فيليب ماكميلان وودز محاسبون قانونيون
Philip McMillan Woods
Chartered Accountants

Bank Saderat Iran

United Arab Emirates Branches

Reissued financial statements and reports

For the year ended 31 December 2025

فيليب ماكميلان وودز محاسبون قانونيون
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Reissued financial statements and reports for the year ended 31 December 2025

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Opinion

We have audited the reissued financial statements of **Bank Saderat Iran - United Arab Emirates Branches** ('the Bank'), which comprise the statement of financial position as at 31 December 2025 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the reissued financial statements, including a summary of material accounting policies.

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

Basis for opinion

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

Key audit matters

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

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

Independent auditor's report to the Head Office of Bank Saderat Iran, United Arab Emirates Branches *(continued)*

Key audit matters *(continued)*

Key audit matters identified in our audit are summarized as follows:

No	Key audit matters	How our audit addressed the key audit matters
1	**Expected credit losses on loans and advances to customers (IFRS 9) and CBUAE Credit Risk Management Regulation and Standards (CRMS) (Circular 3/2024)** Loans and advances to customers represent a significant portion of the Bank's total assets. The related expected credit loss ("ECL") allowance is a key estimate involving significant management judgement. The determination of ECL requires judgement in assessing significant increase in credit risk ("SICR"), default identification, staging of exposures between Stage 1, Stage 2 and Stage 3, and key assumptions including probability of default, loss given default and exposure at default. It also involves judgement in assessing the valuation, enforceability and recoverability of collateral, including the application of appropriate collateral haircuts and the expected timing and route of recoveries. Subsequent to the issuance of the previously approved issued financial statements on 25 February 2026, management reassessed the ECL allowances on loans and advances following supervisory review observations relating to the Bank's credit portfolio.	• Obtained an understanding of the Bank's credit risk governance, loan monitoring process and controls over staging, SICR assessment, default identification and ECL determination, including management's consideration of relevant CBUAE CRMS expectations. • Evaluated management's ECL methodology and assessed whether the methodology and key assumptions used were consistent with IFRS 9 and the Bank's credit risk profile. • Assessed management's reassessment of ECL allowances following supervisory review observations relating to the Bank's credit portfolio and evaluated the basis for recognising the additional ECL allowance in the reissued financial statements. • Performed detailed testing on selected exposures, including individually significant and higher-risk exposures, to assess staging, default indicators, recoverability, and the appropriateness of the ECL allowance recognised.

Key audit matters *(continued)*

No	Key audit matters	How our audit addressed the key audit matters
	As a result of management's reassessment, additional ECL allowances amounting to AED 450 million were recognised in the reissued financial statements. The Bank is also subject to the CBUAE Credit Risk Management Regulation and Standards (Circular No. 3/2024), which establishes supervisory expectations relating to credit risk governance, classification of credit exposures and provisioning practices. Given the materiality of loans and advances, the significance of the additional ECL recognised in the reissued financial statements, the judgement involved in estimating recoverability, and the regulatory sensitivity of credit classification and provisioning, this matter was considered a key audit matter.	Assessed collateral valuation evidence and key assumptions used by management, including collateral haircuts, enforceability considerations and expected time to realise collateral. • Recalculated the additional ECL allowance recognised in the reissued financial statements and reconciled the ECL outputs to the underlying workings, accounting records and amounts recorded in the reissued financial statements. • Evaluated the adequacy of the related disclosures in the reissued financial statements, including the disclosures relating to credit risk, impairment allowance and the reissuance of the financial statements.
2	**Recoverability of deferred tax asset (IAS 12)** The deferred tax asset is significant, and its recoverability depends on management's forecasts of future taxable profits and the timing of reversal of temporary differences. These forecasts involve significant judgement and are sensitive to changes in key assumptions. Movements in deferred tax during the year, including any write-downs which has a direct impact on profit and equity, increase estimation uncertainty and disclosure risk.	• Obtained management's deferred tax computations and assessed whether the recognition criteria under IAS 12 were met, including the probability of sufficient future taxable profits. • Evaluated management forecasts used to support recoverability and assessed key assumptions for reasonableness and consistency with available evidence. • Performed sensitivity analysis over key assumptions and assessed whether any additional write-down was required.

Independent auditor's report to the Head Office of Bank Saderat Iran, United Arab Emirates Branches *(continued)*

Key audit matters *(continued)*

No	Key audit matters	How our audit addressed the key audit matters
	This matter was considered a key audit matter due to the magnitude of the deferred tax asset and the judgement involved in assessing recoverability.	• Tested the mathematical accuracy of the calculations, reconciled key inputs to accounting records and evaluated related disclosures.
3	**Reconciliation of balances with Head Office and overseas branches, including unreconciled items** The Bank maintains significant balances and transactions with Head Office and overseas branches. The reconciliation of these balances involves multiple systems, foreign currency settlements and timing differences. Unresolved reconciling items increase the risk of misstatement in the related balances and disclosure risk. This matter was considered a key audit matter due to the magnitude of balances involved and the complexity of obtaining audit evidence over reconciling items.	• Obtained year - end reconciliations and assessed the management's reconciliation process and controls. • Tested selected reconciling items, including inspection of supporting documentation and, where applicable, subsequent settlement evidence. • Obtained confirmations or performed alternative procedures where confirmations were not practicable, and reconciled balances to the general ledger and supporting statements. • Evaluated whether any provision/adjustment was required and assessed the adequacy of related disclosures.
4	**Regulatory large exposure limits** The Bank is subject to the Central Bank of the UAE ("CBUAE") Large Exposures Regulation, including the regulatory threshold of 30% of Branch Capital for funded exposures of branches of foreign banks to their Head Office and other branches abroad, and the applicable 25% regulatory threshold for exposures to a single borrower or a group of connected counterparties.	• Obtained management's large exposure computations and assessed the methodology used to identify relevant exposures and connected counterparties.

Independent auditor's report to the Head Office of Bank Saderat Iran,
United Arab Emirates Branches *(continued)*

Key audit matters *(continued)*

No	Key audit matters	How our audit addressed the key audit matters
	As at 31 December 2025, the Bank exceeded the 30% regulatory threshold for funded exposures to Head Office and other branches abroad. The Bank also exceeded the applicable 25% regulatory threshold for exposure to a specific single borrower / group of connected counterparties. This matter was considered a key audit matter due to the regulatory significance of the breaches, the quantitative significance of the exposures, and the judgement involved in identifying relevant exposures, connected counterparties and the applicable regulatory capital base.	• We examined management's mitigation efforts, including recovering outstanding dues and monitoring counterparty risk. • We reviewed the Central Bank of the UAE communication (CBUAE/BSD/2020/4769) dated October 27, 2020, which provides transitional relief for exposure breaches due to capital reductions after October 1, 2018. • We verified the existence and restrictions relating to the AED 103 million cash deposit under lien from the Head Office and assessed the requirement for prior approval from the Central Bank of the UAE for its release.. • Evaluated the adequacy of the related disclosures in the reissued financial statements.

Emphasis of matter – Reissuance of the financial statements

We draw attention to Note 38 to the reissued financial statements, which explains that these reissued financial statements supersede the financial statements for the year ended 31 December 2025 previously approved on 25 February 2026, together with our auditor's report thereon.

As explained in Note 38, subsequent to the issuance of the previously approved financial statements, management reassessed the expected credit loss allowances on loans and advances following supervisory review observations relating to the Bank's credit portfolio.

As a result of this reassessment, additional expected credit loss allowances amounting to AED 450 million were recognised. The reissued financial statements also reflect the derecognition of long outstanding balances previously included within Other liabilities amounting to AED 2.64 million and the reassessment of related tax balances, including the reversal of previously recognised corporate tax provision amounting to AED 18 million. Our audit procedures performed subsequent to the date of our previous auditor's report were restricted to the matters described in Note 38, the related amendments to the financial statements and disclosures, and the subsequent events and going concern matters considered relevant to the reissuance of these financial statements. We have not performed additional audit procedures on balances, transactions or disclosures that were not affected by the reissuance, other than procedures necessary to evaluate whether the reissued financial statements, as a whole, are appropriately presented in the circumstances.
Our opinion is not modified in respect of this matter.

Emphasis of matter – Sanctions, regulatory restrictions and subsequent geopolitical developments

We draw attention to Note 36 to the reissued financial statements, which describes the Bank's operating environment, including the impact of international sanctions and related regulatory restrictions imposed or administered by, among others, the United Nations Security Council, the United States Department of the Treasury's Office of Foreign Assets Control, the European Union and other relevant authorities. Note 36 also describes the operational effects of these restrictions, including limitations on certain cross-border settlement channels, correspondent banking arrangements, access to major international financial messaging systems and the Bank's use of alternative communication and settlement arrangements within permitted frameworks.
Note 36 further describes subsequent geopolitical developments in 2026 involving Iran and the wider Middle East region, including the interim ceasefire and memorandum of understanding announced between the United States and Iran, and the continuing uncertainty regarding implementation, sanctions relief, regional stability and final settlement arrangements. Management has assessed these matters, including their impact on liquidity, recoverability of assets, credit risk, regulatory compliance and the Bank's ability to continue as a going concern, and has concluded that the going concern basis of accounting remains appropriate.
The financial statements do not include any adjustments that may arise from future sanctions, enforcement actions, geopolitical developments or changes in regulatory restrictions.
Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the Bank for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated 9 April 2025. That report was subsequently reissued on 12 May 2025, also expressing an unmodified opinion, following revisions to the Bank's expected credit loss provisions.

Responsibilities of the management and those charged with governance for the reissued financial statements

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

In preparing the reissued financial statements, the management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Bank or to cease operations or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the reissued financial statements

Our objectives are to obtain reasonable assurance about whether the reissued financial statements as a whole are free from material misstatements, 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 reissued financial statements.

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

- Identify and assess the risks of material misstatement of the reissued financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

Philip McMillan Woods

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the reissued 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 U.A.E. Federal Decree-Law No. (32) of 2021, as amended ('the Law'), we report that:

1. we have all the information and explanations which we considered necessary for the satisfactory performance of our audit duties;
2. the accounts have been prepared in accordance with the provisions of the Law and reflect the financial position of the Bank as at 31 December 2025 and the results of its operations for the year then ended;
3. the Bank has maintained proper and regular books of account during the financial year ended 31 December 2025;

Independent auditor's report to the Head Office of Bank Saderat Iran, United Arab Emirates Branches *(continued)*

4. based on the information made available to us, the Bank has not purchased any of its own shares or ownership interests during the financial year ended 31 December 2025;
5. Note 26 to the accompanying reissued financial statements discloses the Bank's material-related party balances and transactions with concerned parties, including the terms under which they were conducted.
6. based on the information and explanations made available to us, nothing has come to our attention that causes us to believe that the Bank has committed any violations of the applicable provisions of the Law or its Memorandum and Articles of Association during the year ended 31 December 2025 that would affect the Bank's activities or financial position; and
7. to the extent of the information made available to us, the Bank was not subject to any penalties during the year ended 31 December 2025 arising from violations of the Law or its Memorandum and Articles of Association, nor do any such violations continue to exist as at 31 December 2025.

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

Dubai
18 June 2026

فيليب ماكميلان وودز محاسبون قانونيون
P.O.Box: 122213
DUBAI - U.A.E.
Philip McMillan Woods Chartered Accountants

CA Thomas Philip FCA
Reg. No: 619
Philip McMillanWoods
Chartered Accountants

Bank Saderat Iran

United Arab Emirates Branches

Statement of financial position as at 31 December 2025

	Note	31.12.2025 AED '000	31.12.2024 AED '000
Assets			
Cash and balances with the Central Bank of the UAE	4	**1,431,552**	1,201,814
Due from Head Office and its branches abroad	5.1	**239,381**	223,096
Due from other banks	6.1	**1,004,911**	958,060
Loans and advances to customers	8	**1,704,272**	2,576,090
Other assets	9	**1,345,932**	1,400,315
Property and equipment	10	**13,327**	15,700
Right of use assets	11	**20,173**	23,411
Total assets		**5,759,548**	6,398,486
Liabilities and equity			
Liabilities			
Due to other banks	6.2	**1,450,451**	1,297,420
Deposit from customers	12	**1,921,679**	2,312,442
Due to Head Office and its branches abroad	5.2	**626,981**	697,189
Provision for employees' end of service benefits	13	**25,732**	24,500
Provision for taxation	14	**500**	16,951
Other liabilities	15	**37,004**	52,015
Lease liabilities	16	**19,440**	22,157
Total liabilities		**4,081,787**	4,422,674
Equity			
Share capital	1	**2,350,000**	2,350,000
Statutory reserve	18	**538,287**	538,287
Impairment reserve		**66,907**	66,907
Accumulated deficit		**(1,277,433)**	(979,382)
Total equity		**1,677,761**	1,975,812
Total liabilities and equity		**5,759,548**	6,398,486

The accompanying notes on pages 14 to 85 form an integral part of these reissued financial statements.

The report of the independent auditor is set forth on pages 1 to 9.

Authorised for reissue by the management on 18 June 2026.

