

**INVEST BANK P.S.C.**

**Consolidated Financial Statements  
for the year ended 31 December 2025**

The audited consolidated financial statements are subject to approval by CBUAE and Shareholders at the Annual General Meeting

**Registered office**  
Al Zahra Street  
P O Box 1885 - Sharjah  
United Arab Emirates

## INVEST BANK P.S.C.

### CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2025

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## Board of Directors' report to the Shareholders

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Directors' Report and audited consolidated financial statements as at and for the year ended 31 December 2025 of the Invest Bank P.S.C. ("Invest Bank" or "the Bank"), encapsulating our financial performance, operational achievements and strategic initiatives for the fiscal year ended 31 December 2025.

After a period of persistent challenges, during which the Group experienced significant financial losses, we are proud to share that the Bank has achieved a meaningful turnaround and recorded a positive net profit of AED 161 million in 2025 after 8 years.

This transition reflects the effectiveness of our redefined strategic initiatives, operational improvements, and disciplined financial management, which collectively enhanced efficiency, strengthened revenue generation and costs optimization. The Board acknowledges the dedication and innovation of our management team and employees, whose commitment has been instrumental in this transformational journey.

The financial year under review not only marks the return to profitability but also sets a solid foundation for sustainable growth and value creation. This report outlines the Group's financial performance, key operational milestones, strategic initiatives undertaken, and risk mitigation measures implemented, providing a comprehensive view of both our achievements and the forward-looking strategies designed to secure continued success.

The Group's operating income increased by 105.6% reaching AED 435 million compared to AED 211 million during year ended 2024, primarily due to higher net interest income, fee and commission income and gains on disposal of repossessed properties. Further, robust recovery strategies yielded positive results, and the Group recorded net recoveries of AED 91 million as compared to impairment charge of AED 120 million in 2024.

The Bank's total assets reached AED 14.2 billion, with net loans and advances of AED 7.2 billion (up by 51% vs. 2024) and deposits of AED 11.3 billion (up by 30% vs. 2024). Shareholders' equity was AED 1.6 billion as at the year ended 31 December 2025.

The Group continues to maintain strong liquidity as its ELAR stands at 20.7% well above the regulatory requirement of 10.0% and ASRR stands at 75.4%. This is a testament of the Group's ability to meet obligations without dampening its liquidity and hindering business. The Group's Capital Adequacy stands at a healthy 20.2% which translates into a solid base to build and grow further.

The Board acknowledges the contributions of our employees, whose dedication has been instrumental in achieving operational and strategic milestones. The Group continues to invest in talent through conducting various training programs both internally and externally, partnering with Emirates Institute of Finance for learning and development, further strengthened its diversity initiatives across departments, and recognized talent through performance-based rewards.

The Group has embarked on a three-year strategic journey “MYDAF” establishing a clear roadmap for accelerated growth across our core businesses to create significant value for shareholders, while maintaining high-quality and sustainable earnings as well as driving improved efficiency through digitization. The Board remains confident in the Group’s strategy and is committed to delivering sustainable growth and deliver long-term value for our shareholders.

This report not only reflects the Bank’s financial performance and operational achievements but also emphasizes our strategic commitment to harnessing technology as a core driver of growth, innovation, and value creation. In a climate characterized by rapid digital transformation and evolving industry dynamics, the Group has prioritized the integration of advanced technologies across all levels of our operations. This approach enables us to enhance efficiency, strengthen cybersecurity, optimize data-driven decision-making, and innovate our products and services offering in ways that meaningfully impact our customers, employees, and stakeholders.

The Bank has invested prudently in digital transformation to propel customer growth and efficient service delivery, while enhancing its offering across all lines of business. During this year, the Bank has launched the mobile banking application (DigiBank App): enrolled Aani, UAE’s instant payment platform launched and regulated by the Central Bank of the UAE.

In 2025, the Bank continued to drive positive change by supporting communities in need and fostering meaningful partnerships. The Bank conducted blood donation drive, participated in Sharjah International Book Fair and launched children’s story book on financial literacy to help shaping young minds and build better money habits for the future generation, sponsored Sharjah Investment Forum, conducted Ethraa Career Fair, etc. reflecting the Bank’s commitment to supporting initiatives that promote economic growth and sustainability goals.

I would also like to take this opportunity to proudly announce that Invest Bank has received formal approval from the Central Bank of the UAE to launch its Islamic Banking Window, a defining milestone that positions us to serve customers through Sharia-compliant financial solutions.

Personally, and on behalf of the entire Board, I would like to express our sincere gratitude and appreciation to His Highness Sheikh Dr. Sultan bin Mohammed Al Qasimi, Member of the Supreme Council and Ruler of Sharjah for his continuous guidance and support to our bank during challenging phase and in this new era of growth and sustainability. I also extend our sincere appreciation to the Chairman of the UAE Central Bank for his steadfast guidance, regulatory oversight, and continued support.

We thank our management team and employees for their contributions and our shareholders for their continued trust and support. We live by our values, which is to serve with integrity, passion, innovation, simplicity and a strong spirit of teamwork.

Sheikh Sultan Bin Ahmed Bin Sultan Al Qasimi  
Chairman



# Independent auditor's report

To the Shareholders of Invest bank P.S.C.

## Report on the audit of the consolidated financial statements

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### Our opinion

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

### What we have audited

The Group's consolidated financial statements comprise:

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

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## Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

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### Basis for opinion

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

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

### Independence

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

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### Emphases of matter

We draw attention to the following matters:

- 1) Note 2 (a) to the consolidated financial statements which states that the Group has a reimbursement asset of AED 1.5 billion as at 31 December 2025. The realizability of this asset is dependent on the ability of the Group to satisfactorily comply with the eligibility criteria as set out in note 2 (a) to enable it to establish an unconditional contractual right to receive amounts due under the reimbursement asset from the Government of Sharjah ("GoS" or the "Guarantor") in accordance with the guarantee agreement entered into with the GoS.



