,893,766
BBB+	2,481,590	-	2,481,590
BBB	390,212	-	390,212
BBB- and below	201,109	125,278	326,387
Less: Allowances for impairment (ECL) (note 12)	(3,810)	(51)	(3,861)
	18,112,016	419,551	18,531,567

2024 AED'000	Debt securities / Islamic sukus	Other investments	Total
AAA	129,133	-	129,133
AA	1,612,048	-	1,612,048
AA-	8,413,236	-	8,413,236
A+	684,256	117,887	802,143
A	578,512	492,376	1,070,888
A-	2,158,700	-	2,158,700
BBB+	2,297,044	-	2,297,044
BBB	417,471	-	417,471
BBB- and below	322,029	1,512	323,541
Less: Allowances for impairment (ECL) (note 12)	(19,907)	(2,824)	(22,731)
	16,592,522	608,951	17,201,473

BBB- and below rating investments include issuances by Government related entities.

9.8 Debt investments and Islamic instruments stage-wise analysis

The following table contains an analysis of the credit risk of relevant debt investments and Islamic instruments and the related ECL. The gross carrying amount of debt investments and Islamic instruments, including accrued interest / profit, represents the Group's maximum exposure to credit risk on these assets:

AED'000	2025			Total
	Stage 1	Stage 2	Stage 3	
Outstanding balance	10,492,077	-	-	10,492,077
Allowances for impairment (ECL) (note 12)	(3,861)	-	-	(3,861)
Carrying amount	10,488,216	-	-	10,488,216

9. Investments and Islamic instruments (continued)

9.8 Debt investments and Islamic instruments stage-wise analysis (continued)

2024				
AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	9,467,028	-	-	9,467,028
Allowances for impairment (ECL) (note 12)	(22,731)	-	-	(22,731)
Carrying amount	9,444,297	-	-	9,444,297

Debt investments and Islamic instruments are in stage 1 throughout the year. Accordingly, there have been no significant movements between stages in respect of these financial assets.

In addition to the above, the net carrying value of CBUAE M-bills amounted to **AED 8.0 billion** (31 December 2024: AED 7.8 billion).

10. Loans and advances and Islamic financing receivables

10.1 By type:

AED'000	2025	2024
Overdrafts	1,703,940	1,758,637
Term loans	30,803,394	26,276,878
Loans against trust receipts	4,832,154	4,309,984
Bills discounted	1,986,887	1,869,600
Bills drawn under letters of credit	315,085	287,115
Gross loans and advances and Islamic financing receivables	39,641,460	34,502,214
Allowance for impairment losses (ECL) (note 12)	(2,174,525)	(2,110,040)
Net loans and advances and Islamic financing receivables	37,466,935	32,392,174

10.2 Loans and advances and Islamic financing receivables include Murabaha Tawarruq and Ijara financing activities amounting to **AED 5,887.2 million** (2024: AED 4,474.4 million) provided through a Shari'ah compliant Islamic window, NBF Islamic.

10.3 Loans and advances and Islamic financing receivables stage-wise analysis

The following table contains an analysis of the credit risk exposure of loans and advances and Islamic receivables. The gross carrying amount of loans and advances and Islamic receivables, including accrued interest / profit, represents the Group's maximum exposure to credit risk on these assets:

2025				
AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	37,019,766	1,326,145	1,814,562	40,160,473
Allowances for impairment (ECL) (note 12)	(295,080)	(409,174)	(1,470,271)	(2,174,525)
Carrying amount	36,724,686	916,971	344,291	37,985,948

2024				
AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	31,203,824	1,807,164	1,976,030	34,987,018
Allowances for impairment (ECL) (note 12)	(248,990)	(336,035)	(1,525,015)	(2,110,040)
Carrying amount	30,954,834	1,471,129	451,015	32,876,978

10.4 Movement in the gross balance of loans and advances and Islamic financing receivables

Outstanding balance AED'000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – 31 December 2024	31,203,824	1,807,164	1,976,030	34,987,018
Transferred from Stage 1	(305,862)	254,470	51,392	-
Transferred from Stage 2	387,885	(615,709)	227,824	-
Transferred from Stage 3	-	318	(318)	-
Other changes in underlying portfolios during the year	5,733,919	(120,098)	53,858	5,667,679
Written-off during the year	-	-	(494,224)	(494,224)
Gross carrying amount – 31 December 2025	37,019,766	1,326,145	1,814,562	40,160,473

Outstanding balance AED'000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount – 31 December 2023	26,259,891	2,207,549	1,679,876	30,147,316
Transferred from Stage 1	(593,516)	477,796	115,720	-
Transferred from Stage 2	189,542	(413,249)	223,707	-
Transferred from Stage 3	-	981	(981)	-
Other changes in underlying portfolios during the year	5,347,907	(465,913)	251,156	5,133,150
Written-off during the year	-	-	(293,448)	(293,448)
Gross carrying amount – 31 December 2024	31,203,824	1,807,164	1,976,030	34,987,018