[illegible]

Hojatollah Malek Mohammadi
(Regional Manager)

[illegible]

Syed Naqi Abbas Jafri
(Chief Financial Officer)

Bank Saderat Iran

United Arab Emirates Branches

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

	Note	Year ended 31.12.2025 AED '000	Year ended 31.12.2024 AED '000
Interest income	19	**125,386**	90,423
Interest expense	20	**(76,389)**	(90,563)
Net interest income/(expense)		**48,997**	(140)
Net fees and commission income	21	**1,181**	1,490
Other income	22	**19,747**	15,867
General and administrative expenses	23	**(90,893)**	(84,845)
Net impairment (charge) / reversal on loans and advances	25	**(218,285)**	199,565
Impairment losses on deferred tax asset	9.1	**(58,194)**	(58,143)
(Loss) / profit before tax		**(297,447)**	73,794
Tax expense:			
Current tax	14	**(500)**	(11,846)
Prior year adjustments	14	**(104)**	-
(Loss) / profit after tax for the year		**(298,051)**	61,948
Other comprehensive income		**-**	-
Total comprehensive (loss) / income for the year		**(298,051)**	61,948

The accompanying notes on pages 14 to 85 form an integral part of these reissued financial statements.

The report of the independent auditor is set forth on pages 1 to 9.

Phillip McWilliams

Bank Saderat Iran

United Arab Emirates Branches

Statement of changes in equity for the year ended 31 December 2025

	Share capital AED '000	Statutory reserve AED '000	Impairment reserve AED '000	Accumulated deficit AED '000	Total AED '000
Balance at 1 January 2024	2,350,000	532,092	66,334	(1,034,562)	1,913,864
Total comprehensive income for the year	-	-	-	61,948	61,948
Impairment adjustment per CBUAE guideline	-	-	573	(573)	-
Transfer to statutory reserve	-	6,195	-	(6,195)	-
Balance at 31 December 2024	2,350,000	538,287	66,907	(979,382)	1,975,812
Total comprehensive loss for the year	-	-	-	(298,051)	(298,051)
Balance as at 31 December 2025	**2,350,000**	**538,287**	**66,907**	**(1,277,433)**	**1,677,761**

The accompanying notes on pages 14 to 85 form an integral part of these reissued financial statements.

The report of the independent auditor is set forth on pages 1 to 9.

Bank Saderat Iran

United Arab Emirates Branches

Statement of cash flows for the year ended 31 December 2025

	Year ended 31.12.2025 AED '000	Year ended 31.12.2024 AED '000
Cash flows from operating activities		
(Loss)/profit before tax for the year	**(297,447)**	73,794
Adjustments for:		
Depreciation on right of use assets	**4,457**	4,403
Depreciation on property and equipment	**2,583**	2,474
Net impairment charge / (reversal) on loans and advances	**218,285**	(199,565)
Impairment losses on deferred tax assets	**58,194**	58,143
Provision for employees' end of service benefits	**1,289**	2,313
Excess provision written back	**-**	(10,881)
Operating cash flows before changes in working capital	**(12,639)**	(69,319)
Movements in:		
Due from the Head Office and its branches abroad	**(16,285)**	15,127
Due from other banks	**(46,538)**	20,633
Loans and advances to customers	**653,533**	218,002
Other assets	**(3,811)**	30,606
Deposits from customers	**(390,763)**	(153,577)
Due to other banks	**153,031**	46,412
Other liabilities	**(15,011)**	(17,410)
Cash generated from operations	**321,516**	90,474
Tax paid	**(17,055)**	(989)
Employees' end of service benefits paid	**(57)**	(95)
Net cash generated from operating activities	**304,404**	89,390
Cash flows from investing activities		
Additions to property and equipment	**(210)**	(1,584)
Net cash used in investing activities	**(210)**	(1,584)
Cash flows from financing activities		
Movements in:		
Due to Head Office and its branches abroad	**(70,208)**	377,202
Lease liabilities	**(3,936)**	(4,397)
Net cash (used in)/generated from financing activities	**(74,144)**	372,805
Net increase in cash and cash equivalents	**230,051**	460,611
Cash and cash equivalents at the beginning of the year	**1,206,939**	746,328
Cash and cash equivalents at the end of the year	**1,436,990**	1,206,939
Cash and cash equivalents comprise of:		
Cash in hand (Note 4)	**28,689**	42,500
Cash and balances with the Central Bank of UAE (Note 4)	**1,402,863**	1,159,314
Due from other banks (excluding term loans) (Note 6.1)	**5,438**	5,125
Cash and cash equivalents at the end of the year	**1,436,990**	1,206,939

The accompanying notes on pages 14 to 85 form an integral part of these reissued financial statements.

The report of the independent auditor is set forth on pages 1 to 9.

1. General information

Bank Saderat Iran (Head Office) was incorporated in the Islamic Republic of Iran. The registered and principal office is situated at Sepehr Tower, Somayeh Street, P.O. Box: 15745 - 631, Tehran, Iran.

In the United Arab Emirates ("UAE"), the principal activity of the Bank is to provide commercial banking services and are conducted through its eight branches in the Emirates of Abu Dhabi, Al Ain, Dubai, Ajman and Sharjah (together the "Bank" or "Branch") under a license from the Central Bank of the UAE.

The share capital of the Bank is AED 2,350 million as of 31 December 2025.

The address of the Regional Office of the Bank is a P.O. Box 4182, Dubai, United Arab Emirates.

The Bank has the following branches operating in the United Arab Emirates:

Location	*Emirate*	*License no.*
Al Maktoum Road, Deira	Dubai	206725
Murshid Bazar, Deira	Dubai	206597
Sheikh Zayed Road	Dubai	544166
Bur Dubai	Dubai	206454
Abu Dhabi	Abu Dhabi	CN-1002012
Al Ain	Abu Dhabi	CN-1005792
Sharjah	Sharjah	12271
Ajman	Ajman	1324

2. Summary of material accounting policies and disclosures

2.1 Basis of preparation

These reissued financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standard Board (IASB), as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of UAE Federal Decree Law No. (32) of 2021 and the requirements of applicable laws in the UAE.

The Bank is not a separate legal entity but meets the definition of a reporting entity under the Conceptual Framework for IFRS. The Bank is a Group of branches in UAE and is part of Bank Saderat Iran (Head Office), which is incorporated in Islamic Republic of Iran.

2.2 Basis of measurement

These reissued financial statements have been prepared under the historical cost basis:

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2.3 Basis of presentation

The Bank presents its statement of financial position in order of liquidity. Accordingly, assets and liabilities are not presented as current and non- current. Information about the expected realisation of assets and settlement of liabilities within and after 12 months is provided in the relevant notes, including the maturity analysis disclosed under liquidity risk.

2.4 Adoption of new and revised International Financial Reporting Standards

The following new and revised Standards including amendments thereto and Interpretations which became effective for the current reporting period have been adopted, wherever applicable. Their adoption has not had any significant impact on the amounts reported in these reissued financial statements but may affect the financial reporting for future transactions or arrangements

Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates) – Effective 1 January 2025

The following Standards, amendments thereto and interpretations have been issued prior to 31 December 2025 but have not been applied in these reissued financial statements as their effective dates of adoption are for future periods. Management is currently assessing the impact of these Standards and amendments on the reissued financial statements. It is anticipated that their adoption may result in changes to presentation and disclosures and may impact the classification and measurement of certain items; however, they are not expected to have a material impact on the Company's financial position, financial performance or cash flows.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures) – Effective 1 January 2026

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures) – Effective 1 January 2026

Annual Improvements to IFRS Accounting Standards – Volume 11 – Effective 1 January 2026

IFRS 18 Presentation and Disclosure in reissued financial statements – Effective 1 January 2027

IFRS 19: Subsidiaries without Public Accountability: Disclosures - Effective 1 January 2027

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates) – Effective 1 January 2027

2.5 Functional and presentation currencies

(a) Functional and presentation currency

The reissued financial statements are prepared and the items included in the reissued financial statements are measured using the currency of the primary economic environment in which the Bank operates ('the functional currency'). The Bank's functional currency as well as it's presentation currency is U.A.E. Dirhams.

(b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of outstanding amounts of such transactions and from the re-translation of monetary assets and liabilities denominated in foreign currencies at each reporting date are recognised in the profit or loss.

At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.6 Going concern

The Bank management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the reissued financial statements continue to be prepared on a going concern basis.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

2.7 Cash and cash equivalents

Cash and cash equivalents consist of cash, balances with the Central Bank of the UAE and balances with other banks and financial institutions with an original maturity of three months or less at the date of placement, free of encumbrances, which are subject to insignificant risk on their fair value change.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

2.8 Due from banks

Amounts due from banks are stated at amortised cost, less provision for impairment, if any.

2.9 Customers' deposits and due to Head office

Customers' deposits and due to Head office are initially recognized at cost, being the fair value of the consideration received and subsequently measured at their amortized cost using the effective profit method. Amortized cost is calculated by taking into account any discount or premium on the settlement.

2.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the items including installation costs. 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 Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profitor loss during the reporting period in which they are incurred.

The depreciation is calculated on a straight-line basis over the estimated useful lives of the assets,

Assets	Years
Building	20 years
Furniture and fixture	1 - 4 years
Office equipment	1 - 4 years
Leasehold improvement	4 years
Motor vehicles	3 years

The assets' residual values and useful lives are reviewed at the end of each reporting period, with the effect of any changes in estimates adjusted on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The gains or losses arising on the disposal or retirement of an item of property and equipment is determined by comparing the disposal proceeds with the carrying amount of the asset and is recognised in the profit or loss.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization/depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels, for which there are mostly independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for a possible reversal on each reporting date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Bank bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Bank's cash generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of one to five years. For more extended periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses are recognized in profit or loss, except for assets previously revalued with the revaluation taken to other comprehensive income. For such assets, the impairment is recognized in other comprehensive income up to the amount of any previous revaluation.

2.12 Financial instruments

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of IFRS 9 *Financial Instruments* are required to be subsequently measured at amortised cost or fair value on the basis of the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Specifically:

• debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

• debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI);

• all other debt instruments (e.g. instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at FVTPL. However, the Bank may make the following irrevocable election/designation at initial recognition of a financial asset on an asset by asset basis:

• the Bank may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies, in other comprehensive income (OCI); and

• the Bank may irrevocably designate a debt instrument that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

i) Debt instruments at amortised cost or at FVTOCI

The Bank assesses the classification and measurement of a financial asset based on the asset's contractual cash flow characteristics and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of the SPPI test, the principal is the fair value of the financial asset at initial recognition. That principal amount may change over the financial asset's life (e.g. if there are payments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic financing risks and costs, as well as a margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic financing arrangement.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank has more than one business model for managing its financial instruments, reflecting how the Bank manages its financial assets to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

At initial recognition of a financial asset, the Bank determines whether newly recognised financial assets are part of an existing business model or whether they reflect a new business model's commencement.

The Bank reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period, the Bank has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financing instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

ii) ***Financial assets at FVTPL***

Financial assets at FVTPL are:

a) assets with contractual cash flows that are not SPPI; or/and

b) assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

iii) ***Fair value option***

A financial instrument with a reliably measurable fair value could be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option can be used for financial assets if it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing related gains and losses on a different basis (an "accounting mismatch"). The fair value option can be elected for financial liabilities if: (i) the election eliminates an accounting mismatch; (ii) the financial liability is part of a portfolio that is managed on a fair value basis, in accordance with a documented risk management or investment strategy; or (iii) there is an embedded derivative in the financial or non-financial host contract and the derivative is not closely related to the host contract. These instruments cannot be reclassified out of the FVTPL category while they are held or issued.

Financial assets designated as FVTPL are recorded at fair value, and any unrealized gains or losses arising due to changes in fair value are included in investment income.

iv) ***Reclassification***

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified, the classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in the business model that results in reclassifying the financial assets of the Bank.

During the current period and previous accounting period, there was no change in the business model under which the Bank holds financial assets, and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

v) ***Impairment***

The Bank recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Due from banks and other financial institutions
- Loans and advances to customers
- Off - balance sheet exposures subject to credit risk

No impairment loss is recognised on equity investments.

With the exception of purchased or originated credit-impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3);
- A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL;
- ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract. The Bank expects to receive the cash flows arising from the weighting of multiple future economic scenarios, discounted at the asset's EPR;
- for undrawn financial commitments, the ECL is the difference between the present value of the difference between contractual cash flows that are due to the Bank if the holder of the commitment draws down the finance and the cash flows that the Bank expects to receive if the finance is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed financing instrument less any amounts that the Bank expects to receive from the holder, the customer or any other party.

The Bank measures ECL on an individual basis or on a collective basis for portfolios of finances that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EPR, regardless of whether it is measured on an individual basis or a collective basis.

vi) ***Credit-impaired financial assets***

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

• the significant financial difficulty of the customer or issuer;

• a breach of contracts such as a default or past due event;

• the financer of the customer, for economic or contractual reasons relating to the customer's financial difficulty, having granted to the customer a concession that the financer would not otherwise consider;

• the financer of the customer has downgraded the ratings because of deterioration in the financial condition of the customer; or

• the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event-instead; the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether financing instruments that are financial assets measured at amortised cost or FVTOCI are creditimpaired at each reporting date. To assess if sovereign and corporate financing instruments are credit impaired, the Bank considers factors such as delinquency, watchlist indication, restructuring flag, deterioration in credit ratings, and the customer's ability to raise funding.