## Independent auditor’s report (continued)

To the Shareholders of Invest bank P.S.C.

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### Emphases of matter (continued)

- 2) Note 2 (b) to the consolidated financial statements which states that the Group continues to focus on a number of initiatives to manage its liquidity and financing requirements in addition to the support provided by the Central Bank of the United Arab Emirates and the GoS.

Our opinion is not modified in respect of these matters.

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### Our audit approach

#### Overview

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

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



## Independent auditor’s report (continued)

To the Shareholders of Invest bank P.S.C.

### Our audit approach (continued)

#### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<b>Measurement of Expected Credit Losses (“ECL”) on Loans and advances to customers</b>	
<p>The Group recognises a provision for ECL on all financial assets including loans and advances to customers.</p> <p>The ECL release for the year ended 31 December 2025 for loans and advances to customers amounted to AED 35.1 million (including recoveries) and the allowance for ECL as at that date amounted to AED 6.7 billion.</p>	<p>We performed the following audit procedures on computation and reasonableness of the ECL provision included in the Group’s consolidated financial statements for the year ended 31 December 2025.</p> <p>We tested on a sample basis the completeness and accuracy of the data used in the calculation of ECL provision. For a sample of exposures, we checked the appropriateness of the Group’s application of the staging criteria, including the basis for movement between the stages.</p> <p>Evaluation of the appropriateness of the accounting policies adopted by the Group based on the requirements of IFRS 9.</p>



## Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

### Our audit approach (continued)

#### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>The Group exercises significant judgements and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default, forward looking adjustments and staging criteria for both funded and unfunded exposures subject to ECL. For defaulted exposures, the Group exercises judgements to estimate the expected future cashflows related to individual exposures, including the value of collateral.</p> <p>The Group's impairment policy under IFRS 9 Financial Instruments is presented in note 5(a)(ii) to the consolidated financial statements.</p> <p>We considered the estimation of ECL as a key audit matter in view of its materiality as well as the exercise of significant judgments, estimates and assumptions used in the estimation of ECL, including use of forward-looking macroeconomic data and complex models.</p>	<p>We involved our internal expert for the testing of the ECL model and, in particular, in the assessment of the following areas:</p> <ul style="list-style-type: none"><li>• Reasonableness and appropriateness of the methodology and assumptions used in the calculation of various components of ECL modelling including the computation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for the models selected for testing.</li><li>• Reasonableness of the key assumptions made in the models including assessment of default, Significant Increase in Credit Risk (SICR) and staging criteria and estimating macroeconomic scenarios.</li><li>• For a sample of customers, testing the mathematical accuracy and appropriateness of discounting used in the ECL calculation.</li></ul>



## Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

### Our audit approach (continued)

#### Key audit matters (continued)

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



## Independent auditor’s report (continued)

To the Shareholders of Invest bank P.S.C.

### Our audit approach (continued)

#### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Management’s assessment of the preparation of consolidated financial statements on a going concern basis</b></p> <p>Management and the Board of Directors have assessed the appropriateness of the going concern assumption as a basis for the preparation of the consolidated financial statements. In performing their assessment, management and the Board of Directors have considered the liquidity requirements of the Group, as well as the liquidity support available from the Central Bank of the UAE (‘CBUAE’).</p> <p>As a result of their assessment, which requires making significant assumptions and judgements, management and the Board of Directors have determined that it is appropriate for the consolidated financial statements to be prepared on a going concern basis.</p> <p>The going concern basis for the preparation of the consolidated financial statements is considered a key audit matter in view of the significant judgements exercised by management and the assumptions made by it in performing its going concern assessment for the Group. Refer to note 2 of the consolidated financial Statements.</p>	<p>We performed the following procedures in respect of the judgements exercised by the Group in performing its going concern assessment:</p> <p>Confirmed with the CBUAE their ongoing commitment to provide liquidity support for the Group, as necessary.</p> <p>Assessed the Group’s liquidity requirements, deposit concentration and projected deposit attrition.</p> <p>Reviewed the reasonableness of management’s assumptions and estimates included in the financial projections.</p> <p>Assessed the adequacy of the Group’s disclosures in note 2 on management’s assessment of the going concern as a basis for the preparation of the consolidated financial statements.</p>



## **Independent auditor's report (continued)**

To the Shareholders of Invest bank P.S.C.

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### **Other information**

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report and the Management Discussion and Analysis Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and 2025 Integrated report, which is expected to be made available to us after that date.

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

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

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

When we read the 2025 Integrated report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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



## **Independent auditor's report (continued)**

To the Shareholders of Invest bank P.S.C.

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### **Responsibilities of the Directors and those charged with governance for the consolidated financial statements (continued)**

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

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

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### **Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## **Independent auditor's report (continued)**

To the Shareholders of Invest bank P.S.C.

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

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



## **Independent auditor's report (continued)**

To the Shareholders of Invest bank P.S.C.

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

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

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

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

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### **Report on other legal and regulatory requirements**

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

- (i) we have obtained all the information we considered necessary for the purposes of our audit;
- (ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended;
- (iii) as disclosed in note 8.1 to the consolidated financial statements, the Group has not purchased or invested in any shares during the year ended 31 December 2025;



## Independent auditor's report (continued)

To the Shareholders of Invest bank P.S.C.

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### Report on other legal and regulatory requirements (continued)

- (iv) the Group has maintained proper books of account;
- (v) note 26 to the consolidated financial statements discloses material related party transactions, transactions with conflict of interest and the terms under which they were conducted;
- (vi) the financial information included in the Board of Directors' Report and the Management Discussion and Analysis Report is consistent with the books of account of the Group;
- (vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree-Law No. (32) of 2021, as amended, or in respect of the Group, its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2025; and
- (viii) note 33 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2025.