10.5 Movement in the provision for impairment of loans and advances and Islamic financing receivables

ECL AED'000	Stage 1	Stage 2	Stage 3	Total
ECL allowance - 31 December 2024	248,990	336,035	1,525,015	2,110,040
Transferred from Stage 1	(5,195)	13,848	29,329	37,982
Transferred from Stage 2	5,181	(62,341)	155,004	97,844
Transferred from Stage 3	-	17	(313)	(296)
Net originated / (derecognized) during the year including changes in PDs / LGDs / EADs	46,104	121,615	255,460	423,179
Net allowance for impairment losses	46,090	73,139	439,480	558,709
Written-off during the year	-	-	(494,224)	(494,224)
ECL allowance – 31 December 2025	295,080	409,174	1,470,271	2,174,525

ECL AED'000	Stage 1	Stage 2	Stage 3	Total
ECL allowance - 31 December 2023	188,434	458,984	1,085,637	1,733,055
Transferred from Stage 1	(8,084)	28,336	80,217	100,469
Transferred from Stage 2	5,184	(62,952)	138,479	80,711
Transferred from Stage 3	-	87	(582)	(495)
Net originated / (derecognized) during the year including changes in PDs / LGDs / EADs	63,456	(88,420)	514,712	489,748
Net allowance for impairment losses	60,556	(122,949)	732,826	670,433
Written-off during the year	-	-	(293,448)	(293,448)
ECL allowance - 31 December 2024	248,990	336,035	1,525,015	2,110,040

11. Contingent liabilities and commitments

Contingent liabilities represent credit related commitments under letters of credit and guarantees which are designed to meet the requirements of the Group's customers towards third parties. Commitments represent credit facilities and other expenditure commitments of the Group which are undrawn at the date of consolidated statement of financial position. All credit related commitments are unconditionally cancellable / revocable at the discretion of the Group except for the amounts mentioned in the following table:

AED'000	2025	2024
Contingent liabilities:		
- Letters of credit covering movement of goods	1,487,525	1,783,426
- Financial guarantees and other direct credit substitutes	1,119,487	898,774
- Bid bonds, performance bonds and other transaction related contingencies	7,764,417	6,463,495
	10,371,429	9,145,695
Commitments:		
- Undrawn irrevocable commitments – credit related	521,946	328,770
- Commitments for future expenditure	228,788	138,014
	750,734	466,784
	11,122,163	9,612,479

11. Contingent liabilities and commitments (continued)

The total undrawn commitments which are revocable at the discretion of the Bank amount to **AED 17,655.6 million** (2024: AED 17,214.5 million). Many of the contingent liabilities and commitments will expire without being funded in whole or in part. Therefore, the amounts do not necessarily represent expected future cash flows.

11.1 Off balance sheet exposures stage-wise analysis

The following table contains an analysis of the credit risk of relevant off balance sheet exposures and the related ECL. The gross carrying amount of off balance sheet exposures below represents the Group's maximum exposure to credit risk on these assets:

2025				
AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	9,753,305	143,891	168,635	10,065,831
Allowances for impairment (ECL) (note 12)	(33,967)	(6,597)	(126,838)	(167,402)
Carrying amount	9,719,338	137,294	41,797	9,898,429

2024				
AED'000	Stage 1	Stage 2	Stage 3	Total
Outstanding balance	8,506,912	173,075	167,799	8,847,786
Allowances for impairment (ECL) (note 12)	(28,118)	(5,281)	(121,166)	(154,565)
Carrying amount	8,478,794	167,794	46,633	8,693,221

11.2 Movement in the gross balance of off-balance sheet exposures

Outstanding balance AED'000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - 31 December 2024	8,506,912	173,075	167,799	8,847,786
Transferred from Stage 1	(47,756)	40,744	7,012	-
Transferred from Stage 2	9,656	(13,918)	4,262	-
Transferred from Stage 3	-	1,090	(1,090)	-
Originated / (expired) during the year	1,284,493	(57,100)	(9,348)	1,218,045
Written-off during the year	-	-	-	-
Gross carrying amount - 31 December 2025	9,753,305	143,891	168,635	10,065,831

Outstanding balance AED'000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - 31 December 2023	6,690,731	226,462	163,555	7,080,748
Transferred from Stage 1	(30,985)	29,428	1,557	-
Transferred from Stage 2	12,852	(26,489)	13,637	-
Transferred from Stage 3	-	-	-	-
Originated / (expired) during the year	1,834,314	(56,326)	(10,950)	1,767,038
Written-off during the year	-	-	-	-
Gross carrying amount - 31 December 2024	8,506,912	173,075	167,799	8,847,786

11.3 Movement in the provision for impairment of off-balance sheet exposures

ECL AED'000	Stage 1	Stage 2	Stage 3	Total
ECL allowances - 31 December 2024	28,118	5,281	121,166	154,565
Transferred from Stage 1	(287)	504	6,642	6,859
Transferred from Stage 2	102	(68)	3,783	3,817
Transferred from Stage 3	-	-	(836)	(836)
Net originated / (expired) during the year including changes in PDs / LGDs / EADs	6,034	880	(3,917)	2,997
Net allowance for impairment losses	5,849	1,316	5,672	12,837
Written-off during the year	-	-	-	-
ECL allowances - 31 December 2025	33,967	6,597	126,838	167,402

ECL AED'000	Stage 1	Stage 2	Stage 3	Total
ECL allowances - 31 December 2023	19,986	2,943	117,630	140,559
Transferred from Stage 1	(200)	312	1,172	1,284
Transferred from Stage 2	90	(238)	11,493	11,345
Transferred from Stage 3	-	-	-	-
Net originated / (expired) during the year including changes in PDs / LGDs / EADs	8,242	2,264	(9,129)	1,377
Net allowance for impairment losses	8,132	2,338	3,536	14,006
Written-off during the year	-	-	-	-
ECL allowances - 31 December 2024	28,118	5,281	121,166	154,565

The provision for ECL against the off-balance sheet exposures disclosed above is classified under other liabilities.