A financial asset is considered credit-impaired when a concession is granted to the customer due to a deterioration in the customer's financial condition unless there is evidence that as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly, and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a backstop if amounts are overdue for 90 days or more. However, the cases where the impairment is not recognised for assets beyond 90 days overdue are supported by reasonable information.

vii) ***Purchased or originated credit-impaired (POCI) financial assets***

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

viii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Bank considers the following as constituting an event of default:

- the borrower is more than 90 days past due on its contractual payments;
- the borrower is unlikely to pay its credit obligations to the Bank in full.

The definition of default is appropriately tailored to reflect the different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset; for example, in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non payment on another obligation of the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which is either developed internally or obtained from external sources.

(ix) Measurement of expected credit loss (ECL)

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

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure, LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not been prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortizing products and bullet repayment loans are based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking the current drawn balance and adding a "credit conversion factor" which allows for the expected draw down of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.
- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post-default. These vary by product type.
- For secured products, this is primarily based on the collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD's are typically set at the product level due to the limited differentiation in recoveries achieved across different borrowers. These LGD's are influenced by collection strategies, including contracted debt sales and price.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

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 quarterly basis.

For unfunded exposures, ECL is measured as follows:

• for undrawn loan commitments, the ECL is the difference between the present value and the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is drawn down; and

• for financial guarantee contracts, the ECL is the expected payment to reimburse the hold.er of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

No impairment loss is recognised on equity investments.

(x) Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset.

A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of existing finance would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates finances to customers in financial difficulty to maximise collection and minimise the risk of default. A finance forbearance is granted in cases where although the customer made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened, and the customer is expected to be able to meet the revised terms.

The revised terms in most cases include an extension of the finance's maturity, changes to the timing of the cash flows of the finance (principal and profit payment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Bank has an established forbearance policy that applies to corporate and retail financing.

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date.

The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except on the rare occasions where the new finance is considered to be originated credit-impaired. This applies only in the case where the fair value of the new finance is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors the credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the customer is in the past due status under the new terms.

Where a modification does not lead to derecognition, the Bank calculates the modification gain/loss by comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Bank neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains all the risks and rewards of ownership of a transferred financial asset substantially, the Bank continues to recognise the financial asset and also recognises collateralised financing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

(xi) Presentation of allowance for ECL

Loss allowances for ECL are presented in the reissued financial statements as follows:

• for financial assets measured at amortised cost (loans and advances, balances due from central banks and other banks, reverse-repo placements, investment securities carried at amortised cost and other financial assets): as a deduction from the gross carrying amount of the assets;

• for debt instruments measured at FVTOCI: as part of the revaluation reserve of investments designated at FVTOCI and recognised in other comprehensive income and

• for loan commitments and financial guarantee contracts: as a provision.

(xii) Write-offs

Financial assets are written off when there is no reasonable expectation of recovery, such as a customer failing to engage in a payment plan with the Bank. The Bank categorises finance or receivable for write-off after almost all possible avenues of payments have been exhausted.

However, where finances or receivables have been written off, the Bank continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Financial liabilities

(i) Classification and subsequent measurement

Financial liabilities are classified as either financial liabilities at 'FVTPL' or 'other financial liabilities'. The classification of financial liabilities at initial recognition depends on the purpose and management's intention for which the financial liabilities were incurred and their characteristics.

Financial liabilities are recognised in the Bank's statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at FVTPL) are deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at FVTPL are recognised immediately in profit or loss. If the transaction price differs from the fair value at initial recognition, the Bank will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day one profit or loss)
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day one profit or loss will be deferred by including it in the initial carrying amount of the liability).

In both the current period and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: the classification is applied to derivatives and other financial liabilities designated as such at initial recognition. Gains and losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in fair value of the financial liability that is attributable to the changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability).This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains or losses attributable to changes in the credit risk of the liability are also presented in the profit or loss.

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or when the continuing involvement approach applies. When the transfer of financial assets did not qualify for derecognition, a financial liability is recognised for the consideration received for the transfer and
- Financial guarantee contracts and financial commitments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective profit rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(ii) Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the Bank and its original financer of financing instruments with substantially different terms, as well as substantial modifications of the terms of existing liabilities, are accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

In addition, other qualitative factors such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and changes in covenants are also taken into consideration. If an exchange of financing instruments or modification of terms is accounted for as an extinguishment, any cost or fees incurred as recognised as part of the gain or loss on extinguishment. If an exchange or modification is not accounted for as an extinguishment, any cost or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified customer fails to make payments when due in accordance with the terms of a financing instrument.

Financial guarantee contracts issued by a Bank entity are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 and

• the amount initially recognised less, where the appropriate, cumulative amount of income recognised in accordance with the Bank's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as provisions on the statement of financial position, and the remeasurement is presented in other revenue.

The Bank has not designated any financial guarantee contracts as at FVTPL.

Offsetting:

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

2.13 Corporate tax

The income tax expense represents the sum of the tax on current year income and current year deferred tax. Income taxes include UAE Federal Corporate Tax and where applicable, emirates-level taxes on banking profits that are based on taxable profits.

2.13.1 Current tax

Current tax is the expected tax payable (or recoverable) on the Bank's Taxable Income (or Tax Loss) for the year under U.A.E. Corporate Tax law and where applicable, relevant emirate- level banking tax legislation, and is measured using tax rates and tax laws enacted or substantively enacted at the reporting date. Current tax liabilities include the Bank's best estimate of amounts expected to be paid to the U.A.E. Federal Tax Authority for federal Corporate Tax and, where applicable, the relevant emirate authority for emirate level bank taxes.

2.13.2 Deferred tax

Deferred tax is recognised using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the reissued financial statements. Deferred tax liabilities are recognised for all taxable temporary differences, except to the extent they arise from:

• the initial recognition of goodwill; or

• the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for deductible temporary differences, and for unused tax losses and tax credits, to the extent that it is probable that future taxable profits will be available against which they can be utilised, except to the extent they arise from:

- the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

For temporary differences relating to investments in subsidiaries, associates and joint arrangements, deferred tax liabilities are not recognised to the extent the Bank can control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future; deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and sufficient taxable profits will be available.

Deferred tax assets and liabilities are measured using tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow recovery.

Offsetting

Deferred tax assets and liabilities are offset only when the Bank's has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity (or taxable entities that intend to settle on a net basis or simultaneously)

Presentation

Current and deferred tax are recognised in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case the related tax is also recognised in other comprehensive income or equity, respectively.

Domestic minimum top-up tax

The UAE has introduced a Domestic Minimum Top-Up Tax for in-scope multinational groups, effective from financial years starting on/after 1 January 2025. Where applicable, management considers the related recognition and disclosure requirements in accordance with IFRS (including relevant IAS 12 Income Taxes amendments).

2.14 Value added tax

Output value-added tax related to sales is payable to tax authorities on the earlier of:

- collection of receivables from customers or
- delivery of goods or services to customers.

Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis – unless the Bank has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the debtor's gross amount, including VAT.

2.15 Leases

At the inception of a contract, the Bank assesses whether the contract is, or contains a lease. A contract is or contains a lease if the contracts convey the right to control the use of an identified asset for the Bank for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank assess whether:

- The contract involves the use of an identified asset -this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Bank has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Bank has the right to direct the use of the asset. The Bank has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if either:

- The Bank has the right to operate the asset; or
- The Bank designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on a reassessment of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component based on their relative standalone prices.

However, where the contract is not separable into a lease and non-lease component then the Bank has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bank determines the lease term as the non – cancellable period of a lease, together with both:

a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Bank considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Bank revises the lease term if there is a change in the non-cancellable period of a lease.

2.15.1. ***Right-of-use assets***

The Bank recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-to-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located and lease payments made at or before the commencement date less any lease incentives received unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term.

The recognised right-to-use assets are subsequently depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Also, the rightof-use assets are periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

2.15.2 ***Short-term leases and leases of low-value assets***

The Bank applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (those leases that have a lease term of 12 months or less and do not contain a purchase option). It also applies the lease of low-value assets exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.15.3. ***Lease liability***

The lease liability is initially recognised at the present value of the lease payments that are not paid on the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Bank uses its incremental borrowing rate.

After initial recognition, the lease liability is measured by:

a) increasing the carrying amount to reflect interest on the lease liability;

b) reducing the carrying amount to reflect the lease payments made; and

c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where,

a) There is a change in the lease term as a result of reassessment of certainty to exercise an exercise option, or not to exercise a termination option as discussed above; or

b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the contact of a purchase option, the Bank remeasures the lease liability to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Bank determined the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined.

c) There is a change in the amounts expected to be payable under a residual value guarantee; or

d) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review. The Bank remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate unless the change in lease payments results from a change in floating interest rates. In such case, the Bank uses a revised discount rate that reflects a change in the interest rate.

The Bank recognises the amount of the re-measurements of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero, and there is a further deduction in the measurement of the lease liability, the Bank recognises any remaining amount of the re-measurement in profit or loss.

The Bank accounts for a lease modification as a separate lease if both:

a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

b) the consideration for the lease increase by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the context.

For lease modifications that are not accounted for as a separate lease, the Bank, at the effective date of the lease modification:

a) allocates the consideration in the modified contract;

b) determines the lease term of the modified lease; and

c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective rate of the modification, if the interest rate implicit in the lease cannot be readily determined.

2.16 Provision for staff benefits:

2.16.1 Provision for end-of-service indemnity

Estimated amounts required to cover employees' end-of-service indemnity at the date of the statement of financial position are computed pursuant to the UAE Labour Law based on the employees' accumulated period of service and current remuneration at the date of the statement of financial position.

The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

2.16.2 Pension

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Decree- Law No. 57 of 2023 and Federal Law No. 7 of 1999, as applicable for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

2.16.3 Provision for leave salary and air ticket benefits

A provision is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by the employees up to the date of the statement of financial position. The provision relating to the annual leave and leave passage is classified and included in other payables

2.17 Provisions

A provision is recognised in the statement of financial position when the Bank has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.18 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.19 Revenue recognition

Interest, commissions and fees

Net interest income – Interest from all interest-bearing assets and liabilities is recognized as net interest income using the effective interest method. The effective interest rate is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period using the estimated future cash flows.

The estimated future cash flows used in this calculation include those determined by the contractual terms of the asset or liability, all fees that are considered to be integral to the effective interest rate, direct and incremental transaction costs and all other premiums or discounts. Once an impairment loss has been recognized on a loan, although the accrual of interest in accordance with the contractual terms of the instrument is discontinued, interest income is recognized based on the rate of interest that was used to discount future cash flows for the purpose of measuring the impairment loss. This would be the original effective interest rate.

Commissions and fee income – The recognition of fee revenue (including commissions) is determined by the purpose of the fees and the basis of accounting for any associated financial instruments. If there is an associated financial instrument, fees that are an integral part of the effective interest rate of that financial instrument are included within the effective yield calculation.

However, if the financial instrument is carried at fair value through profit or loss, any associated fees are recognized in profit or loss when the instrument is initially recognized, provided there are no significant unobservable inputs used in determining its fair value.

Fees earned from services that are provided over a specified service period are recognized over that service period. Fees earned for the completion of a specific service or significant event are recognized when the service has been completed or the event has occurred. Loan commitment fees related to commitments that are accounted off-balance sheet are recognized in commissions and fee income over the life of the commitment if it is unlikely that the Bank will enter into a specific lending arrangement. If it is probable that the Bank will enter into a specific lending arrangement, the loan commitment fee is deferred until the origination of a loan and recognized as an adjustment to the loan's effective interest rate.

The following fee income is predominantly earned from services that are provided over a period of time: account servicing fees, cash management fees, sales commission and placement fees.

Expenses that are directly related and incremental to the generation of fee income are presented net in Commissions and Fee Income.

3. Significant judgments and estimation uncertainty

The preparation of the reissued financial statements in compliance with IFRS requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur, which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the reissued financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Judgments:

In the process of applying the Bank's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the reissued financial statements:

3.1.1 Going concern assumption

Management has assessed the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the reissued financial statements continue to be prepared on the going concern basis.

3.1.2. Contingencies

The Bank may be involved in litigations arising in the ordinary course of business, due to the nature of its operations. Provision for contingency liabilities arising from litigations is based on the probability of the outflow of economic resources and the reliability of estimating such outflow. Such matters are subject to many uncertainties and the outcome of individual matters is not predictable with assurance.

3.1.3. Classification of properties

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property and equipment, or property held for trading or development property. The Bank develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property equipment, and property held for trading and development property. In making this judgement management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 40, IAS 16, and IAS 2, and in particular, the intended usage of property as determined by the management.

3.1.4 Impairment of non-financial assets

The Bank assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount.

The fair value less costs of disposal calculation are based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in-use calculation is based on a DCF model and requires estimation of the expected future cash flows from the asset (or of the cash-generating unit) in the forecasted period and to determine a suitable discount rate in order to calculate the present value of those cash flows. The discount rate reflects current market assessments of the time value of money and the risks specific to the asset.

Acquired goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more often if there is any indication of impairment.

3.1.5 Discount rate used for the initial measurement of lease liability

The Bank, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Bank uses its incremental borrowing rate.

The incremental borrowing rate is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Bank determines its incremental borrowing rate with reference to its current and historical cost of borrowing adjusted for the term and security against such borrowing.

3.1.6 Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL Is further detailed in Note 4e, which also sets out key sensitivities of the EGL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring EGL, such as:

Assessment of significant increase in credit risk

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition.