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

PricewaterhouseCoopers Limited Partnership Sharjah Branch

23 February 2026

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

## INVEST BANK P.S.C.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2025

		31 December 2025	31 December 2024	1 January 2024
	<i>Note</i>	AED'000	AED'000 Restated*	AED'000 Restated*
<b>Assets</b>				
Cash and balances with central banks	6	2,092,121	1,118,555	1,192,642
Due from banks	7	838,822	846,915	610,944
Investment securities	8	1,468,471	1,274,122	2,367,839
Loans and advances to customers	9	7,194,902	4,777,141	4,471,635
Reimbursement asset	2	1,506,690	2,068,501	2,600,000
Assets held for sale		-	-	78,352
Other assets	10	1,068,268	983,516	930,317
<b>Total assets</b>		<b>14,169,274</b>	<b>11,068,750</b>	<b>12,251,729</b>
<b>Liabilities</b>				
Due to banks	11	214,735	258	375,830
Deposits from customers	12	11,332,763	8,722,156	9,561,165
Liabilities held for sale		-	-	3,525
Other liabilities	13	978,690	867,618	641,633
<b>Total liabilities</b>		<b>12,526,188</b>	<b>9,590,032</b>	<b>10,582,153</b>
Share capital	14	3,202,493	3,202,493	3,202,493
Statutory reserve	15	14,147	-	-
Fair value reserve		(39,930)	(43,722)	(42,091)
Foreign currency translation reserve		21,665	21,665	21,665
Accumulated losses		(1,555,383)	(1,701,718)	(1,512,491)
Equity attributable to equity holder of the Bank		1,642,992	1,478,718	1,669,576
Non-controlling interest		94	-	-
<b>Total equity</b>		<b>1,643,086</b>	<b>1,478,718</b>	<b>1,669,576</b>
<b>Total liabilities and equity</b>		<b>14,169,274</b>	<b>11,068,750</b>	<b>12,251,729</b>

\* Refer to Note 36 for details of restated comparative financial information.

The notes 1 to 36 are an integral part of these consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 23 February 2026 and signed on its behalf by:

  
Chief Executive Officer

  
Director

## INVEST BANK P.S.C.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS for the year ended 31 December 2025

	Note	2025 AED'000	2024 AED'000
Interest income	<a href="#">16</a>	558,510	488,510
Interest expense	<a href="#">17</a>	(357,186)	(348,113)
<b>Net interest income</b>		<b>201,324</b>	<b>140,397</b>
Fees and commission income	<a href="#">18</a>	88,857	76,152
Fee and commission expenses	<a href="#">18</a>	(8,978)	(2,437)
Net income from foreign currencies		10,560	7,709
Other income / (loss)	<a href="#">19</a>	142,889	(10,436)
<b>Total operating income</b>		<b>434,652</b>	<b>211,385</b>
<b>Operating expenses:</b>			
Staff cost	<a href="#">20</a>	(207,401)	(155,716)
Depreciation and amortization	<a href="#">10</a>	(10,485)	(10,462)
Other general and administrative expenses	<a href="#">21</a>	(142,250)	(114,315)
<b>Total operating expenses</b>		<b>(360,136)</b>	<b>(280,493)</b>
<b>Operating income / (loss) before impairment charge and tax</b>		<b>74,516</b>	<b>(69,108)</b>
Net impairment release / (charge)	<a href="#">22</a>	90,841	(120,188)
<b>Profit / (loss) before tax</b>		<b>165,357</b>	<b>(189,296)</b>
Tax expense	<a href="#">23</a>	(3,890)	-
<b>Profit / (loss) for the year</b>		<b>161,467</b>	<b>(189,296)</b>
<b>Attributable to:</b>			
Equity holders of the Bank		161,493	(189,296)
Non-controlling interest		(26)	-
<b>Profit / (loss) for the year</b>		<b>161,467</b>	<b>(189,296)</b>
<b>Profit / (loss) per share (UAE Dirhams)</b>	<a href="#">24</a>	<b>0.0006</b>	<b>(0.0007)</b>

The notes 1 to 36 are an integral part of these consolidated financial statements.

## INVEST BANK P.S.C.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2025

	<i>Note</i>	<b>2025</b> AED'000	2024 AED'000
<b>Profit / (loss) for the year</b>		<b>161,467</b>	(189,296)
<b>Other comprehensive income:</b>			
<b>Items that will be reclassified subsequently to profit or loss:</b>			
Change in fair value of debt securities measured at fair value through other comprehensive income		<b>1,312</b>	(374)
<b>Items that will not be reclassified to profit or loss:</b>			
Net change in fair value of equity instruments measured at fair value through other comprehensive income		<b>2,480</b>	(1,188)
Actuarial loss on defined benefit obligation		<b>(1,011)</b>	-
<b>Other comprehensive profit / (loss) for the year</b>		<b>2,781</b>	(1,562)
<b>Total comprehensive profit / (loss) for the year</b>		<b>164,248</b>	(190,858)
<b>Attributable to:</b>			
Equity holders of the Bank		<b>164,274</b>	(190,858)
Non-controlling interest		<b>(26)</b>	-
<b>Total comprehensive profit / (loss) for the year</b>		<b>164,248</b>	(190,858)

The notes 1 to 36 are an integral part of these consolidated financial statements.