12. Stage-wise ECL

The analysis of ECL by stage for loans and advances and Islamic financing receivables, due from banks and financial institutions, debt investments and Islamic instruments, acceptances and other assets and off-balance sheet items is as follows:

2025 AED'000	Loans and advances and Islamic financing receivables	Due from banks and financial institutions	Investments and Islamic instruments	Acceptances and other assets	Off-balance sheet exposures	Total	ECL rate
Stage 3	1,470,271	-	-	12,095	126,838	1,609,204	80.6%
Stage 2	409,174	-	-	2,298	6,597	418,069	26.3%
Stage 1	295,080	2,841	3,861	1,855	33,967	337,604	0.6%
	704,254	2,841	3,861	4,153	40,564	755,673	
Total ECL	2,174,525	2,841	3,861	16,248	167,402	2,364,877	3.7%
ECL rate	5.4%	0.2%	0.04%	1.1%	1.7%		

2024 AED'000	Loans and advances and Islamic financing receivables	Due from banks and financial institutions	Investments and Islamic instruments	Acceptances and other assets	Off-balance sheet exposures	Total	ECL rate
Stage 3	1,525,015	-	-	12,832	121,166	1,659,013	76.9%
Stage 2	336,035	-	-	59	5,281	341,375	17.2%
Stage 1	248,990	5,301	22,731	2,442	28,118	307,582	0.6%
	585,025	5,301	22,731	2,501	33,399	648,957	
Total ECL	2,110,040	5,301	22,731	15,333	154,565	2,307,970	4.1%
ECL rate	6.0%	0.2%	0.2%	1.2%	1.7%		

13. Other assets

AED'000	2025	2024
Accrued interest / profit	333,600	317,835
Prepayments and deposits	15,250	13,909
Fair value of derivatives	126,614	90,138
Margin balances for foreign exchange and derivatives	69,833	67,822
Others	60,419	50,288
Repossessed mortgage properties (note 13.1)	10,800	10,800
Allowances for impairment (ECL) (note 12)	(10,800)	(10,800)
	605,716	539,992

13. Other assets (continued)

13.1 Re-possessed mortgage properties amounting to **AED 10.8 million** (2024: AED 10.8 million) which have been adjusted against the outstanding receivables. These have been fully provisioned.

14. Property, equipment and intangibles

AED'000	Freehold land	Buildings & leasehold improvements	Motor vehicles, furniture & equipment	Total	Intangibles
Cost					
At 1 January 2024	123,666	193,496	154,076	471,238	245,252
Additions	-	6,517	27,504	34,021	38,965
Disposals / others	-	(9,064)	(666)	(9,730)	-
At 31 December 2024	123,666	190,949	180,914	495,529	284,217
At 1 January 2025	123,666	190,949	180,914	495,529	284,217
Additions	-	6,784	18,429	25,213	152,414
Disposals / others	-	-	(524)	(524)	-
At 31 December 2025	123,666	197,733	198,819	520,218	436,631
Accumulated depreciation and amortisation					
At 1 January 2024	-	137,162	130,595	267,757	147,483
Charge for the year	-	21,714	11,733	33,447	21,105
On disposals / others	-	(23,221)	(512)	(23,733)	-
At 31 December 2024	-	135,655	141,816	277,471	168,588
At 1 January 2025	-	135,655	141,816	277,471	168,588
Charge for the year	-	14,698	13,720	28,418	39,736
On disposals / others	-	-	(524)	(524)	(5,192)
At 31 December 2025	-	150,353	155,012	305,365	203,132
Net book value					
At 31 December 2025	123,666	47,380	43,807	214,853	233,499
Capital work-in-progress	-	36,301	12,654	48,955	103,825
Property, equipment and intangibles	123,666	83,710	56,432	263,808	337,324
At 31 December 2024	123,666	55,294	39,098	218,058	115,629
Capital work-in-progress	-	20,697	139,634	160,331	83,794
Property, equipment and intangibles	123,666	75,991	178,732	378,389	199,423

Aforementioned disclosure relating to building and leasehold improvements includes right-of-use (ROU) assets amounting to **AED 8.2 million** (2024: AED 17.0 million).

NBF's Fujairah registered office building has been written-off during the year 2024 with an one-off impact of depreciation charge amounting to **AED 8.4 million** as the bank has demolished the old building and started construction of new Fujairah head office building.

The buildings in Fujairah and Dibba are constructed on land granted to the Group by the Government of Fujairah. The land is shown at a nominal value of **AED 1** each (2024: AED 1 each).

14.1 Capital work-in-progress

AED'000	2025	2024
Property and equipment	48,955	160,331
Intangibles	103,825	83,794
	152,780	244,125

Capital work in progress includes costs incurred in respect of the Group's branches, software and directly attributable costs relating to digitalisation initiatives, software and equipment purchases.