If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that form the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate lending, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various internal and external sources of actual and forecast economic information. For retail lending forward-looking information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration on certain industries, as well as internally generated information on customer payment behaviour.

The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The Bank considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Bank compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal risk grade
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected;
- to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements;
- significant changes in the actual or expected performance and behaviour of the borrower, including changes:

(i.) in the payment status of borrowers in the Bank and changes in the operating results of the borrower; and (ii.) macroeconomic information (such as oil prices or GDP) is incorporated as part of the internal rating model.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis

However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated.

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Establishing group of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics (e.g. instrument type, credit risk grade, collateral type, date of initial recognition, remaining term to maturity, industry, geographic location of the borrower, etc.). The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Bank of assets. Re-segmentation of portfolios and movement between portfolios is more common when there Is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month .or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

The Bank uses various models and assumptions in measuring the ECL of financial assets. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario.

When measuring ECL the Bank uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

- *Probability of default*

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- *Loss given default*

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements

3.2 Key sources of estimation uncertainty

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

3.2.1 Useful life of property and equipment

Property and equipment are depreciated over their estimated useful lives, which is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

3.2.2 Corporate tax

Current Corporate Tax payable and related balances

Current Corporate Tax is determined on the basis of the Bank's Corporate Tax computation and is a self-assessment. Management applies judgment in determining the Bank's Taxable Income and Corporate Tax payable, including the identification and measurement of relevant Corporate Tax adjustments, reliefs and elections and the application of the applicable Corporate Tax rate structure.

In addition, where applicable, management applies judgment in determining the availability and measurement of foreign tax credits.

Recoverability of deferred tax assets

The recognition of deferred tax assets (including those arising from unused tax losses, tax credits and deductible temporary differences) requires management to assess whether it is probable that sufficient future taxable profits will be available and to consider the expected timing of reversal of temporary differences.

This assessment is based on forecasts, business plans and other evidence available at the reporting date. Where the Bank has a history of recent losses, management applies additional judgement in evaluating whether there is convincing evidence that future taxable profits will be available.

In assessing utilisation of tax losses, management also considers key features of UAE Corporate Tax loss relief, including that carried-forward tax losses are generally utilised against future Taxable Income subject to limits and that the ability to carry forward tax losses can be restricted in certain circumstances.

Interpretation and application of U.A.E. Corporate Tax law (uncertain tax treatments)

In the ordinary course of business, the application of tax legislation to certain transactions may be subject to interpretation. Management assesses whether it is probable that the tax authority will accept the Bank's tax treatments; where acceptance is not probable, the Bank reflects the effect of uncertainty using the method that better predicts the resolution of the uncertainty (expected value or most likely amount), and reassesses judgments when facts and circumstances change.

Measurement assumptions (current and deferred tax)

Current and deferred tax balances are measured using tax rates and laws enacted or substantively enacted at the reporting date. Changes in tax laws, rates, interpretations, exemptions, thresholds, elections, or the expected manner/timing of recovery of assets and settlement of liabilities could affect current and deferred tax balances in future periods. Elections made in the Tax Return (where conditions are met) can also affect the Bank's tax position for the current and/or future periods.

4. Cash and balances with the Central Bank of the UAE

	31.12.2025 AED '000	31.12.2024 AED '000
Cash on hand	**28,689**	42,500
Balances with the Central Bank of the UAE:		
Overnight deposit facility	**1,345,652**	1,090,000
Foreign currency account	**225**	225
Reserve accounts	**56,986**	69,089
	1,431,552	1,201,814

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

5. Due from/to Head Office and its branches abroad

5.1 Due from Head Office and its branches abroad

	31.12.2025 AED '000	31.12.2024 AED '000
Head Office	**239,028**	222,868
Branches abroad	**353**	228
	239,381	223,096

5.2 Due to Head Office and its branches abroad

	31.12.2025 AED '000	31.12.2024 AED '000
Head Office	**452,567**	521,501
Branches abroad	**174,414**	175,688
	626,981	697,189

This includes placement of an under-lien deposit amounting to AED 103 million as on 31 December 2025 (2024: AED 103 million) on a six-monthly roll over basis.

6. Due from/to other banks

	31.12.2025 AED '000	31.12.2024 AED '000
6.1 Due from other banks:		
Due from other banks abroad:		
Nostro accounts	**4,788**	4,476
Call deposits	**650**	649
Term loans	**999,473**	952,935
	1,004,911	958,060

	31.12.2025 AED '000	31.12.2024 AED '000
6.2 Due to other banks:		
Due to other banks abroad:		
Current accounts	**811,458**	803,237
Term loans	**638,993**	494,183
	1,450,451	1,297,420

7. Export bills discounted for Iranian banks abroad

	31.12.2025 AED '000	31.12.2024 AED '000
Gross amount of loans and advances	**3,865**	3,865
Less: Expected credit loss	**(3,865)**	(3,865)
	-	-

This balance is due from Iranian banks abroad, represening amounts due on the export bills issued by them and discounted by the Bank for its customers.

8. Loans and advances to customers

	31.12.2025 AED '000	31.12.2024 AED '000
Overdrafts	**6,694,988**	7,242,905
Bills/cheques discounted	**243,773**	299,042
Term loans	**1,228,021**	1,682,076
Customer liabilities paid*	**383,676**	516,211
Loans against trust receipts	**234,555**	364,743
Gross amount of loans and advances	**8,785,013**	10,104,977
Less: Loss allowance (Note 8.3)	**(3,513,901)**	(3,295,616)
Interest in suspense	**(3,566,840)**	(4,233,271)
Net amount of loans and advances	**1,704,272**	2,576,090

**This amount relates to the payment against documents for customer liabilities.*

The Head Office of Bank Saderat Iran, located in Iran- UAE Branches, has appointed qualified valuers to conduct an independent valuation of these collaterals. The fair value of collaterals as at December 31, 2025, of properties and other collaterals amounts to AED 2,856 million as on 31 December 2025 (2024: AED 6,333 million). Furthermore, the Head Office has assumed responsibility for the risk arising from fluctuations in the market value of these properties and assets.

Interest in suspense represents accrued interest on loans and advances that is not recognised in profit or loss in accordance with CBUAE Circular No. 28/2010. Amounts in interest in suspense are recognised in profit or loss only upon cash recovery, and any unrecoverable amounts are written off in line with the Bank's credit policies.

8.1 Loans and advances to customers - by economic sector

	31.12.2025 AED '000	31.12.2024 AED '000
Wholesale and retail trade	**6,721,815**	8,065,177
Construction	**358,490**	352,770
Mining and quarrying	**170,317**	169,894
Services	**806,403**	825,794
Personal loans	**45,070**	40,326
Manufacturing	**638,861**	596,701
Transport and communication	**7,037**	6,841
Financial institutions	**37,020**	47,474
	8,785,013	10,104,977

8.2 Loans and advances to customer - by geographical area

	31.12.2025 AED '000	31.12.2024 AED '000
Within UAE	**8,532,826**	9,853,689
Islamic Republic of Iran	**252,187**	251,288
	8,785,013	10,104,977

8.3 Movements in loss allowance against loans and advances

	31.12.2025 AED '000	31.12.2024 AED '000
Balance at the beginning of the year	**3,295,616**	3,419,025
Allowance provided during the year (Note 25)	**451,560**	75,059
Amounts released during the year (Note 25)	**(233,275)**	(238,158)
Amounts written off during the year	**-**	39,690
	3,513,901	3,295,616

8.4 Movements in interest in suspense

	31.12.2025 AED '000	31.12.2024 AED '000
Balance at the beginning of the year	**4,233,271**	4,312,988
Interest suspended during the year	**22,434**	21,097
Amounts released/recovered during the year	**(17,827)**	(36,466)
Amounts written off during the year	**(671,038)**	(64,348)
	3,566,840	4,233,271

9. Other assets

	31.12.2025 AED '000	31.12.2024 AED '000
Accrued interest	**28,134**	27,005
Prepayments	**3,161**	2,513
Deferred tax assets (Note 9.1)	**1,305,757**	1,363,951
VAT receivable	**893**	228
Others	**8,169**	12,191
	1,346,114	1,405,888
Less: Loss allowance against other assets (Note 9.2)	**(182)**	(5,573)
	1,345,932	1,400,315

The Bank evaluates deferred tax assets on the basis of deductible temporary differences available. A deferred tax asset related to unused tax credits is recognized only when it is considered probable that sufficient future taxable profits will be available to utilize the credits. Management expects that the loss allowance provisions on loans and advances may be reversed in future periods, enabling the Bank to realize the related tax benefits on currently disallowed provisions.

9.1 Movements in deferred tax assets

	31.12.2025 AED '000	31.12.2024 AED '000
Balance at the beginning of the year	**1,363,951**	1,422,094
Write down during the year	**(58,194)**	(58,143)
Balance at the end of the year	**1,305,757**	1,363,951

9.2 Movements in loss allowance against other assets

	31.12.2025 AED '000	31.12.2024 AED '000
Balance at the beginning of the year	**5,573**	5,573
Amounts written off during the year	**(5,391)**	-
Balance at the end of the year	**182**	5,573

Bank Saderat Iran

United Arab Emirates Branches

Notes to the reissued financial statements for the year ending 31 December 2025 *(continued)*

10. Property and equipment

	Land AED '000	Building AED '000	Furniture & fixtures AED '000	Office equipment AED '000	Leasehold improvements AED '000	Motor vehicles AED '000	Total AED '000
Cost							
At 1 January 2024	9,871	71,400	3,902	32,043	3,860	1328	122,404
Additions during the year	-	-	154	651	-	779	1,584
Disposals during the year	-	-	-	(108)	-	-	(108)
At 31 December 2024	9,871	71,400	4,056	32,586	3,860	2,107	123,880
Additions during the year	-	-	85	125	-	-	210
Disposals during the year	-	-	(2)	(18)	-	-	(20)
At 31 December 2025	**9,871**	**71,400**	**4,139**	**32,693**	**3,860**	**2,107**	**124,070**
Accumulated depreciation							
At 1 January 2024	-	66,593	3,304	31,334	3,255	1,328	105,814
Charge for the year	-	1,932	91	322	-	129	2,474
On disposals	-	-	-	(108)	-	-	(108)
At 31 December 2024	-	68,525	3,395	31,548	3,255	1,457	108,180
Charge for the year	-	1,931	91	299	2	260	2,583
On disposals	-	-	(2)	(18)	-	-	(20)
At 31 December 2025	-	**70,456**	**3,484**	**31,829**	**3,257**	**1,717**	**110,743**
Carrying amount							
At 31 December 2025	**9,871**	**944**	**654**	**863**	**603**	**390**	**13,327**
At 31 December 2024	9,871	2,875	661	1,038	605	650	15,700

11. Right of use assets

	31.12.2025 AED '000	31.12.2024 AED '000
Building:		
Balance at the beginning of the year (carrying amount)	**23,411**	26,201
Additions during the year	**1,219**	1,613
Less: Depreciation for the year	**(4,457)**	(4,403)
Balance at the end of the year (carrying amount)	**20,173**	23,411

The Bank has lease contracts for premises for its branch offices in Dubai, Abu Dhabi and Al Ain. The management has assumed a lease period of ten years for the premises, despite contractual period of one year. The lease liability has been measured by discounting fixed lease payments using an incremental borrowing rate of 6.4% for the year ended 31 December 2025. All lease payments are on a fixed repayment basis, and no arrangements have been entered into for the additional contingent rental payments.

12. Deposits from customers

	31.12.2025 AED '000	31.12.2024 AED '000
Current accounts	**135,686**	197,050
Saving accounts	**92,145**	109,862
Deposit accounts	**1,680,750**	1,991,626
Margin accounts	**13,098**	13,904
	1,921,679	2,312,442

Margin accounts and deposits held under lien as security for loans and advances and off-balance sheet commitments as at 31 December 2025 amounted to AED 146 million (31.12.2024 : AED 195 million).

13. Provision for employees' end of service benefits

	31.12.2025 AED '000	31.12.2024 AED '000
Balance at the beginning of the year	**24,500**	22,282
Provided during the year	**1,289**	2,313
Paid during the year	**(57)**	(95)
	25,732	24,500

14. Provision for taxation

	31.12.2025 AED '000	31.12.2024 AED '000
Balance at the end of the year	**500**	16,951

Following the recognition of additional expected credit loss allowances amounting to AED 450 million in these reissued financial statements, management reassessed the Bank's taxable income for the year ended 31 December 2025. Based on the revised results and management's current interpretation of the UAE Corporate Tax Law, no UAE corporate tax charge has been recognised for the year, subject to final filing and acceptance by the Federal Tax Authority.

The corporate tax provision of AED 18 million recognised in the previously approved financial statements has therefore been reversed in these reissued financial statements. The remaining provision for taxation represents Emirate level tax obligations assessed by management as payable as at 31 December 2025.