## INVEST BANK P.S.C.

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2025

	Share capital AED'000	Statutory reserve AED'000	Foreign currency translation reserve AED'000	Fair value reserve AED'000	Accumulated losses AED'000	Total AED'000	Non- controlling interest AED'000	Total AED'000
<b>Balance at 1 January 2025</b>	<b>3,202,493</b>	-	<b>21,665</b>	<b>(43,722)</b>	<b>(1,701,718)</b>	<b>1,478,718</b>	-	<b>1,478,718</b>
Share issued	-	-	-	-	-	-	120	120
Profit for the year	-	-	-	-	161,493	161,493	(26)	161,467
Other comprehensive income	-	-	-	3,792	(1,011)	2,781	-	2,781
Statutory reserve (Note 15)	-	14,147	-	-	(14,147)	-	-	-
<b>Balance at 31 December 2025</b>	<b>3,202,493</b>	<b>14,147</b>	<b>21,665</b>	<b>(39,930)</b>	<b>(1,555,383)</b>	<b>1,642,992</b>	<b>94</b>	<b>1,643,086</b>
Balance at 1 January 2024	3,202,493	-	21,665	(42,091)	(1,512,491)	1,669,576	-	1,669,576
Loss for the year	-	-	-	-	(189,296)	(189,296)	-	(189,296)
Other comprehensive income	-	-	-	(1,631)	69	(1,562)	-	(1,562)
<b>Balance at 31 December 2024</b>	<b>3,202,493</b>	-	<b>21,665</b>	<b>(43,722)</b>	<b>(1,701,718)</b>	<b>1,478,718</b>	-	<b>1,478,718</b>

The notes 1 to 36 are an integral part of these consolidated financial statements.

# INVEST BANK P.S.C.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 AED'000	2024 AED'000 Restated*
<b>Cash flows from operating activities:</b>			
Profit / (loss) for the year before tax		165,357	(189,296)
Adjustments:			
Depreciation		10,485	10,459
Net (gain) / loss on investment securities		(530)	6
(Gain) / loss on repossessed properties		(96,462)	34,075
Impairment loss on other assets		-	36,959
Net impairment (gain) / loss		(87,585)	85,920
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>(8,735)</b>	<b>(21,877)</b>
Changes in:			
Balances with central banks original maturity over three months		104,069	(104,736)
Due from banks with original maturity over three months		50,071	(400,382)
Loans and advances to customers		(2,619,496)	(390,266)
Other assets		(18,841)	(45,645)
Reimbursement asset		561,811	531,499
Due to banks with original maturity over three months		48,742	(572)
Deposits from customers		2,610,607	164,787
Other liabilities		397,351	187,053
<b>Net cash generated from / (used in) operating activities</b>		<b>1,125,579</b>	<b>(80,139)</b>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment		(35,414)	(7,455)
Purchase of investment securities		(582,873)	(1,001,915)
Proceeds from sale of investment securities <sup>1</sup>		390,560	1,091,757
Repossessed properties acquired		-	(512)
Proceeds from sale of repossessed properties		55,481	28,883
Dividend received		530	-
<b>Net cash generated from investing activities</b>		<b>(171,716)</b>	<b>110,758</b>
<b>Cash flow from financing activities:</b>			
Repo financing		165,318	-
Net repayments from repo financing		-	(375,000)
Shares issued to non-controlling shareholders		120	-
<b>Net cash generated from / (used in) financing activities</b>		<b>165,438</b>	<b>(375,000)</b>
<b>Net change in cash and cash equivalents</b>		<b>1,119,301</b>	<b>(344,381)</b>
Cash and cash equivalents at 1 January		1,129,870	1,474,251
<b>Cash and cash equivalents at 31 December</b>	<u>25</u>	<b>2,249,171</b>	<b>1,129,870</b>

\* Refer to Note [36](#) for details of restated comparative financial information.

### <sup>1</sup> Non-cash transactions

During the year ended 31 December 2024, there was a reduction in investment securities against customer deposits amounting to AED 1 billion upon the maturity of the Government of Sharjah Sukuks. This is considered as a non-cash transaction in the above consolidated statement of cashflows.

The notes 1 to 36 are an integral part of these consolidated financial statements.

# INVEST BANK P.S.C.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

### 1. Legal status and activities

Invest Bank P.S.C. ("Invest Bank" or "the Bank") is a public shareholding company with limited liability incorporated in 1975 in the Emirates of Sharjah, United Arab Emirates (UAE) by an Emiri Decree issued by His Highness Dr. Sheikh Sultan Bin Mohammed Al Qassimi, Ruler of Sharjah. The registered address of the Bank is at Al Zahra Street, P. O. Box 1885, Sharjah, United Arab Emirates ("UAE").

Invest Bank is licensed by the Central Bank of the UAE (the "CBUAE") to carry out banking activities and is principally engaged in the business of corporate and retail banking through its network of branches located in the Emirate of Sharjah, Dubai and Abu Dhabi.

The Bank also carries out banking activities through its branch ("the Branch") in Beirut, Lebanon licensed by the Central Bank of Lebanon (the "CB Lebanon"). As a result of the prevailing financial and economic crisis in Lebanon, management has assessed the situation and is proceeding with the liquidation of the branch after having received the CB Lebanon approval to liquidate the branch.

The Bank is listed on the Abu Dhabi Securities Exchange ("ADX"). At 31 December 2025, the Government of Sharjah (GoS) owns 70.06% (31 December 2024: 70.06%) of the issued and paid-up share capital of the Bank. The consolidated financial statements of the Group as at and for the year ended 31 December 2025 are available upon request from the Group's registered office or at website (<http://www.investbank.ae>).

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries (collectively referred to as "the Group") as follows:

<u>Name of subsidiary</u>	<u>Ownership</u>	<u>Incorporation</u>		<u>Principal activities</u>
	<u>Interest</u>	<u>Year</u>	<u>Country</u>	
Sharjah Expo Hotel LLC SP Gulf Real Estate Structured Equity I, Ltd	100%	1984	UAE	Hotel Business
Ruba Real Estate LLC	60%	2006	BVI	Special purpose vehicle
		2025	UAE	Real Estate Consulting

The Bank's wholly owned subsidiary Ethraa Real Estate LLC was liquidated during 2025.

### 2. Recapitalization and liquidity

#### a. Guarantee agreement with GoS

On 10 May 2023 ("the effective date"), the Bank entered into a guarantee agreement ("the Guarantee Agreement") with the Government of Sharjah (the "Guarantor" or "GoS"), which is also the ultimate controlling shareholder of the Bank. Pursuant to the terms of the Guarantee Agreement, the GoS has undertaken to guarantee the Bank against losses of AED 3 billion in the net book value of specified financial and non-financial assets.