15. Due to banks, repurchase agreements and term borrowings

AED'000	2025	2024
By type:		
Due to banks	1,893,359	1,043,520
Repurchase agreements	4,723,661	3,527,962
Term borrowings (note 15.1)	899,885	808,060
	7,516,905	5,379,542
By geographical area:		
UAE	2,357,800	2,023,232
GCC	100,000	-
Europe	3,820,173	2,609,383
Americas	53,771	1,065
Others	1,185,161	745,862
	7,516,905	5,379,542

As at 31 December 2025, due to banks include cash collateral of **AED 118.8 million** (2024: AED 97.8 million), in respect of positive fair value of derivatives, in accordance with the agreements with the interbank counterparties.

Due to banks include a Wakala borrowing amounting to **AED 183.7 million** (2024: AED 548.7 million) undertaken through a Shari'ah - compliant Islamic window, NBF Islamic.

The investment securities under repurchase agreements amounted to **AED 5,247.2 million** (2024: AED 3,905.8 million).

15.1 Term borrowings comprise of several bilateral borrowings obtained from other banks and financial institutions as follows:

Loan no.	Year obtained	Maturity	Interest rate	2025 AED'000	2024 AED'000
1	2023	Sep-26	SOFR + Margin	183,650	183,650
2	2023	Dec-28	SOFR + Margin	183,650	183,650
3	2024	May-26	SOFR + Margin	183,650	183,650
4	2024	May-26	SOFR + Margin	91,825	91,825
5	2024	Sep-26	SOFR + Margin	73,460	73,460
6	2024	Dec-27	SOFR + Margin	91,825	91,825
7	2025	Mar-27	SOFR + Margin	91,825	-
				899,885	808,060

16. Customer deposits and Islamic customer deposits

AED'000	2025	2024
By type:		
Demand and margin deposits	21,944,448	19,200,555
Saving deposits	1,156,148	588,958
Fixed term and notice deposits	27,880,803	25,967,507
	50,981,399	45,757,020
By geographical area:		
UAE	47,589,601	41,946,028
GCC	1,122,498	1,224,892
Europe	1,268,394	1,333,426
Americas	598,701	1,054,238
Others	402,205	198,436
	50,981,399	45,757,020

16. Customer deposits and Islamic customer deposits (continued)

16.1 Included above, Islamic customer deposits undertaken through a Shari'ah - compliant Islamic window, NBF Islamic.

AED'000	2025	2024
By type:		
Qard Islamic current accounts	876,538	728,394
Murabaha deposits	1,036,064	682,549
Wakala deposits	2,844,856	3,212,977
Mudaraba deposits	70,315	56,440
	4,827,773	4,680,360

17. Other liabilities

AED'000	2025	2024
Accrued interest / profit	343,036	393,706
Employee end of service and other long term benefits (note 17.1)	84,783	81,623
Accrued expenses	372,549	350,672
Board members' remuneration	8,250	8,250
Fair value of derivatives	134,733	79,069
Current corporate income tax liability	120,568	84,541
Deferred tax liability	7,963	2,815
Allowances for impairment for off-balance sheet items (note 12)	167,402	154,565
Others	465,673	424,926
	1,704,957	1,580,167

Accrued expenses include employee bonus amounting to **AED 66.2 million** (2024: AED 85.0 million) pertinent to the current year ended 31 December 2025. Further, details of number of employees are covered in note 28 of these consolidated financial statements.

17.1 Employee end of service and other long term benefits

AED'000	2025	2024
At 1 January	81,623	75,235
Charge for the year	23,220	24,050
Payments during the year	(20,060)	(17,662)
At 31 December	84,783	81,623

Provision for employees' end of service benefits

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations as at 31 December 2025, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of employees' expected service life with the Group and the expected basic salary at the date of leaving the service. The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of **3.5%** (2024: 3.5%).

18. Shareholders' equity

18.1 Share capital

AED'000	2025	2024
Authorized, issued and fully paid:		
2,580,412,281 shares of AED 1 each (2024: 2,580,412,281 shares of AED 1 each)	2,580,412	2,580,412

18.2 Proposed cash dividends

The Board of Directors proposed a distribution of profits **20%** (2024: 15%) of share capital in the form of cash dividends for the year ended 31 December 2025. Accordingly, cash dividend per share amounted to **AED 0.20** (2024: AED 0.15). This distribution will be executed on approval by the shareholders at the Annual General Assembly Meeting (AGAM).

18.3 Statutory and special reserve

In accordance with the Bank's Articles of Association, the provisions of Article 241 of UAE Federal Decree-Law No. (32) of 2021, as amended, 10% of the Bank's profit for the year shall be transferred to a statutory reserve which is not distributable until such time as this reserve equals 50% of the issued share capital. Additionally, in accordance with the Bank's Articles of Association, another 10% of the Bank's profit for the year shall be transferred to a special reserve which is to be used for purposes to be determined by the AGAM upon the proposal of the Board of Directors.

18.4 Conversion of AT1 capital securities to paid-up share capital

In line with the below-mentioned approval of the General Assembly Meeting (GAM), regulatory authorities and the Board of Directors, the AT1 capital securities, amounting to US\$ 275 million (AED 1.01 billion), were converted on 31 December 2024 into paid-up share capital represented by 354,412,281 shares of AED 1 each issued at AED 2.85 for each note, resulting in the recognition of AED 655,662,719 in share premium within statutory reserve.