14.1 Current tax liability:

	31.12.2025 AED '000	31.12.2024 AED '000
Balance at the beginning of the year	**16,951**	16,975
Provided during the year	**500**	11,846
Written back during the year (Note 22)	**-**	(10,881)
Prior year tax adjustment made during the year	**104**	-
Paid during the year	**(17,055)**	(989)
Balance at the end of the year	**500**	16,951

14.2 Reconciliation between tax expense and accounting profit

	31.12.2025 AED '000	31.12.2024 AED '000
Reconciliation of tax expense		
Profit before tax	**(297,447)**	73,794
Adjustments for tax purposes	**-**	58,200
Tax base	**(297,447)**	131,994
Current tax		
Corporate tax at the applicable rate of 9%	**-**	11,846

15. Other liabilities

	31.12.2025	31.12.2024
	AED '000	AED '000
Interest payable	**22,506**	34,969
Others	**14,498**	17,046
	37,004	52,015

The above balance is after derecognition of certain long outstanding balances amounting to AED 2.64 million. As explained in Note 38, management reassessed these balances based on available records, reconciliation procedures and the underlying nature of the obligations, and concluded that no present obligation existed as at 31 December 2025. Accordingly, the balances were derecognised and recognized as other income during the year (Note 22).

16. Lease liabilities

	31.12.2025	31.12.2024
	AED '000	AED '000
Balance as at the end of the year	**19,440**	22,157

17. Statutory reserve

In accordance with the Bank's Articles of Association, and in compliance with Federal Decree-Law No. (32) of 2021 on Commercial Companies, a minimum of 10% of profit is transferred to a non - distributable legal and statutory reserve until such time as this reserve equals 50% of the Bank's issued capital. This reserve is not available for distribution.

18. Impairment reserve under the Central Bank of the UAE (CBUAE) guidance

As per the Credit Risk Management Standards (CRMS) issued by CBUAE, Credit Risk Management Regulation and accompanying Standards, The banks must ensure that the total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.50% of the Credit Risk weighted assets as computed under the CBUAE capital regulations. Where the collective provisions held are lower, the shortfall may be held in a dedicated non-distributable balance sheet reserve called the 'impairment reserve-general'. The amount held in the impairment reserve-general must be deducted from the capital base (Tier 1 capital for Banks) when computing the regulatory capital.

Non-distributable impairment reserve - general

	AED '000
Minimum provision for Stage 1 and 2 as per CBUAE requirements	**67,103**
Less: Stage 1 and 2 impairment provision taken against income	**(626,518)**
Excess of IFRS 9 provision over CBUAE minimum	**(559,415)**

Movement in impairment reserve- general

	AED '000
Balance of impairment reserve - general as at 1 January 2024	66,334
Add: Non-distributable reserve during the year (Impairment reserve-general)	573
Balance of impairment reserve - general as at 31 December 2024	66,907
Balance of impairment reserve - general as at December 31, 2025	**66,907**

No additional transfer was made to the impairment reserve- general as the Stage 1 and Stage 2 allowance exceeded the applicable minimum requirement.

19. Interest income

	Year ended 31.12.2025 AED '000	Year ended 31.12.2024 AED '000
Interest income on:		
Loans and advances to customers	**34,257**	12,997
Money market and interbank transactions	**91,129**	77,416
Others	**-**	10
	125,386	90,423

20. Interest expense

	Year ended 31.12.2025 AED '000	Year ended 31.12.2024 AED '000
Interest expense on:		
Customer deposits	**59,232**	72,879
Deposits from financial institutions	**17,157**	17,684
	76,389	90,563

21. Net fees and commission income

	Year ended 31.12.2025 AED '000	Year ended 31.12.2024 AED '000
Fees and commission income	**1,198**	1,508
Fees and commission expense	**(17)**	(18)
	1,181	1,490

22. Other income

	Year ended 31.12.2025 AED '000	Year ended 31.12.2024 AED '000
Foreign exchange income	**7,980**	-
Rental income	**3,314**	2,043
Banks charges	**7**	9
Excess provision written back (Note 14.1)	-	10,881
Miscellaneous income	**8,446**	2,934
	19,747	15,867

As explained in Note 38, miscellaneous income includes an amount of AED 2.64 million arising from the derecognition of certain long outstanding balances previously recorded under Other liabilities (Note 15). Management reassessed these balances based on available records, reconciliation procedures and the underlying nature of the obligations, and concluded that no present obligation existed as at 31 December 2025. This amount was recognised as part of the adjustments made in connection with the reissuance of the financial statements.

23. General and administrative expenses

	Year ended 31.12.2025 AED '000	Year ended 31.12.2024 AED '000
Employee costs (Note 24)	**60,487**	49,838
Operating lease expenses	**309**	353
Foreign exchange loss	-	3,622
Management fees (Note 26)	**9,593**	9,371
Repair and maintenance	**4,743**	4,225
Depreciation of property and equipment (Note 10)	**2,583**	2,474
Depreciation of right of use assets (Note 11)	**4,457**	4,403
Utilities	**3,130**	3,131
Insurance	**161**	184
Other expense	**5,430**	7,244
	90,893	84,845

24. Employee costs

	Year ended 31.12.2025 AED '000	Year ended 31.12.2024 AED '000
Salaries and wages	**40,497**	34,591
Other benefits	**19,990**	15,247
	60,487	49,838

25. Net impairment reversal on loans and advances

	Year ended 31.12.2025 AED '000	Year ended 31.12.2024 AED '000
Reversal of excess provisions (Note 8.3)	**233,275**	274,624
Impairment losses (Note 8.3)	**(451,560)**	(75,059)
	(218,285)	199,565

26. Related party balances and transactions

Related parties include the Head Office, key management personnel, Directors and entities which are controlled directly or indirectly by the Head Office or Directors or over which they exercise significant management influence. Balances and transactions between the Bank and its related parties are described below. Transactions with related parties were entered into on terms agreed between the management and its related parties. Such transactions are entered with related parties on terms and conditions approved by the management and the Head Office of the Bank.

The following were the material balances outstanding at the end of the year:

Due from related parties

	31.12.2025 AED '000	31.12.2024 AED '000
Loans and advances	**155,644**	324,648
Due from Head Office and its branches abroad (Note 5.1)	**239,381**	223,096
Outstanding balance of loans of key management personnel	**252**	252
Interest on suspense on related party exposure	**191,413**	186,036

Due to related parties

	31.12.2025 AED '000	31.12.2024 AED '000
Due to Head Office and its branches abroad (Note 5.2)	**626,981**	697,189
Customer deposits	**539**	583

The following were the material transactions entered into with related parties during the year:

	Year ended 31.12.2024 AED '000	Year ended 31.12.2024 AED '000
Management fees (Note 23)	**9,593**	9,371
Compensations of key management personnel	**3,412**	2,824

27. Contingent liabilities and commitments

The contractual amounts of the letters of credit and guarantees commit the Bank to make payments on behalf of customers contingent upon the customer satisfying the terms of the contract. The contractual amounts represent the credit risk, assuming that the amounts are fully advanced, and that any collateral or other security is of no value. However, the total contractual amount of commitments does not necessarily represent future cash requirements since many of such commitments will expire or terminate without being funded.

The loan commitments represent the contractual commitments to make the loan. These generally have fixed expiry dates or other termination clauses and require payment of a fee. Since commitments may expire without being drawn down, the total contract amounts do not necessarily represent future cash requirements.

The Bank has the following credit related commitments:

	31.12.2025	31.12.2024
	AED '000	AED '000
Letter of guarantee	**17,422**	41,410

28. Regulatory large exposure limit – Head Office

As at 31 December 2025, the Bank's funded exposure to Head Office and its branches abroad amounted to AED 239.4 million (31.12.2024: AED 223.1 million). In accordance with the Central Bank of the UAE ("CBUAE") Large Exposures Regulation, funded exposures of branches of foreign banks to their Head Office and other branches abroad are subject to a maximum limit of 30% of Branch Capital. As at 31 December 2025, the Bank's funded exposure to Head Office and its branches abroad exceeded the applicable regulatory limit of 30%.

In addition, as at 31 December 2025, the Bank's exposure to a specific single borrower / group of connected counterparties exceeded the applicable regulatory large exposure limit of 25%.

The Bank maintains a cash deposit under lien from Head Office amounting to AED 103 million, which is subject to restrictions and may only be released with the prior approval of the Central Bank of the UAE ("CBUAE"). Management has also considered the applicability of the transitional relief provisions communicated by the CBUAE under reference CBUAE/BSD/2020/4769 dated 27 October 2020 in relation to the Bank's large exposure position.

Management continues to monitor the Bank's large exposure positions and is in the process of taking appropriate remedial actions to regularise the exposures within the applicable regulatory limits. These actions include continued monitoring of counterparty exposures, recovery of outstanding dues, restricting further exposure build-up and engaging with relevant stakeholders, as appropriate.

29. Maturity analysis of assets and liabilities

Maturities of assets and liabilities recorded in the statement of financial position based on the remaining contractual maturity period at the reporting date, not taking account of the effective maturities as indicated by the deposit retention history of the Bank and the availability of liquid funds, as at the year-end are as follows:

31 December 2025

	Less than 3 months AED '000	3 months to 1 year AED '000	1 year to 5 years AED '000	Over 5 years AED '000	Total AED '000
Assets:					
Cash and balances with the Central Bank of the UAE	1,431,552	-	-	-	**1,431,552**
Due from Head Office and its branches abroad	239,381	-	-	-	**239,381**
Due from other banks	727,321	277,590	-	-	**1,004,911**
Loans and advances to customers	1,258,004	21,416	424,852	-	**1,704,272**
Other assets	-	-	1,345,932	-	**1,345,932**
Property and equipment	-	-	-	13,327	**13,327**
Right of use assets	-	-	-	20,173	**20,173**
Total Assets	**3,656,258**	**299,006**	**1,770,784**	**33,500**	**5,759,548**

Liabilities:	Less than 3 months AED '000	3 months to 1 year AED '000	1 year to 5 years AED '000	Over 5 years AED '000	Total AED '000
Due to other banks	1,047,888	402,563	-	-	**1,450,451**
Deposits from customers	544,625	1,375,413	1,641	-	**1,921,679**
Due to Head Office and its branches abroad	557,879	69,102	-	-	**626,981**
Other liabilities (total)	8434	13961	111	60,170	**82,676**
Total Liabilities	**2,158,826**	**1,861,039**	**1,752**	**60,170**	**4,081,787**
Neg gap	1,497,432	(1,562,033)	1,769,032	(26,670)	1,677,761

Represented by:

	Total AED '000
Share capital	**2,350,000**
Statutory reserve	**538,287**
Impairment reserve	**66,907**
Accumulated deficit	**(1,277,433)**
Net equity	**1,677,761**

31 December 2024

	Less than 3 months AED '000	3 months to 1 year AED '000	1 year to 5 years AED '000	Over 5 years AED '000	Total AED '000
Assets:					
Cash and balances with the Central Bank of the UAE	1,201,814	-	-	-	1,201,814
Due from Head Office and its branches abroad	223,096	-	-	-	223,096
Due from other banks	958,060	-	-	-	958,060
Loans and advances to customers	610,988	8,081	1,957,021	-	2,576,090
Other assets	-	-	1,400,315	-	1,400,315
Property and equipment	-	-	-	15,700	15,700
Right of use assets	-	-	-	23,411	23,411
Total Assets	**2,993,958**	**8,081**	**3,357,336**	**39,111**	**6,398,486**

	Less than 3 months AED '000	3 months to 1 year AED '000	1 year to 5 years AED '000	Over 5 years AED '000	Total AED '000
Liabilities:					
Due to other banks	1,014,714	282,706	-	-	1,297,420
Deposit from customers	819,731	1,485,689	7,022	-	2,312,442
Due to Head Office and its branches abroad	628,088	69,101	-	-	697,189
Other liabilities (total)	8,364	18,045	154	89,060	115,623
Total liabilities	**2,470,897**	**1,855,541**	**7,176**	**89,060**	**4,422,674**
Neg gap	**523,061**	**(1,847,460)**	**3,350,160**	**(49,949)**	**1,975,812**
Represented by:					
Share capital					2,350,000
Statutory reserve					538,287
Impairment reserve					66,907
Accumulated deficit					(979,382)
Net equity					**1,975,812**

30. Fair values of financial instruments

Fair value represents the amount at which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Differences can therefore arise between book value under the historical cost method and fair value estimates.

The fair values of financial assets and liabilities of the Bank are not materially different from their carrying values as at the year-end. This is based on management's assumption that the carrying amounts of financial assets and financial liabilities that are liquid or have a short-term maturity (less than a year) approximate to their fair value.