As a condition precedent to the Guarantee Agreement, once the general assembly approves the increase in share capital through a rights issue, the Guarantor shall subscribe to its pro-rata share or all shares offered if not subscribed by other shareholders. The conditions precedent were fulfilled in September 2023, the "effective date" and the Guarantee Agreement became effective on that date.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 2. Recapitalization and liquidity (continued)

##### a. Guarantee agreement with GoS (continued)

The Government of Sharjah subscribed for 230 billion shares and an amount of AED 2.3 billion became payable to the Bank for GoS's participation in the rights issue. The rights issue increased the shareholding of the Government of Sharjah from 50.07% to 88.11%. The Guarantor executed the Guarantee Agreement as a private act and for commercial purposes at an agreed fee of AED 2.6 billion. The Bank settled the agreed fees payable of AED 2.6 billion by offsetting an amount of AED 2.3 billion against the receivable from the Guarantor arising from the issuance of shares and the remaining amount of AED 0.3 billion was settled through cash payment to Government of Sharjah. The fee payable of AED 2.6 billion in consideration for the Guarantee was accounted for as a reimbursement asset.

As per the agreement, the Government of Sharjah shall compensate the Bank for all Defaulted Amounts which are caused by a Credit Event under the guaranteed portfolio. The Credit event is defined as an event that occurs when, the guaranteed asset is written off in accordance with the Bank's policies or the Bank sells the guarantee obligation at a price below the initial net book value, or balances related to the Lebanon operations are realized at an amount below the initial net book value. Further, the Government shall compensate the Bank for all value losses arising from the non-financial assets when the non-financial asset is disposed or impaired.

The Guarantee Agreement is for a period of 5 years from the effective date. The maximum amount that could be claimed over the term of the guarantee is AED 3 billion with a maximum cap of AED 800 million per calendar year. However, in the final year, there is no cap on the maximum amount that can be claimed. If and to the extent the maximum compensation under the guarantee has not been exhausted at the end of the term of the guarantee, the Bank and the guarantor shall determine the final cash payment by the guarantor to the Bank. Subsequent to any payment notice under the agreement, the guarantor has the right of review to ensure payment notices are in line with the internal policies in all materials respects.

Below table shows the movement in reimbursement asset during the year:

	2025 AED'000	2024 AED'000
As at 1 January	2,068,501	2,600,000
Payment received during the year	(561,811)	(531,499)
As at 31 December	<u>1,506,690</u>	<u>2,068,501</u>

##### b. Capital and liquidity

The shareholders of the Bank in General Assembly Meeting held on 27 April 2023 approved the proposed Capital Restructuring Plan (the "Plan"). The relevant regulatory approvals for the Plan had already been obtained prior to the date of Board of Directors meeting held on 25 January 2023. Key features of the Plan are summarized in the following:

- A guarantee agreement was entered in to with Government of Sharjah "GoS" which is explained above.
- The Bank shall through the rights issue increase its paid-up share capital by AED 2.6 billion (the "Rights issue") which is to be applied to the settlement of the Guarantee fee.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 2. Recapitalization and liquidity (continued)

##### b. Capital and liquidity (continued)

The Bank continues to focus on a number of initiatives to manage its liquidity and financing requirements in addition to the support, if required, from the CBUAE and GoS. The Board and management believe that the Bank will have the ability to meet its financial obligations as and when they fall due. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

#### 3. Basis of preparation

##### a. Statement of compliance

These financial statements are consolidated financial statements of the Bank and its subsidiaries which are required to be prepared in accordance with IFRS 10: Consolidated Financial Statements and applicable requirements of the UAE Federal Law No. 32 of 2021 on Commercial Companies.

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

##### b. Basis of measurement

These consolidated financial statements are prepared under the historical cost basis except for items, which are measured on the following basis:

Items	Measurement basis
Investments at fair value through profit or loss (“FVTPL”)	Fair value
Derivative financial instruments	Fair value
Debt and equity instruments designated at fair value through other comprehensive income (“FVOCI”)	Fair value
Non-financial assets acquired in settlement of loans and advances	Lower of cost or net realizable value (NRV), where NRV is the estimated selling price as at reporting date.

##### c. Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the function currency of the Bank and its subsidiaries operating in the UAE and also the Group’s presentation currency. The presentation of the consolidated financial statements have been rounded to the nearest thousands, unless otherwise indicated. Items included in the consolidated financial statements of the Group’s branch are measured using the currency of the primary economic environment in which the Branch operates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**3. Basis of preparation** *(continued)*

**d. Use of estimates and judgements**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described as follows:

*(i) Classification of financial assets*

In accordance with IFRS 9, the Group classifies its financial assets based on the assessments of the business models in which the assets are held at a portfolio level and whether cash flows generated by assets constitute solely payments of principal and interest (“SPPI”). This requires significant judgement in evaluating how the Group manages its business model and on whether or not a contractual clause in all debt instruments of a certain type breaches SPPI and results in a material portfolio being recorded at fair value through profit or loss (“FVTPL”).

*(ii) Measurement of the expected credit loss allowance*

The measurement of the expected credit loss (“ECL”) allowance for financial assets measured at amortized cost and fair value through other comprehensive income (“FVTOCI”) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

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

- Determining the criteria for significant increase in credit risk (“SICR”);
- Determining the criteria and definition of default;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing Banks of similar financial assets for the purposes of measuring ECL.

*(iii) Fair value of unquoted securities and derivatives*

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (such as models) are used to determine fair values, these are tested before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatility and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 3. Basis of preparation *(continued)*

##### *(d) Use of estimates and judgements (continued)*

##### *(iv) Reimbursement asset*

The Group's management has considered the following estimates and judgements while developing an appropriate policy for reimbursement asset:

- The Group has paid a fee of AED 2.6 billion and the maximum coverage under the guarantee is AED 3 billion.
- Majority of the loans covered by the guarantee are in stage 3 and the total expected payouts up to the date of signing of the guarantee is substantially equivalent to at least the fees paid for the guarantee.
- It is virtually certain that the guarantor will pay the Group on the occurrence of the credit event.