19. Tier 1 capital securities

In October 2019, the Bank issued US\$ 350 million (AED 1.286 billion) regulatory Additional Tier 1 (AT1) capital securities which were classified as equity in accordance with IAS 32: Financial Instruments – Classification. These securities are perpetual, sub-ordinated and unsecured. The Bank can elect not to pay a coupon at its own discretion and has an option to call back the securities in addition to allowing the Bank to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of the CBUAE. The transaction costs relating to the issuance were accounted for as a deduction from equity.

The US\$ 350 million (AED 1.286 billion) AT1 capital securities were called on 16 September 2024 and settled on the first call date i.e., October 2024.

On 16 September 2024, following the approval of NBF's shareholders, through a special resolution at the GAM held on 26 June 2024, and the necessary regulatory approvals, NBF successfully issued AT1 capital securities, amounting to US\$ 275 million (AED 1.01 billion) as part of the strengthening of its capital structure supporting its business and operational strategy and refinancing of the afore-mentioned existing AT1 capital securities of US\$ 350 million (AED 1.286 billion). These securities have been classified as equity in accordance with IAS 32: Financial Instruments – Classification and are perpetual, sub-ordinated and unsecured. The Bank can elect not to pay a coupon at its own discretion and has an option to call back the securities in addition to allowing the Bank to write-down (in whole or in part) any amounts due to the holders in the event of non-viability with the approval of the CBUAE. The transaction costs relating to the issuance were accounted for as a deduction from equity. This new issuance was privately placed with the Government of Fujairah. The capital instruments allowed for the mandatory conversion into ordinary shares, at a ratio of AED 2.85:1, within two years of this issuance. These capital securities have been converted to paid-up share capital on 31 December 2024 (refer note 18.4).

20. Interest income and income from Islamic financing and investment activities

AED'000	2025	2024
Loans and advances and Islamic financing receivables (note 20.1)	2,129,206	1,745,069
Due from banks including the Central Bank of the UAE CDs (note 20.1)	421,308	770,014
Investments and Islamic instruments (note 20.2)	875,440	811,703
	3,425,954	3,326,786

20.1 Includes income from Islamic financing activities amounting to **AED 442.9 million** (2024: AED 420.7 million) for the year ended 31 December 2025.

20.2 Includes income from Islamic investment activities amounting to **AED 48.6 million** (2024: AED 32.9 million) for the year ended 31 December 2025.

21. Interest expense and distribution to Islamic depositors

AED'000	2025	2024
Due to banks including term borrowings	403,567	338,520
Customer deposits and Islamic customer deposits	1,133,320	1,200,727
	1,536,887	1,539,247

Includes distribution to Islamic depositors amounting to **AED 304.7 million** (2024: AED 287.3 million) for the year ended 31 December 2025.

22. Net fees and commission income

AED'000	2025	2024
Fees and commission income		
Letters of credit	95,472	95,571
Letters of guarantee	102,578	83,737
Lending fees	218,396	180,106
Asset management and investment services	2,990	1,977
Commission on transfers	104,255	83,700
Others	26,585	21,448
Total fees and commission income	550,276	466,539
Fees and commission expense		
Brokerage expense	16,090	14,897
Card related charges	40,121	33,745
Other charges	42,345	8,621
Total fees and commission expense	98,556	57,263
Net fees and commission income	451,720	409,276

23. Foreign exchange and derivatives income

AED'000	2025	2024
Foreign exchange income	216,537	182,472
Derivatives income	9,533	6,658
	226,070	189,130

24. Other operating income

AED'000	2025	2024
Rental income	174	199
Rebates	10,449	10,243
Other miscellaneous income (note 24.1)	75,554	33,008
	86,177	43,450

24.1 Other miscellaneous income includes recovery against bad debts amounting to AED 35.0 million (2024: AED 27.9 million) for the year ended 31 December 2025.

25. Social contributions

The social contributions made during the year to various beneficiaries amount to AED 2.5 million (2024: AED 4.0 million).

26. Net impairment losses

AED'000	2025	2024
Loans and advances and Islamic financing receivables, acceptances, other assets and off balance sheet items	572,461	687,160
Due from banks and financial institutions	(2,460)	800
Investments and Islamic instruments	(17,790)	2,080
	552,211	690,040

27. Earnings per share

The calculation of earnings per share is based on net profit after tax of AED 1,205.2 million (2024: AED 754.6 million after deduction of AED 95.5 million of additional Tier 1 capital securities coupon payment and issuance cost), divided by the weighted average number of shares of 2,580.4 million (2024: 2,580.4 million shares) outstanding during the year.

28. Employee details and other operating expenses

The number of employees at 31 December 2025 were 878 including 808 employed by the Bank of which 381 were UAE nationals (2024: 855 including 734 employed by the Bank of which 364 were UAE nationals).

Other operating expenses principally include software maintenance and technology / customer experience related costs, consultancy, marketing and advertising costs as NBF increases digital adoption and aims for better customer experience alongside regulatory expenses, legal costs, outsourced costs, occupancy costs, audit and non-audit fees and Board members' remuneration.

29. Legal proceedings

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Group has proper controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. 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, hence no additional provision for any claim needs to be made in these financial statements.

30. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the case of the Group, related parties, as defined in the International Accounting Standard No. 24, include major shareholders of the Group, directors and officers of the Group and companies of which they are principal owners. Banking transactions are entered into with related parties on agreed terms and conditions approved by the Board of Directors. The significant transactions and balances included in the consolidated financial statements, which predominantly relate to directors and shareholders of the Group, are as follows:

AED'000	2025	2024
Statement of financial position items		
Loans and advances and Islamic financing receivables	2,576,543	3,971,914
Customer deposits and Islamic customer deposits	10,283,225	10,589,657
Investments and Islamic instruments	213,034	139,261
Acceptances	42,584	208,870
Contingent liabilities		
Letters of credit	70,702	130,064
Financial guarantees and other direct credit substitutes	42,950	36,212
Transaction related contingencies	835,710	621,819
Commitments for future expenditure	123,510	6,369
Statement of changes in equity items		
Tier 1 capital securities coupon paid	-	36,621
Statement of income items		
Interest income and income from Islamic financing and investment activities	200,215	205,865
Interest expense and distribution to Islamic depositors	437,588	489,969
Other income	15,356	12,104
Operating expenses	45,855	42,049
Key management compensation		
Salaries and other short-term benefits	48,050	30,466
Employee end of service benefits	1,510	2,043
Board members' remuneration	8,250	8,250

Stage 3 ECL, amounting to AED 282.8 million, has been recognized pertinent to related parties (31 December 2024: AED 282.6 million). Further, stage 1 and 2 ECL amounted to AED 13.0 million (31 December 2024: 18.2 million).

The loans and advances and Islamic financing receivables given to related parties have been secured against collateral amounting to AED 2,154.1 million (2024: AED 2,430.8 million).

During the year, capital expenditure transactions with related parties amounted to AED 17.6 million (2024: AED 1.5 million).

30. Related parties (continued)

Further, segregation of balances with related parties and key management personnel at the reporting date are shown below:

AED'000	2025	2024
Major shareholders and their related entities		
Loans and advances and Islamic financing receivables	1,154,264	1,382,056
Customer deposits and Islamic customer deposits	8,478,255	8,710,719
Investments and Islamic instruments	213,034	139,261
Acceptances	38,990	200,188
Letters of credit	46,354	107,632
Financial guarantees and other direct credit substitutes	42,506	35,512
Transaction related contingencies	540,603	489,377
Commitments for future expenditure	123,510	1,176
Exposure to directors and their related entities		
Loans and advances and Islamic financing receivables	139,424	143,448
Customer deposits and Islamic customer deposits	155,535	86,304
Transaction related contingencies	2,445	11,339
Key management personnel and their related parties		
Loans and advances and Islamic financing receivables	64,776	45,691
Customer deposits and Islamic customer deposits	38,958	178,189
Financial guarantees and other direct credit substitutes	-	5
Others		
Loans and advances and Islamic financing receivables	1,218,079	2,400,719
Customer deposits and Islamic customer deposits	1,610,477	1,614,445
Acceptances	3,594	8,682
Letters of credit	24,348	22,432
Financial guarantees and other direct credit substitutes	444	695
Transaction related contingencies	292,662	121,103
Commitments for future expenditure	-	5,193

31. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances from the date of acquisition:

AED'000	2025	2024
Cash on hand	1,415,644	316,466
Cash and balances with the Central Bank of the UAE	1,200,000	2,850,953
Due from banks with less than three months maturity	404,889	1,062,340
Regulatory cash reserve deposit	3,466,881	2,767,248
	6,487,414	6,997,007

Balances with the Central Bank of the UAE include certificates of deposit and CBUAE M-Bills with less than three month maturity.

Based on residual maturities, cash on hand, balances with the Central Bank of the UAE and due from banks amounting to **AED 9,852.5 million** are maturing within three months from 31 December 2025 (AED 10,053.1 million maturity within three months from 31 December 2024).

32. Segmental reporting

The Group uses business segments for presenting its segment information in line with the Group's management and internal reporting structure. The Group's operations are confined mainly in the UAE.

Business segments pay and receive interest, to and from Treasury on an arm's length basis to reflect allocation of capital and funding costs.

Business segments

The Group conducts its activity through the following clearly defined business segments:

Corporate and Institutional banking*Corporate and Institutional segments*

The segment offers a range of products and services including credit and trade finance products, and services to large and medium sized corporate customers through separate units and to financial institutions and accepts deposits.

Business banking segment

The segment offers a range of products and services including credit and trade finance products, and services to small and medium sized customers through separate units and accepts deposits. The segment also offers transactional services to small and medium sized businesses.

Retail banking

The segment offers a range of products and services to individuals and high net worth individuals including personal and mortgage loans, credit cards, other transactions and balances, and accepts their deposits.

Treasury, Asset and Liability Management (ALM) and others

The segment undertakes the Group's asset and liability management centrally and is responsible for optimum utilization of resources in productive assets and management of exchange and interest positions within the limits and guidelines set by management and approved by the Board.

Treasury also offers various foreign exchange and derivative products to customers and is entrusted with the responsibility of managing the Group's investment portfolio together with the Investment Management Unit under the guidance from the Investment Committee and Asset and Liability Committee. The Group's capital and investment in subsidiaries is recognised under this segment.