31. Classification of financial assets and liabilities

31 December 2025

	At FVTPL AED '000	At FVTOCI AED '000	Amortised cost AED '000	Allowance for impairment (ECL) AED '000	Carrying amount AED '000
Financial assets:					
Cash and balances with the Central Bank of the UAE	-	-	1,431,552	-	1,431,552
Due from Head Office and its branches abroad	-	-	239,381	-	239,381
Due from other banks	-	-	1,004,911	-	1,004,911
Export bills discounted for Iranian banks abroad	-	-	3,865	(3,865)	-
Loans and advances to customers	-	-	5,218,173	(3,513,901)	1,704,272
Other assets net	-	-	37,196	(182)	37,014
Total financial assets	-	-	7,935,078	(3,517,948)	4,417,130
Financial liabilities:					
Due to other banks	-	-	1,450,451	-	1,450,451
Deposits from customers	-	-	1,921,679	-	1,921,679
Due to Head Office and its branches abroad	-	-	626,981	-	626,981
Other liabilities (total)	-	-	56,444	-	56,444
Total financial liabilities	-	-	4,055,555	-	4,055,555

31 December 2024

	At FVTPL AED '000	At FVTOCI AED '000	Amortised cost AED '000	Allowance for impairment (ECL) AED '000	Carrying amount AED '000
Financial assets:					
Cash and balances with the Central Bank of the UAE	-	-	1,201,814	-	1,201,814
Due from Head Office and its branches abroad	-	-	223,096	-	223,096
Due from other banks	-	-	958,060	-	958,060
Export bills discounted for Iranian banks abroad	-	-	3,865	(3,865)	-
Loans and advances to customers	-	-	5,871,706	(3,295,616)	2,576,090
Other assets	-	-	39,424	(5,573)	33,851
Total financial assets	-	-	**8,297,965**	**(3,305,054)**	**4,992,911**
Financial liabilities:					
Due to other banks	-	-	1,297,420	-	1,297,420
Deposits from customers	-	-	2,312,442	-	2,312,442
Due to Head Office and its branches abroad	-	-	697,189	-	697,189
Other liabilities (total)	-	-	74,172	-	74,172
Total financial liabilities	-	-	**4,381,223**	-	**4,381,223**

32. Financial risk management

The Bank has set up a strong risk management infrastructure supported by the adoption of best practices in the field of risk management to manage and monitor the following major risks arising out of their day-to-day operations:

i) Credit risk

ii) Liquidity risk

iii) Market risk (including interest rate risk, foreign currency risk and price risk)

iv) Operational risk

The Regional Manager has overall responsibility for the oversight of the risk management framework for the Bank. There are established detailed policies and procedures in this regard along with high-powered senior management committees to ensure adherence to the approved policies and close monitoring of different risks within the operations of the Bank.

The Credit Committee, Assets and Liabilities Committee (ALCO) and Investment Committee work under the mandate of the Regional Manager to set up risk limits and manage the overall risk. These Committees approve risk management policies of the Bank developed by the Risk Management Department.

The Risk Management function is independent of the business. It is responsible to develop credit, market and operational risk policies. Risk Managers are delegated authority within the risk management framework to approve credit risk transactions. Risk Management Department also monitors market and operational risk. The Credit Risk Unit within Risk Management Department is responsible to develop and validate financial risk models for risk rating.

Audit and Compliance is an independent department which is responsible to review the risk policies, risk exposures and the risk managing and monitoring frame work.

Treasury

The Treasury is responsible for managing the assets and liabilities of the Bank and its overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Bank.

Internal audit

Risk management processes throughout the Bank are audited periodically by the Internal Audit function that examines both the adequacy of the procedures and the compliance by the Bank of these procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Regional Manager.

Risk

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that it is willing to accept, with additional emphasis on selected industries. In addition, the Bank monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Regional Manager, the Risk Committee and the Head of each business division. The report includes aggregate credit exposure, hold limit exceptions, liquidity ratios and risk profile changes. On a monthly basis detailed reporting of industry, customer and geographic risks take place. Senior management assesses the appropriateness of the allowance for credit losses on a quarterly basis.

The Regional Manager receives a comprehensive credit risk report once a quarter which is designed to provide all the necessary information to assess and conclude on the credit-related risks of the Bank.

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For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

A daily briefing is given to the Regional Manager and all other relevant members of management of the Bank on the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

Risk mitigation

As part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

The Bank actively uses collateral to reduce its credit risks.

Excessive risk concentration

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 Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the policies and procedures of the Bank include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

f) Credit risk management

The Regional Manager has delegated responsibility for the management of credit risk to its Credit Committee and the Credit Risk Management Department. Their responsibilities include:

a) Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

b) Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Head office Credit Facilities Committee, Head of Credit Facilities or Regional Credit Facilities Committee.

c) Reviewing and assessing credit risk: Credit Facility Department and Risk Management Department assess all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

d) Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances to customers), and by issuer, credit rating band, market liquidity and country (for investment securities).

e) Developing and maintaining the Bank's risk grading in order to categories exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The responsibility for setting risk grades lies with the final approving executive/committee as appropriate. Risk grades are subject to regular reviews by Credit Facility Department, Branches and Risk Management Department.

f) Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports are provided to the Regional Credit Facility Committee on the credit quality of local portfolios and appropriate corrective action is taken.

g) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Branches in the management of credit risk.

Policies relating to credit are reviewed and approved by the Regional Credit Facility Committee. All credit lines are approved centrally for the Bank in accordance with the credit policy set out in the Credit Policy Manual. In addition, whenever possible, loans are secured by acceptable forms of collateral in order to mitigate credit risk.

The Bank further limits risk through diversification of assets by geography and industry sectors.

All credit facilities are administered and monitored by the Credit Facility Department. Periodic reviews are conducted by the Credit Officer and also by Credit Facility Department.

Cross border exposure and financial institutions exposure limits for money market and treasury activities are approved as per guidelines established by the Regional Credit Facility Committee and are monitored by the Risk Management Department.

Commercial/institutional lending

All credit applications for commercial and institutional lending are subject to the Bank's regional credit policies and to regulatory requirements, as applicable from time to time.

All credit lines or facilities extended by the Bank are made subject to prior approval pursuant to a delegated signature authority system under the ultimate authority of the Credit Facility Committee or the Regional Manager.

The management of the Bank has established country limits for cross border risk. Individual country limits are defined based on a detailed credit policy defining acceptable country credit risk exposure and evaluating and controlling cross border risk. These limits are regularly reviewed by the Bank's regional credit risk management and periodically by the Credit Facility Committee.

Retail lending

Each retail credit application is considered for approval according to a product program, which is devised in accordance with guidelines set out in the product policy approved by the Regional Credit Facility Committee. All approval authorities are delegated to the Credit Facility Committee by the Regional Manager. Different authority levels are specified for approving product programs and exceptions thereto, and individual loans/credits under product programs. Each product program contains detailed credit criteria (such as salary multiples, bank statement, age, residency, etc.) and regulatory, compliance and documentation requirements, as well as other operating requirements.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements

The table below shows the maximum exposure to credit risk for the components of the statement of financial position, including derivatives. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting and collateral agreements and provisions held in the books.

	Notes	Gross maximum exposure	
		31.12.2025	31.12.2024
		AED'000	AED'000
Balances with the Central Bank of the UAE	4	1,431,552	1,159,314
Due from Head Office and its branches abroad	5.1	239,381	223,096
Due from other banks	6.1	1,004,911	958,060
Loans and advances to customers	8	8,785,013	10,104,977
Other assets - net	9	36,302	39,196
		11,497,159	12,484,643
Contingency liabilities	27	17,422	41,410
		11,514,581	12,526,053

Concentration of risk by geographical region and by industry sector:

	Gross maximum exposure	
	31.12.2025	31.12.2024
Geographic regions	AED'000	AED'000
Middle east	10,059,670	11,100,547
Iran	1,450,170	1,395,200
OECD countries	4,741	30,306
	11,514,581	12,526,053

	Gross maximum exposure	
	31.12.2025	31.12.2024
	AED'000	AED'000
Industry sector		
Wholesale and retail trade	6,721,815	8,065,177
Construction	358,490	352,770
Mining and quarrying	170,317	169,894
Services	806,403	825,794
Personal loans	45,070	40,326
Manufacturing	638,861	596,701
Transport and communication	7,037	6,841
Financial institutions	37,020	47,474
	8,785,013	10,104,977

Model risk management

The Bank uses a number of quantitative models in many of its financial and business activities from underwriting a credit facility to reporting expected credit losses under the IFRS 9.

To manage the model risks, the Bank has developed and implemented Business Model Framework which contains Bank wide development, implementation and validation policies and practices. According to the framework, all internally or externally developed risk quantification models that directly affect the financial reporting on expected credit losses require validation periodically (internally or externally). BSI IFRS 9 Committee is responsible for overseeing all model related development, implementation of framework and performance of the models.

The Framework establishes a systematic approach to manage the development, implementation, approval, validation and ongoing use of models. It sets out an effective governance and management structure with clearly defined roles and responsibilities, policies and controls for managing model risk. The Framework is reviewed on a regular basis to ensure it meets regulatory standards and international practices. Any major change to the Framework is approved by the Regional Credit Committee and Risk Policy Committee upon recommendation of BSI IFRS 9 Committee.

Maximum exposure to credit risk - Financial instruments subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets (excluding cash in hand) below also represents the Bank's maximum exposure to credit risk on these assets.

As at 31 December 2025

	Stage 1 12 months AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Cash and bank balances with the Central Bank of the UAE	1,431,552	-	-	1,431,552
Due from Head Office and its branches abroad	213,407	25,974	-	239,381
Due from other banks	1,004,911	-	-	1,004,911
Loans and advances to customers	1,337,393	13,132	7,434,488	8,785,013
Other assets (net)	3,945	32,176	182	36,303
Gross financial instrument carried at amortised costs	**3,991,208**	**71,282**	**7,434,670**	**11,497,160**

As at 31 December 2024

	Stage 1 12 months AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Cash and bank balances with the Central Bank of the UAE	1,201,814	-	-	1,201,814
Due from Head Office and its branches abroad	197,220	25,876	-	223,096
Due from other banks	958,060	-	-	958,060
Loans and advances to customers	616,711	1,708	9,486,558	10,104,977
Other assets (net)	1,447	32,176	5,573	39,196
Gross financial instrument carried at amortised costs	**2,975,252**	**59,760**	**9,492,131**	**12,527,143**

The movement of gross exposure is as follows:

As at 31 December 2025

	Stage 1 12 months AED'000	Stage 2 Lifetime AED'000	Stage 3 Lifetime AED'000	Total AED'000
Balance as at 1 January 2023	**2,159,138**	**35,667**	**10,630,664**	**12,825,469**
Other movements within the same stage	433,438	2,515	(906,173)	(470,220)
Balance as at 31 December 2023	**2,592,576**	**38,182**	**9,724,491**	**12,355,249**
Other movements within the same stage	382,676	21,578	(232,360)	171,894
Balance as at 31 December 2024	**2,975,252**	**59,760**	**9,492,131**	**12,527,143**
Other movements within the same stage	1,015,956	11,522	(2,057,461)	(1,029,983)
Balance as at 31 December 2025	**3,991,208**	**71,282**	**7,434,670**	**11,497,160**

It is the policy of the Bank to maintain accurate and latest risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk.

Ageing analysis of stage 2 investing and financing assets per class of financial assets is as under:

As at 31 December 2025

	1 month AED'000	1 month to 3 months AED'000	More than 3 months AED'000	Total AED'000
Due from Head Office and its branches abroad	-	-	25,974	25,974
Loans and advances to customers	-	-	13,132	13,132
Other assets (net)	-	-	32,176	32,176
	-	-	71,282	71,282

As at 31 December 2024

	1 month AED'000	1 month to 3 months AED'000	More than 3 months AED'000	Total AED'000
Due from Head Office and its branches abroad	-	-	25,876	25,876
Loans and advances to customers	-	-	1,708	1,708
Other assets (net)	-	-	32,176	32,176
	-	-	59,760	59,760

It is the policy of the Bank to maintain accurate and latest risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk.

Ageing analysis of stage 2 investing and financing assets per class of financial assets is as under:

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The credit manual contains guidelines regarding the acceptability of types of collateral and valuation parameters. The main types of collateral obtained are cash, securities, charges over real estate properties, inventory, trade receivables and guarantees - both corporate and personal.

The Regional Credit Committee monitors the market value of collateral, if needed in accordance with the underlying agreement. The estimates of fair values are generally not updated except when a loan is individually assessed or impaired. Collaterals are usually not held against amounts advanced to banks.

It is the policy of the Bank to dispose off repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

Collateral and other credit enhancements – mortgages (geographic concentration)

The Bank's mortgage portfolio is primarily secured by real estate collateral. Collateral is valued based on appraisals and is subject to periodic review. In determining expected credit losses, the Bank considers the nature, location and enforceability of collateral, including expected time-to-realise, recovery costs and appropriate haircuts/discounts.

As at 31 December 2025, approximately 70% (2024: 92%) of the Bank's mortgage collateral, based on appraised collateral value, is located in Iran. Collateral realisation is typically effected through sale in Iran, with proceeds routed via Head Office to the UAE. The realisation and transfer of proceeds may be subject to sanctions-related and other operational restrictions, which may increase uncertainty over the timing and amount of recoveries. Management has reflected these factors in the Bank's impairment assessment through the assumptions applied in estimating recoverable amounts (including expected time-to-realise, recovery costs and discounts/haircuts), as applicable.

Credit review procedures and loan classification

The Internal Audit Department of the Bank undertakes an independent quality evaluation on a regular basis in conformity with the guidelines of the Central Bank of the UAE ("CBUAE") and internal policies in order to assist in the early identification of accrual and potential performance problems.

If a credit is overdue for 90 days or more, interest is suspended and is not credited to income. Specific allowance for impairment of classified assets is made based on probable recoverability of outstanding and risk ratings of the assets.

Internal risk rating

The Bank uses specific internal credit risk rating models tailored to various industry segments / counterparty. Borrower and loan specific information collected at the time of application (such as financial condition, level of collaterals, condition of the market and business segment of customer, reputation of the customer and its owners, management and conduct of accounts) is fed into this rating model. This is supplemented with external data input into the model.