Management is confident that it will be able to meet the eligibility criteria of the guarantee agreement that will establish a contractual right to receive the amounts covered by the reimbursement asset and that it will be able to fully collect the receivables from the GoS in line with the agreement.

#### 4. Changes in material accounting policies and disclosures

##### a. New and revised IFRSs applied on the consolidated financial statements

During the year, the Group has applied amendments to IAS 21 related to lack of exchangeability. The amendment contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The application of amendments to IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group's future transactions or arrangements. Other than the above, there are no other significant IFRS Accounting Standards, amendments or interpretations that were effective for the first time for the financial year beginning on or after 1 January 2025.

##### b. New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted

The Group is currently assessing the impact of the below new standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become mandatorily effective.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the year ended 31 December 2025

**4 Changes in material accounting policies and disclosures** *(continued)*

**b. New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted** *(continued)*

<i>New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted by the Group</i>	<i>Effective for annual periods beginning on or after</i>
<p><b>Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments</b> specifies the matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.</p> <p>On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:</p> <ul style="list-style-type: none"> <li>(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;</li> <li>(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</li> <li>(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and</li> <li>(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).</li> </ul>	1 January 2026
<p><b>IFRS 18: Presentation and Disclosure in Financial Statements</b> contains requirements for all entities applying IFRS Accounting Standards for the presentation and disclosure of information in financial statements</p> <p>This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.</p> <p>The key new concepts introduced in IFRS 18 relate to:</p> <ul style="list-style-type: none"> <li>• the structure of the statement of profit or loss with defined subtotals;</li> <li>• requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss;</li> <li>• required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and</li> <li>• enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.</li> </ul>	1 January 2027

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**

**4 Changes in material accounting policies and disclosures** *(continued)*

**b. New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted** *(continued)*

<i>New and revised IFRSs Accounting Standards in issue but not yet effective and not early adopted by the Group</i>	<i>Effective for annual periods beginning on or after</i>
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**IFRS 19: Subsidiaries without Public Accountability:** Disclosure specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.

This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19.

1 January 2027

IFRS 19’s reduced disclosure requirements balance the information needs of the users of eligible subsidiaries’ financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability, and it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

<b>Annual improvements to IFRS Accounting Standards</b>	1 January 2026
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The Group has not early adopted any new and revised IFRS Accounting Standards that have been issued but are not yet effective. Management anticipates that these amendments will be adopted in the consolidated financial statements in the initial period when they become mandatorily effective. The Group is currently assessing the impact of these new standards, interpretations and amendments on the future financial statements.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 5. Material Accounting policies

##### a. Financial assets and liabilities

###### 1. Measurement

###### 1.1. Amortized cost and effective interest rate

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

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset i.e. its amortized cost before any impairment allowance or to the amortized cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the effective interest rate, such as origination fees.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in the statement of income.

###### 1.2. Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired, for which interest income is calculated by effective interest rate to their amortized cost (i.e. net of the expected credit loss provision).

###### 1.3. Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transactions costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fee and commissions. Transactions costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss. Immediately after initial recognition, an ECL is recognized for financial assets measured at amortized cost and at FVTOCI, which results in accounting loss being recognized in the consolidated statement of profit or loss when an asset is newly originated.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 5. Material Accounting policies *(continued)*

##### a. Financial assets and liabilities *(continued)*

###### 1. Measurement *(continued)*

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred, and the time of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

###### 2. Financial assets

###### Debt instruments:

Debt instruments are the instruments that meet the definition of financial liability from the issuer's perspective, such as loans and advances and investments in debt securities.

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the assets; and
- the cash flow characteristics of the asset.

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

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- Fair value through other comprehensive income (FVTOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVTOCI).

Movements in carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses on the instruments' amortized cost which are recognized in the statement of income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of income and recognized in 'Other income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 5. Material Accounting policies *(continued)*

##### a. Financial assets and liabilities *(continued)*

#### 2. Financial assets *(continued)*

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of income within 'Other income' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.
- (i) Classification and subsequent measurement
- Business model: the business model reflects how the Group manages the assets in order to generate cash flow. That is whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience of how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.
  - SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and an interest rate that is consistent with basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**5. Material Accounting policies** *(continued)*

**a. Financial assets and liabilities** *(continued)*

**(i) Classification and subsequent measurement** *(continued)*

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

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVTOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to the statement of income, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in the consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash and balances with the central banks, due from banks and due to banks with original maturities of three months or less from the date of acquisition and that are held for the purpose of meeting short term cash commitments.

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

Loans and advances to customers

Loans and advances are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and the Group does not intend to sell immediately in the near future.

Loans and advances are initially measured at fair value plus incremental direct transaction costs. Subsequent to the initial recognition, loans and advances are measured at amortized cost using the effective interest method, except when the Group recognizes the loans and advances at fair value through profit or loss.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 5. Material Accounting policies *(continued)*

##### a. Financial assets and liabilities *(continued)*

##### (i) Classification and subsequent measurement *(continued)*

###### Investment securities

Investment securities are initially measured at fair value plus in case of investment securities not at fair value through profit or loss, incremental direct transaction cost. Subsequent to initial recognition investment securities are accounted for depending upon their classification as either amortized cost, fair value through profit or loss or fair value through other comprehensive income.

Investment securities are measured at amortized cost using the effective interest method, if:

- they are held within a business model with an objective to hold assets in order to collect contractual cash flow and the contractual terms of financial assets give rise, on specific dates, to cash flows that are solely payments of principal and interest; and
- they have not been designated previously as measured at fair value through profit or loss.

The Group elects to present changes in fair value of certain investments in equity and debt instruments held for strategic purpose in other comprehensive income. The election is irrevocable and is made on an instrument-by-instrument basis at initial recognition.