The Group has central shared services which include Operations, Risk Management, Human Resources, Finance, Information systems and Technology, Product Development, Legal, Credit and Internal Audit. The shared services costs are allocated to business segments based on transaction and relevant drivers.

The segment analysis based on business segments is as follows:

2025 AED'000	Corporate and institutional segments	Business banking segment	Retail banking	Treasury, ALM and others	Consolidated
Net interest income and net income from Islamic financing and investment activities	687,662	688,691	205,751	306,963	1,889,067
Non-interest income	248,397	273,077	14,737	236,837	773,048
Operating income	936,059	961,768	220,488	543,800	2,662,115
Operating expenses	(260,215)	(349,412)	(125,131)	(50,141)	(784,899)
Operating profit before impairment losses and tax	675,844	612,356	95,357	493,659	1,877,216
Net impairment losses	(308,615)	(203,313)	(57,905)	17,622	(552,211)
Profit for the year before tax	367,229	409,043	37,452	511,281	1,325,005
Tax	(33,214)	(36,996)	(3,387)	(46,243)	(119,840)
Profit for the year after tax	334,015	372,047	34,065	465,038	1,205,165
Segment assets	22,614,102	10,276,983	7,145,500	29,337,303	69,373,888
Segment liabilities	31,714,288	16,740,403	5,797,180	7,372,106	61,623,977
Capital expenditure	-	-	-	91,474	91,474

32. Segmental reporting (continued)

2024 AED'000	Corporate and institutional segments	Business banking segment	Retail banking	Treasury, ALM and others	Consolidated
Net interest income and net income from Islamic financing and investment activities	713,202	604,427	187,090	282,820	1,787,539
Non-interest income	202,203	228,726	22,101	194,662	647,692
Operating income	915,405	833,153	209,191	477,482	2,435,231
Operating expenses	(272,940)	(345,432)	(141,674)	(50,316)	(810,362)
Operating profit before impairment losses and tax	642,465	487,721	67,517	427,166	1,624,869
Net impairment losses	(520,862)	(132,749)	(34,008)	(2,421)	(690,040)
Profit for the year before tax	121,603	354,972	33,509	424,745	934,829
Tax	(11,021)	(32,170)	(3,037)	(38,493)	(84,721)
Profit for the year after tax	110,582	322,802	30,472	386,252	850,108
Segment assets	20,744,018	8,790,425	5,284,643	26,059,982	60,879,068
Segment liabilities	30,202,652	13,315,129	5,244,784	5,260,828	54,023,393
Capital expenditure	-	-	-	100,582	100,582

33. Zakat payable

Zakat payable by shareholders amounting to [AED 0.0013](#) (2024: AED 0.0020) per share is computed based on "Net Invested Funds Method" in accordance with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards and the advice of Internal Shari'ah Supervision Committee (ISSC). The Articles of Association of the bank do not require the bank to pay Zakat on behalf of shareholders. Consequently, distribution of Zakat is the responsibility of the shareholders.

34. Audit and non-audit fees

The fees pertinent to audit and non-audit related services provided by PricewaterhouseCoopers (PwC), reflected in the statement of income, have been presented as follows:

AED'000	2025	2024
Audit fees	1,300	880
Non-audit fees	37	-
Total	1,337	880

31 December 2025: The non-audit fees is attributable to the agreed-upon procedures in respect of de-licensing and cancellation of the Securities and Commodities Authority ('SCA') promotion activity license held by NBF.

31 December 2024: The non-audit fees, reflected through the statement of changes in equity, amounted to AED 0.1 million, attributable to the AT1 capital securities issuance and conversion.

35. Tax

Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes

On 9 December 2022, UAE Federal Decree Law No. 47 of 2022 was published setting in place a general corporate income tax for the first time. The UAE Tax Law has confirmed the application of the Corporate Tax ('CT') to tax periods commencing on or after 1 June 2023. Since the Group is expected to pay tax in accordance with the provisions of the UAE CT Law on its operational results with effect from 1 January 2024, current taxes have been accounted for in the consolidated financial statements for the period beginning from 1 January 2024. NBF Group's CT registration was concluded, and the Group's updated CT registration certificate was issued by the Federal Tax Authority ('FTA') dated 3 October 2025. NBF's debut CT return and the associated payment was undertaken within September 2025 in line with the tax regulations.

Similar to previous year, the Group considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes for the year ended 31 December 2025. Based on the review and assessment, a deferred tax liability has been recognized, amounting to [AED 7.96 million](#) as at 31 December 2025 (31 December 2024: AED 2.8 million), arising from items that may be reclassified subsequently to the statement of income, from other comprehensive income perspective. Further, NBF Group is effectively managed and controlled in the UAE, therefore, NBF Group is out of scope of the UAE Domestic Minimum Top-Up Tax (DMTT) rules. Accordingly, the current tax impact has been calculated considering the potential adjustments which has resulted in an effective tax rate of [9.04%](#) per annum: the details of which have been presented below.