These risk rating have been mapped into ECL Stages which are defined below:

Stage	**Grade**
Stage 1	Aa+, Ab+, Ac+, Ba+, Bb+, Bc+, Ca+, Cb+, Cc+
Stage 2	Aa, Ab, Ac, Ba, Bb, Bc, Ca, Cb, Cc
Stage 3	Aa-, Ab-, Ac-, Ba-, Bb-, Bc-, Ca-, Cb-, Cc-

The grades above are defined as a combination of component of grades derived from various ranges allo

Stage	**Grade**
Stage 1	Aa+, Ab+, Ac+, Ba+, Bb+, Bc+, Ca+, Cb+, Cc+
Stage 2	Aa, Ab, Ac, Ba, Bb, Bc, Ca, Cb, Cc
Stage 3	Aa-, Ab-, Ac-, Ba-, Bb-, Bc-, Ca-, Cb-, Cc-

Group	**Component of grade**	**Range**
Capacity risk	A	65-100
	B	30-64
	C	0-29
Performance risk	a	65-100
	b	30-64
	c	0-29
Credit risk	-	0-29
	+	65-250
	< - >	30-64

Expected credit loss measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Expected credit loss measurement

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

Expected credit losses

The following table summarizes impairment allowance as at 31 December 2025 and 31 December 2024 per class of assets and stage:

31 December 2025

	Stage 1 12 month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loan and advances to customers	624,886	1,632	2,887,383	3,513,901
Export bill discounted for Iranian banks abroad	-	-	3,865	3,865
Other assets	-	-	182	182
Total allowance for impairment	624,886	1,632	2,891,430	3,517,948

31 December 2024

	Stage 1 12 month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Loan and advances to customers	194	2	3,295,420	3,295,616
Export bill discounted for Iranian banks abroad	-	-	3,865	3,865
Other assets	-	-	5,573	5,573
Total allowance for impairment	194	2	3,304,858	3,305,054

The movement of impairment allowance is as follows:

	Stage 1 12 month ECL AED'000	Stage 2 Lifetime ECL AED'000	Stage 3 Lifetime ECL AED'000	Total AED'000
Financial instruments carried at amortised costs				
Balance as at 1 January 2024	769	-	3,427,694	3,428,463
Transfer from Stage 1 to Stage 3	(769)	-	769	-
Other movements during the year	194	2	(123,605)	(123,409)
Balance as at 31 December 2024	**194**	**2**	**3,304,858**	**3,305,054**
Transfer from Stage 3 to Stage 1	624,692	-	(624,692)	-
Other movements during the year	-	1,630	211,264	212,894
Balance as at 31 December 2025	**624,886**	**1,632**	**2,891,430**	**3,517,948**

Impairment of financial assets

IFRS 9 replaces the IAS 39 'incurred loss' impairment approach with an 'expected credit loss' approach. IFRS 9 requires from the Banks to estimate Expected Credit Loss using the following three factors:

- Forward Looking PD
- Loss Given Default (LGD)
- Exposure at Default (EAD)

Final ECL was a mathematical product of Exposure at Default, Probability of Default & Loss Given Default. The expected credit loss model requires the Bank to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

IFRS 9 Impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

- ***Stage 1- (Performing Assets)***

Loans that are performing normally, with no significant credit deterioration. Expected Credit Loss (CEL) is measured over the next 12 months for all stage 1 financial assets that have not experienced a significant increase in credit risk (SICR) since their origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity. This Stage 1 approach is different than the current approach, which estimates a collective allowance to recognize losses that have been incurred but not reported on performing loans.

- ***Stage 2 - (Under Performing Assets)***

Loans that have seen a significant increase in credit risk but have not yet defaulted. The expected credit loss is calculated over the lifetime of the loan, and exposure will be considered in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months ECL in Stage 1.

- ***Stage 3 - (Non-Performing Assets)***

Financial assets that have objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime expected credit losses.

Stage Assessment

Staging assessment of the Bank Portfolio performed at the end of each reporting period. At the end of each reporting period, a list of the respective stage allocations for the loan book should be provided to the credit committee of the Bank for their review and financial assets to be allocated into the respective stage based on their respective risks of default and ECL is calculated accordingly:

Stage 1 – exposures which have not had a SICR (12 months ECL).

Stage 2 – exposures which have had a SICR but not considered credit-impaired (Lifetime ECL).

Stage 3 – exposures considered to be credit-impaired, including originated credit-impaired financial assets (Lifetime ECL).

A Risk Transition Matrix assesses the likelihood that a borrower will transition between different stages of credit quality over time. DPD (Days Past Due) bucketing categorizes exposures based on the length of time the borrower has been overdue in making payments. These exposures are considered in default when:

i) The borrower is 90 days past due (DPD 90+).

ii) The borrower is insolvent (unable to pay debts).

iii)The borrower is deceased.

iv)There's a breach of covenant (violation of the terms of the loan agreement).

These events indicate a significant deterioration in credit quality, so the exposure is transferred to Stage 3 (defaulted exposures)

Significant increase in credit risk

The Bank considers a financial asset to have experienced a significant increase in credit risk when a significant change in one year probability of default occurs between the origination date of a specific facility and the IFRS 9 ECL run date.

Quantitative criteria

If the borrower experiences a significant increase in probability of default which can be triggered by the following quantitative factors:

- Past Due
- Net Worth
- Erosion Fraudulent Activity
- Distressed Restructure
- Financial Covenants Breach
- Significant Operations Disruption
- Operating Performance
- Operating Efficiency Debt Service
- Debt Service
- Liquidity Assessment
- Capital structure

Qualitative criteria:

If the borrower experiences a significant increase in probability of default which can be triggered by the following qualitative factors:

- Management
- Industry Outlook
- Financial Conduct
- Income Stability
- Lifecycle Stage
- Auditor Information

The Bank has not used the low credit exemption for any financial instruments in the year ended 31 December 31, 2025.

Backstop:

If the borrower is more than 60 days past due on its contractual payments, a backstop is applied and the financial asset is considered to have experienced a significant increase in credit risk.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. In particular, when assessing expected credit losses, the analysis of macroeconomic and financial factors, expected risks and dynamics are taken into account i.e., the PD is predicted by using past event, current conditions and future outcomes. The Bank has performed historical analysis and identified the key economic variables such as GDP growth, unemployment, inflation, oil prices etc., impacting credit risk and expected credit losses for each portfolio. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the reissued financial statements. To reflect this, qualitative adjustments or overlays are made as systematic adjustment using expert credit judgment on the basis of information available from credible sources.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Bank considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Bank's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Off balance sheet

The Bank applies the same risk management policies for off balance sheet risks as it does for its on balance sheet risks. In the case of commitments to lend, customers and counterparties will be subject to the same credit management policies as for loans and advances. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

ii) Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities at a given point in time.

Management of liquidity risk

The approach of the Bank towards managing the liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. without incurring unacceptable losses or risking damage to the reputation of the Bank.

Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of loans and advances to banks and other inter-bank facilities. to ensure that sufficient liquidity is maintained within the Bank as a whole. The liquidityrequirements of business units and branches are met through short-term loans from Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

Assets Liability Committee (ALCO)

ALCO has a broad range of authority delegated by the Regional Manager to manage the asset and liability structure and funding strategy of the Bank. ALCO meets on a quarterly basis or more often as circumstances dictate to review liquidity ratios, asset and liability structure, interest rates and foreign exchange exposures, internal and statutory ratio requirements, funding gaps and general domestic and international economic and financial market conditions. ALCO formulates liquidity risk management guidelines for the operation of the Bank on the basis of such review.

Exposure at liquidity risk

The key measure used by the Head of Risk, Head of Accounts and the Head of Dealing Department for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents less any deposits from banks, other borrowings and commitments maturing within the next month. A similar, but not identical, calculation is used to measure the compliance by the Bank with the liquidity limit established by the regional management.

The other indicators closely monitored on regular basis are Advances to Deposit Ratio, Uses to stable resources ratio. For all the measures, benchmarks are set and same are reviewed by ALCO on a regular basis.

Mitigating liquidity risk

The Treasury and Marketing of the Bank is responsible for mitigating liquidity risk by implementing liquidity strategies such as diversification of types of investors/depositors Including wholesale customers and trading companies. Further, the Bank enters into exposure with other Iranian Banks under refinancing facilities which are backed by the Central Bank of Iran. The Bank closely monitors the global view in respect of sanctions levied by the UN and has developed strategies and business continuity plans that should ensure that the business and liquidity of the Bank are not at risk. The Treasury regularly monitors the liquidity status of the Bank.

Analysis of financial liabilities by remaining contractual maturities

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

Financial liabilities	On demand AED'000	Less than 3 months AED'000	3 months to 1 year AED'000	1 year up to 5 years AED'000	Over 5 years AED'000	Total AED'000
Balance as at 31 December 2025						
Due to others banks	813,733	234,115	402,603	-	-	**1,450,451**
Deposits from customers	249,995	294,630	1,375,584	1,470	-	**1,921,679**
Due to Head Office and its branches abroad	365,882	191,998	69,101	-	-	**626,981**
Other liabilities (total)	14,498	8,434	13,961	111	19,440	**56,444**
Total undiscounted financial liabilities	**1,444,108**	**729,177**	**1,861,249**	**1,581**	**19,440**	**4,055,555**

Financial liabilities	On demand AED'000	Less than 3 months AED'000	3 months to 1 year AED'000	1 year up to 5 years AED'000	Over 5 years AED'000	Total AED'000
Balance as at 31 December 2024						
Due to others banks	803,237	211,477	282,706	-	-	**1,297,420**
Deposits from customers	329,679	490,053	1,492,710	-	-	**2,312,442**
Due to Head Office and its branches abroad	428,378	199,710	69,101	-	-	**697,189**
Other liabilities (total)	17,046	16,770	18,045	154	22,157	**74,172**
Total undiscounted financial liabilities	**1,578,340**	**918,010**	**1,862,562**	**154**	**22,157**	**4,381,223**

iii) Market risk management

Market risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

Market risk is managed within the risk limits approved by the Regional Committee. The overall risk limits are divided into sub-limits by reference to different risk factors, including interest rate, foreign exchange rate, commodity price and equity price. Considering the different nature of the products involved, limits are set by using a combination of risk measurement techniques, including position limits and sensitivity limits.

The Bank uses different methodologies to estimate the potential losses that could occur on risk positions taken due to movements in interest rates, foreign exchange rates, commodity prices and equity prices over a specified time horizon and to a given level of confidence.

Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments and the Bank's earnings. The Bank is exposed to interest rate risk primarily as a result of mismatches or gaps between interest-earning assets and interest-bearing liabilities. Most of the Bank's interest-bearing assets and liabilities carry fixed rates; accordingly, management considers the Bank's exposure to interest rate risk to be limited. For the current year, the sensitivity analysis has been determined based on the net exposure of interest-bearing financial assets and liabilities recognised at the reporting date.

The effective interest rate on loans and advances was 7% per annum (2024: 7% per annum), on customer deposits 3.11% per annum (2024: 4.22% per annum) and on bank borrowings 0.72% per annum (2024: 0.67% per annum).

If interest rates had been 50 basis points lower throughout the year and all other variables were held constant, the Bank's loss for the year ended 31 December 2025 would have decreased by approximately AED 4.07 million (2024: AED 20.14 million).

Foreign currency risk

Foreign currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Regional Manager has set limits on positions by currencies, which are monitored daily, and hedging strategies are also used to ensure that positions are maintained within the limits.

The assets of the Bank are typically funded in the same currency as that of the business transacted in order to minimize foreign exchange exposure. However, the Bank does maintain a long US Dollar position within limits approved by the Assets and Liabilities Committee (ALCO). The Bank manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Regional Manager sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. At the end of the year, the Bank had the following significant net exposure denominated in foreign currencies:

	Net overall long/(short) position	
	31.12.2025	31.12.2024
	AED'000	AED'000
USD	**849,284**	825,472
Euro	**3,549**	184
Pound Sterling	**4,070**	3,784
Other currencies	**(2,227)**	(7,934)
	854,676	821,506

The analysis below calculates the effect of a 10 percent possible downward movement in a particular foreign currency rate against UAE Dirham, with all other variables held constant on the profit and loss (due to the fair value of currency sensitive monetary assets and liabilities). A negative amount in the table reflects a potential net reduction in statement of profit or loss and other comprehensive income, while a positive amount reflects a potential net increase.

	31.12.2025	31.12.2024
	AED'000	AED'000
Euro	**355**	18
Pound Sterling	**407**	378
Other currencies	**(223)**	(793)
	539	(397)

As the UAE Dirham is currently pegged to the US Dollar, balances in US Dollar are not considered to represent any currency risk. Accordingly, the above table does not include the impact of changes in the foreign exchange rate of the US Dollar.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factor specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

iv) Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. The Bank aims to manage this risk in line with best practices and in the preparation for the implementation of Basel III.

The Bank manages operational risk by identifying, assessing, monitoring, controlling and mitigating the risks, and review the risks Inherent in business processes, activities and products through internal consultation. The business processes of the Bank are developed to prevent money laundering or financing terrorist activities. The anti-money laundering policies of the Bank are regularly reviewed to ensure full compliance with local regulatory requirements and international best practices. As part of operational risk management strategy, the Bank has complied with the notices and circulars issued by the Central Bank of the UAE ("CBUAE") in relation to the UN sanctions and stopped dealing with all parties detailed in the sanctions list.

The Bank regularly monitors operational risk losses and reports the same to the senior management. As part of the internal control environment, the Bank maintains adequate documentation of control procedures for its business processes. The Bank also emphasises the need for appropriate segregation of duties and independent authorisation in all business activities.