Gains and losses on such equity instruments are not reclassified to Consolidated profit or loss account and no impairment is recognized in the consolidated profit or loss account.

##### (ii) Impairment

The Group assesses on a forward-looking basis ECL associated with its debt instrument assets carried at amortized cost and FVTOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 5. Material Accounting policies *(continued)*

##### a. Financial assets and liabilities *(continued)*

###### (iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different from the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

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

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

The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 5. Material Accounting policies *(continued)*

##### a. Financial assets and liabilities *(continued)*

###### (iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownerships, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

The Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

- has no obligation to make payments unless it collects equivalent amounts from the assets;
- is prohibited from selling or pledging the assets; and
- has an obligation to remit any cash it collects from the assets without material delay.

#### 3. Financial liabilities

##### (i) Classification and subsequent measurement

Financial liabilities are classified as subsequently measured at amortized cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading books) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at FVTPL presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to 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 and losses attributable to changes in the credit risk of the liability are also presented in the statement of income;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition whereby financial liability is recognized for the consideration received for the transfer. In subsequent periods, the Group recognizes any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**5. Material Accounting policies** *(continued)*

**a. Financial assets and liabilities** *(continued)*

**3. Financial liabilities** *(continued)*

(ii) Derecognition

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

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the 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 change in the covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

**4. Financial guarantee contracts and loan commitments**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to Group's, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

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

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

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

**5. Material Accounting policies** *(continued)*

**a. Financial assets and liabilities** *(continued)*

**5. Loan commitments**

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not made any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments, the loss allowance is recognized as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the underdrawn commitment are recognized together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognized as a provision.

**b. Principles of consolidation**

**i. Investment in subsidiaries**

A subsidiary is an investee controlled by the Bank. The Bank controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of a subsidiary are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

**ii. Subsidiary held for sale**

Subsidiary acquired exclusively with a view to resale has a choice of accounting at the acquisition date and at subsequent balance sheet dates. The Group can choose to perform a full consolidation of the individual assets and liabilities, or it can perform a short-cut method given in the IFRS 5 implementation guidance. The Bank has chosen to adopt the shortcut method under IFRS 5.

The short-cut method allows the subsidiary to effectively be treated as a single investment asset. The Bank recognizes and measures the subsidiary at fair value less costs to sell at each reporting date. Under the short-cut method, there is no requirement to fair value all of the entity's individual assets and liabilities acquired with a view to resale. The Bank's statement of financial position shall be presented with the entity's identifiable liabilities measured at fair value and adding it to the fair value (less costs to sell and impairment) to ascertain the value of the assets to be disclosed in the consolidated financial statements.

At each subsequent reporting date, the subsidiary is remeasured to the lower of the initial carrying amount and the fair value less costs to sell. The net change in the subsidiary's carrying value is the single figure result that is reported in discontinued operations. An increase in fair value less costs to sell cannot exceed the amount at which the subsidiary was originally stated, hence, it will be recognized only to the extent of reversal of a previous impairment recognized.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 5. Material Accounting policies *(continued)*

##### c. Fees and commission income and expense

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

Other fee incomes are earned from a diverse range of services provided by the Group to its customers and are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. These are generally recognized when the related service obligations are provided or based on the applicable service contracts, usually on a time proportionate basis. When a loan commitment is not expected to result in the draw-down of a loan, commitment fees are recognized on a straight-line basis over the commitment period. Other fees and commission expenses are expensed as the related services are received.

##### d. Dividend income

Dividend income is recognized in the Consolidated statement of profit or loss when the Group's right to receive such income is established. Usually this is the ex-dividend date for equity securities.

##### e. Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to set off the recognized amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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

##### f. Fair value measurement principles

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**

**5. Material Accounting policies** *(continued)*

**f. Fair value measurement principles** *(continued)*

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

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

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

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

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

**g. Derivative financial instruments - Other non-trading derivatives**

The Group enters into derivative financial instruments primarily to meet its customer requirements. Derivatives held for internal risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value through profit or loss in the consolidated statement of financial position.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**

**5. Material Accounting policies (continued)**

**h. Foreign currency**

(i) Foreign currency transactions

Transactions in foreign currencies are translated to UAE Dirhams at the foreign exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to UAE Dirhams at the spot foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in UAE Dirhams at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to UAE Dirhams at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising from translation are generally recognized in Consolidated statement of profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into UAE Dirhams at spot exchange rate on the reporting date. The income and expenses of foreign operations are translated to UAE Dirhams at spot exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the foreign currency translation reserve (translation reserve), except to the extent that the translation difference is allocated to non-controlling interest ("NCI").

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, then foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognized in OCI and accumulated in the translation reserve within equity.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 5. Material Accounting policies *(continued)*

##### i. Property and equipment

###### (i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

###### (ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

###### (iii) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their useful lives and is generally recognized in Consolidated statement of profit or loss. Land is not depreciated.

The estimated useful lives of significant items of property and equipment are as follows:

	<b>Years</b>
Buildings	20 to 30
Office installations and improvements	10
Office furniture and equipment	2 to 5
Right of use assets	Up to 4

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted, if appropriate. No depreciation is charged on freehold land and capital-work-in-progress. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated statement of profit or loss.

##### j. Repossessed properties

The Group acquires real estate and other collateral in settlement of certain loans and advances. Such real estate and other collateral acquired in settlement of debt are held as inventory and are stated at lower of cost or net realizable value at the date of acquisition. Subsequently, the assets are measured at lower of carrying amount or fair value, less impairment losses, if any. Gains or losses on disposal and unrealized losses on revaluation are recognized in the consolidated statement of profit or loss. Directly attributable costs incurred in the acquisition of such assets are included as part of cost of the inventory. Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 5. Material Accounting policies *(continued)*

##### k. Staff terminal benefits

The Group provides for staff terminal benefits based on an estimation of the amount of future benefit that employees have earned in return for their service until their retirement. This calculation is performed based on a projected unit credit method.