Amount recognised in the consolidated statement of income

The components of corporate income tax expense for the year ended 31 December 2025 are as follows:

AED'000	2025	2024
Current corporate income tax		
Current corporate income tax charge	119,840	84,721
Adjustments in respect of current corporate income tax of previous year	-	-
Corporate income tax expense reported in the consolidated statement of income	119,840	84,721

Amount recognized in the consolidated statement of other comprehensive income

AED'000	2025	2024
Tax related to items that will not be reclassified subsequently to the statement of income	(908)	180
Deferred tax related to items that may be reclassified subsequently to the statement of income	(5,148)	(2,815)
Tax reflected in the consolidated statement of other comprehensive income	(6,056)	(2,635)

Tax reconciliation

AED'000	2025	2024
Accounting profit for the year before tax	1,325,005	934,829
At United Arab Emirates' statutory corporate income tax rate of 9%	119,250	84,135
Tax amount of the adjustments related to non-deductible expenses	624	620
Effect of standard tax exemptions	(34)	(34)
Corporate income tax expense	119,840	84,721
Corporate income tax expense reported in the consolidated statement of income	119,840	84,721
Effective tax rate	9.04%	9.06%

Movement in current and deferred tax liability recognized in other liabilities

AED'000	2025	2024
Deferred tax liability		
Balance at the beginning of the year	2,815	-
Movement during the year	5,148	2,815
Balance at the end of the year	7,963	2,815

AED'000	2025	2024
Current tax liability		
Balance at the beginning of the year	84,541	-
Current tax charge during the year	119,840	84,721
Adjustments in respect of items that will not be reclassified subsequently to the statement of income	728	(180)
Tax paid	(84,541)	-
Balance at the end of the year	120,568	84,541

36. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements for the year ended 31 December 2025.

37. Comparative figures

CBUAE Monetary Bills (adjustment 1)

In prior years, CBUAE Monetary Bills (M-Bills) were presented under "Cash and balances with the Central Bank of the UAE" in the consolidated statement of financial position. The M-Bills are investment securities with contractual maturities ranging from 1 to 12 months and are measured at fair value through other comprehensive income.

During the year ended 31 December 2025, the M-Bills amounting to AED 7,755.7 million have been reclassified from “Cash and balances with the Central Bank of the UAE” and presented under “Investments and Islamic instruments – fair value” in the consolidated statement of financial position for the year ended 31 December 2024.

In the Group’s view, such presentation is more relevant for the readers of the consolidated statement of financial position as M-Bills are held for liquidity management purposes and are now classified with investments with similar nature and measurement basis. As a result of this restatement, the consolidated statement of cashflows of the Group has been restated and cashflows arising from “Change in investments and Islamic instruments from CBUAE M-Bills” for the year ended 31 December 2025 amounting to AED 486.6 million (31 December 2024: AED 871.9 million) are presented as a separate line item within operating activities in the consolidated statement of cashflows of the Group, which is consistent with the nature and the function of these investments. There is no overall impact on the operating activities within the consolidated statement of cash flows as a result of this restatement.

The impacts of the restatements on the consolidated statement of financial position have been set out below:

Consolidated statement of financial position AED'000	As previously reported on 31 December 2024	Impact of restatement	As of 31 December 2024 (restated)	As previously reported on 31 December 2023	Impact of restatement	As of 1 January 2024 (restated)
Cash and balances with the Central Bank of the UAE	14,391,244	(7,755,664)	6,635,580	11,456,782	(6,684,675)	4,772,107
Investments and Islamic Instruments - fair value	3,262,178	7,755,664	11,017,842	3,030,451	6,684,675	9,715,126

Reclassification of “Cash reserve with the Central Bank of the UAE” from operating activities to Cash and Cash Equivalents (adjustment 2)

In prior periods, the Group had classified changes in “cash reserve with the Central Bank of the UAE” within “Net cash generated from operating activities”. According to the Central Bank of the UAE regulations, the Group is allowed to draw on the cash reserve with the Central Bank of the UAE on any day up to 100%, while ensuring that, on average, it meets the reserve requirements over a 14-day reserve maintenance period. According to IAS 7 – Statement of cash flows, cash comprises cash on hand and demand deposits.

For the year ended 31 December 2025, the Group has reassessed the nature of “cash reserve with the Central Bank of the UAE” and concluded that the balance is available on demand and meets the definition of cash as set out under IAS 7, and therefore should be classified as cash and cash equivalents in the consolidated statement of cash flows. As such, the comparative figures in the consolidated statement of cash flows for the year ended 31 December 2024 have been restated in accordance with IAS 1 ‘Presentation of financial statements’ in order to conform with the presentation for the current year.

The impact of the restatements on the consolidated statement of cash flows for the year ended 31 December 2024 is as follows.

AED'000	2024		
	As previously reported	Impact of restatements	Restated
Operating activities			
Change in due from the Central Bank of the UAE (adjustment 1 and 2*)	(1,208,916)	1,558,916	350,000
Change in investments and Islamic instruments from CBUAE M-bills (adjustment 1)	-	(871,901)	(871,901)
Net cash generated from operating activities	3,402,669	687,015	4,089,684
Net change in cash and cash equivalents	1,696,911	687,015	2,383,926
Cash and cash equivalents at beginning of the year	2,532,848	2,080,233	4,613,081
Cash and cash equivalents at end of the year	4,229,759	2,767,248	6,997,007
Cash and cash equivalents at 1 January 2025	4,229,759	2,767,248	6,997,007

*Adjustment 2 amounted to AED 687.0 million.