The Business Continuity Plan is in place to support business operations in the event of disasters. Adequate backup facilities are maintained and periodic drills are conducted. In addition, the Bank also arrange insurance cover to reduce potential losses in respect of operational risk.

33. Dormant accounts and unclaimed balances

Included within customers' current and savings accounts are balances classified by the Bank as dormant amounting to AED 18.5 million as at 31 December 2025 (31 December 2024: AED 25.5 million). During the year, the Bank completed the transfer of the major portion of dormant/unclaimed balances to the relevant unclaimed balances account in accordance with applicable CBUAE requirements, and the remaining balance is pending completion of internal reconciliation and administrative processing. The Bank continues to maintain appropriate records and monitoring over dormant accounts and unclaimed balances.

34. Capital management

The Branch's regulator, the Central Bank of the UAE ("CBUAE"), sets and monitors regulatory capital requirements. The Branch's objectives when managing capital are as follows:

(1) Safeguarding the Branch's ability to continue as a going concern and increase return for stakeholders; and

(2) Comply with regulatory capital set by the Central Bank of the UAE ("CBUAE").

Regulatory capital

The Central Bank of the UAE ("CBUAE") sets and monitors capital requirements for banks and branches of foreign-owned banks operating in the United Arab Emirates.

Basel III capital ratio

The Bank calculates its Capital Adequacy Ratio in line with the Basel III guidelines issued by the Central Bank of the UAE.

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

• To comply with the capital requirements set by the Central Bank of the UAE ("CBUAE");

• To safeguard the Bank's ability to continue as a going concern and increase the returns for the shareholders; and

• To maintain a strong capital base to support the development of its business.

The Bank's regulatory capital is analysed into two tiers:

• Tier 1 capital, which includes share capital, reserves, retained earnings and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy calculation purposes.

• Tier 2 capital, which includes collective impairment allowance and fair value reserves relating to unrealised gains/losses on investments classified as available for sale.

Various limits are applied to elements of the capital base:

- CET1 must be at least 7.0% of risk weighted assets (RWA);
- Tier 1 Capital must be at least 8.5% of risk weighted assets;
- Total Capital, calculated as the sum of Tier 1 and Tier 2 Capital, must be at least 10.5% of RWAs.

The additional capital buffers (Capital Conservation Buffer (CCB) and Countercyclical Capital Buffer (CCyB) - maximum up to 2.5% for each buffer) were introduced under Basel III regulations are over and above the minimum CET1 requirement of 7%.

The Bank has complied with all externally imposed capital requirements throughout the year. The assets of the Bank are risk weighted as to their relative credit, market, and operational risk. Credit risk includes both on and off-balance sheet risks. Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes interest rate risk, foreign exchange risk, equity exposure risk, and commodity risk. Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events.

The Bank follows the standardised approach for credit/market and basic indicator for operational risk, as permitted by the Central Bank of the UAE ("CBUAE") and as per Pillar 1 of Basel III.

The regulatory capital position of the Bank at the year-end under Basel III is as follows:

	31.12.2025	31.12.2024
	AED'000	AED'000
Capital Base		
Share capital	**2,350,000**	2,350,000
Statutory reserve	**538,287**	538,287
Accumulated deficit	**(1,210,526)**	(979,382)
CET 1 Capital before regulatory deduction	**1,677,761**	1,908,905
Less: Regulatory deductions (DTA)	**(1,305,757)**	(1,363,926)
Total Tier 1 Capital	**372,004**	544,979
Tier 2 Capital		
General provisions	**34,364**	45,261
Total Tier 2 Capital	**34,364**	45,261
Total Eligible Capital	**406,368**	590,240

Capital Adequacy Ratio (CAR) under Basel III in accordance with regulations of the Central Bank of the U.A.E. is as follows:

	31.12.2025	31.12.2024
	AED'000	AED'000
Total capital base	**406,368**	590,240
Risk-weighted assets		
Credit risk	**2,749,126**	3,620,885
Operational risk	**75,554**	25,347
Market risk	**15,607**	10,238
Total risk weighted assets (RWA)	**2,840,287**	3,656,470
Tier 1 capital ratio	**13.10%**	14.90%
Tier 2 capital ratio	**1.21%**	1.24%
Capital adequacy ratio	**14.31%**	16.14%

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation, by Risk and Credit Facility Department, and is subject to review by ALCO as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the longer term strategic objectives of the Bank. The policies of the Bank in respect of capital management and allocation are reviewed regularly.

Bank Saderat Iran

United Arab Emirates Branches

Notes to the reissued financial statements for the year ending 31 December 2025 *(continued)*

35. Assets and liabilities re-pricing profile

Assets and liabilities re-pricing profile has been determined on the basis of the final maturity period or interest re-pricing periods, at the reporting date, whichever is earlier.

31 December 2025

	Less than 3 months AED '000	3 months to 1 year AED '000	Over 1 year AED '000	Non-interest AED '000	Total AED '000
Assets:					
Cash and balances with the Central Bank of the UAE	-	-	-	1,431,552	1,431,552
Due from Head Office and its branches abroad	203,511	-	-	35,870	239,381
Due from other banks	721,883	277,590	-	5,438	1,004,911
Export bills discounted for Iranian banks abroad	-	-	-	-	-
Loans and advances to customers	1,258,005	21,416	424,851	-	1,704,272
Other assets	-	-	-	1,345,932	1,345,932
Property and equipment	-	-	-	13,327	13,327
Right of use assets	-	-	-	20,173	20,173
Total Assets	**2,183,399**	**299,006**	**424,851**	**2,852,292**	**5,759,548**
Liabilities:					
Due to other banks	234,115	402,563	-	813,773	1,450,451
Deposits from customers	294,630	1,375,584	1,470	249,995	1,921,679
Due to Head Office and its branches abroad	191,998	69,102	-	365,881	626,981
Other liabilities (total)	8,434	13,961	111	60,170	82,676
Total Liabilities	**729,177**	**1,861,210**	**1,581**	**1,489,819**	**4,081,787**
Represented by:					
Share capital					2,350,000
Statutory reserve					538,287
Impairment reserve					66,907
Accumulated deficit					(1,277,433)
Total equity					**1,677,761**

Bank Saderat Iran

United Arab Emirates Branches

Notes to the reissued financial statements for the year ending 31 December 2025 *(continued)*

31 December 2024

	Less than 3 months AED '000	3 months to 1 year AED '000	Over 1 year AED '000	Non-interest AED '000	Total AED '000
Assets:					
Cash and balances with the Central Bank of the UAE	1,201,814	-	-	-	1,201,814
Due from Head Office and its branches abroad	223,096	-	-	-	223,096
Due from other banks	958,060	-	-	-	958,060
Loans and advances to customers	668,989	8,081	1,899,020	-	2,576,090
Other assets	-	-	1,400,315	-	1,400,315
Property and equipment	-	-	-	15,700	15,700
Right of use assets	-	-	-	23,411	23,411
Total Assets	**3,051,959**	**8,081**	**3,299,335**	**39,111**	**6,398,486**
Liabilities:					
Due to other banks	1,014,714	282,706	-	-	1,297,420
Deposits from customers	819,732	1,485,689	7,021	-	2,312,442
Due to Head Office and its branches abroad	628,088	69,101	-	-	697,189
Other liabilities (total)	8,364	18,045	154	89,060	115,623
Total Liabilities	**2,470,898**	**1,855,541**	**7,175**	**89,060**	**4,422,674**
Represented by:					
Share capital					2,350,000
Statutory reserve					538,287
Impairment reserve					66,907
Accumulated deficit					(979,382)
Toat equity					**1,975,812**

36. Sanctions, regulatory restrictions and subsequent geopolitical developments

36.1 Sanctions and regulatory restrictions

The Bank operates under a complex regulatory environment influenced by international sanctions and restrictions applicable to Iran and certain Iranian financial institutions, including restrictions imposed or administered by, among others, the United Nations Security Council, the United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"), the European Union and other relevant authorities.

In Resolution No. 1803, dated 3 March 2008, the United Nations Security Council called on member states to exercise vigilance over the activities of financial institutions domiciled in Iran, including Bank Saderat Iran and its overseas branches. The Bank continues to comply with the notices, requirements and directions issued by the Central Bank of the UAE and other relevant competent authorities in this regard.

The Bank has also been subject to long-standing restrictions imposed by the United States Department of the Treasury through OFAC. Bank Saderat Iran was designated pursuant to Executive Order 13224 and remains listed on OFAC's Specially Designated Nationals and Blocked Persons List. These measures restrict U.S. persons from transacting with Bank Saderat Iran and its overseas branches and may also create secondary sanctions risks for non-U.S. persons engaging in certain dealings with Bank Saderat Iran and its branches.

Further, the European Union has imposed and maintained restrictive measures relating to Iran, including measures affecting certain Iranian financial institutions. Council Decision 2012/152/CFSP and related EU measures affected the provision of specialised financial messaging services to sanctioned Iranian banks. In addition, Council Regulation (EU) 2025/1975, dated 29 September 2025, amended Council Regulation (EU) No. 267/2012 concerning restrictive measures against Iran. These measures include restrictions affecting listed Iranian financial institutions, including asset-freezing measures, prohibitions on making funds or economic resources available to listed parties, and restrictions affecting certain financial services, correspondent banking relationships, cross-border payments and related financial instruments.

As a result of these sanctions and related restrictions, Bank Saderat Iran and its overseas branches do not have access to the SWIFT network and certain other major global financial messaging systems. Despite the inability to access SWIFT and certain other global financial platforms, the Bank utilises alternative communication and settlement arrangements in compliance with applicable laws and regulations. The Bank maintains operational liquidity and processes local and regional transactions through established internal systems and arrangements with financial institutions operating under permitted frameworks.

The Bank continues to conduct its operations in the United Arab Emirates within the applicable legal and regulatory framework and in accordance with the requirements of the Central Bank of the UAE and other relevant competent authorities. Management continues to monitor sanctions developments, targeted financial sanctions requirements, customer and transaction screening obligations, correspondent banking restrictions, cross-border settlement restrictions and other compliance requirements relevant to the Bank's operations.

36.2 Subsequent geopolitical developments and going concern assessment

Subsequent to 31 December 2025 and up to the date of approval of these reissued financial statements, geopolitical tensions involving Iran and the wider Middle East region escalated, including military conflict, disruption to regional trade and financial markets, and uncertainty affecting shipping, settlement and financial channels. In June 2026, an interim ceasefire and memorandum of understanding between the United States and Iran was announced. However, the implementation of the arrangement, the final settlement terms, the extent and timing of any sanctions relief, and the wider regional impact remain subject to uncertainty.

Management has assessed these developments up to the date of approval of these reissued financial statements. These events occurred after the reporting date and have been treated as non-adjusting subsequent events. Based on information available as at the date of approval of these reissued financial statements, management has not identified any adjustment required to the carrying amounts of assets and liabilities as at 31 December 2025.

Management has undertaken a detailed assessment of the impact of the above sanctions, restrictions and subsequent geopolitical developments on the Bank's ability to continue as a going concern. Based on this assessment, management is of the view that the Bank has adequate resources to continue its operations for the foreseeable future, continues to maintain operational liquidity and alternative settlement arrangements within permitted frameworks, and continues to comply with applicable Central Bank of the UAE requirements and other relevant regulatory obligations.

Management continues to monitor the potential impact of sanctions, regulatory restrictions and geopolitical developments on liquidity, credit risk, recoverability of loans and advances, valuation and enforceability of collateral, settlement arrangements, sanctions compliance, regulatory compliance and going concern.

Due to the evolving nature of these matters, management is unable to reliably estimate the future financial effect, if any, on the Bank's operations, financial position or cash flows. Based on management's assessment, the use of the going concern basis of accounting remains appropriate. These reissued financial statements do not include any adjustments that may arise from future sanctions, enforcement actions, geopolitical developments, changes in regulatory restrictions or changes in the Bank's operating environment.

37. Comparative figures

Certain prior year figures have been regrouped to confirm with the presentation of the current year reissued financial statements.

38. Reissuance of Financial Statements

These financial statements have been revised and reissued and supersede the financial statements for the year ended 31 December 2025 previously approved on 25 February 2026.

Subsequent to the issuance of the previously approved financial statements, management reassessed certain balances and estimates following supervisory review observations relating to the Bank's credit portfolio. The reassessment primarily related to the expected credit loss allowance on loans and advances, including staging, recoverability, collateral valuation, collateral haircuts, enforceability and the expected timing of recoveries.

As a result of the reassessment, the Bank recognised additional expected credit loss allowances on loans and advances amounting to AED 450 million. Management also reassessed certain long outstanding balances previously included within Other liabilities (Note 15) and concluded that no present obligation existed in respect of balances amounting to AED 2.64 million. Accordingly, those balances were derecognised and recognised within Other income (Note 22). In addition, management reassessed the related tax balances following the revised loss position, resulting in the reversal of previously recognised corporate tax provision amounting to AED 18 million (Note 14).

The above adjustments have been incorporated into the Bank's accounting records and are reflected in these reissued financial statements as at and for the year ended 31 December 2025.

The reissuance has been limited to the matters described in this note and the related consequential amendments to the financial statements and disclosures. Balances, transactions and disclosures not affected by these matters have not been otherwise revised.