The Group contributes to the pension scheme for UAE nationals under the UAE pension and social security law. This is a defined contribution pension plan and the Group's contributions are charged to the Consolidated statement of profit or loss in the period to which they relate. In respect of this scheme, the Group has a legal and constructive obligation to pay the fixed contributions as they fall due and no obligation exists to pay the future benefits.

##### l. Provisions

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

##### m. Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortized over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

##### n. Earnings per share

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

##### o. Dividend on ordinary shares

Dividends payable on ordinary shares are recognized as a liability in the period in which they are approved by the Bank's shareholders.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 5. Material Accounting policies *(continued)*

##### p. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

##### q. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of a non-financial asset is the greater of its value in use and its fair value less cost to sell. The reduction in value is recognized in the consolidated statement of profit or loss.

An impairment loss is reversed only to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

##### r. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the management of the Group to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available.

##### s. Reimbursement asset (Purchased Financial Guarantee premium)

Purchased financial guarantees are irrevocable contracts that require the issuer to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees which are purchased sometime later after the origination of the financial assets are not an integral part of the financial assets and are not considered when computing the expected credit loss of the guaranteed financial asset.

The financial guarantee held by the holder is not an integral part of the financial asset and hence is outside the scope of IFRS 9- Financial Instruments, IFRS 17- Insurance contracts. Hence, in line with the requirements of IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors, the Group has accounted for the financial guarantee under IAS 37. Having considered the above facts, the premium paid for the guarantee has been recognized as a reimbursement asset. Subsequently, the reimbursement asset will be measured with reference to the expected payouts and credit losses. In assessing the expected payouts and credit losses, the Group considers various scenarios of forecast recoveries and expected cash flows from claims under the guarantee, which are then discounted to arrive at the present value of these future cash flows in comparison to the reimbursement asset held at end of the period. When the Credit Event has occurred and the Group has a contractual right to receive compensation, the reimbursement right is derecognized and receivable from the Government is recognized at fair value.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 6. Cash and balances with central banks

	2025 AED'000	2024 AED'000
Cash in hand	57,734	22,478
Balances with central banks <sup>6.1</sup>	1,391,879	892,087
Reserve requirements with the central banks <sup>6.2</sup>	793,717	355,199
	<u>2,243,330</u>	<u>1,269,764</u>
Less: expected credit loss <sup>6.3</sup>	(151,209)	(151,209)
	<u>2,092,121</u>	<u>1,118,555</u>

<sup>6.1</sup> Includes overnight deposit amounting to AED 1,355 million placed with CBUAE at 3.65% p.a. (December 31, 2024 – AED 596 million placed with CBUAE at 4.4% p.a.).

<sup>6.2</sup> Statutory reserve requirement with the central banks are required to be maintained as per regulations of the Central Bank of the UAE and the Central Bank of Lebanon. However, as per the CBUAE regulations, the Bank is allowed to draw their balances held in the UAE Central Bank reserve account, while ensuring that the Bank meet the reserve requirements over 14 days period. Therefore, the balances have been included in cash and cash equivalents ([Note 25](#)).

<sup>6.3</sup> A 5% change in the allowance rate would result in a AED 10.7 million change in ECL (2024: AED 7.6 million).

#### 7. Due from banks

	2025 AED'000	2024 AED'000
Money market placements	42,390	39,667
Term loans	658,864	711,659
Nostro, margin and other balances	138,820	96,735
	<u>840,074</u>	<u>848,061</u>
Less: expected credit loss	(1,252)	(1,146)
	<u>838,822</u>	<u>846,915</u>
The geographical concentration is as follows:		
-Within the U.A.E.	22,473	68,952
-Outside the U.A.E.	817,601	779,109
	<u>840,074</u>	<u>848,061</u>
Less: expected credit loss	(1,252)	(1,146)
	<u>838,822</u>	<u>846,915</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 8. Investment securities

	2025 AED'000	2024 AED'000 Restated
<b>Financial assets measured at fair value through other comprehensive income (FVTOCI)</b>		
Investments in quoted equity and other securities <sup>8.1, 8.3</sup>	93,225	118,193
Investments in debt securities	51,173	42,791
<b>Financial assets at amortized cost:</b>		
Investments in debt securities <sup>8.2, 8.3</sup>	1,328,714	1,116,023
	<u>1,473,112</u>	<u>1,277,007</u>
Less: allowance for impairment	(4,641)	(2,885)
	<u>1,468,471</u>	<u>1,274,122</u>

<sup>8.1</sup> The Group has not purchased or invested in any shares during the year ended 31 December 2025 (31 December 2024: Nil).

<sup>8.2</sup> As at 31 December 2025, investments in debt securities amounting to AED 192,990 thousands (31 December 2024: Nil) were pledged under repo agreements. Moreover, the Government of Sharjah sukuk of AED 2 billion matured on 22 March 2024 at which date, the Group invested AED 500 million in Government of Sharjah sukuk with a 2-year maturity.

<sup>8.3</sup> During the year, the Group restated investment in Tier 1 perpetual securities and shown under equity and other securities. Other securities purchased during the year amounts to AED 54.3 million (2024: AED 103.9 million). Refer to note 36 for details of restated comparative financial information.

#### 9. Loans and advances to customers

	2025 AED'000	2024 AED'000 Restated
Overdrafts	4,772,590	5,275,178
Bills discounted	648,654	136,951
Trust receipts	537,696	558,771
Term loans	7,928,933	6,394,714
	<u>13,887,873</u>	<u>12,365,614</u>
<b>Allowances for impairment:</b>		
Interest in suspense	(2,293,370)	(2,458,571)
Expected credit loss	(4,399,601)	(5,129,902)
	<u>7,194,902</u>	<u>4,777,141</u>
Net loans and advances to customers	<u>7,194,902</u>	<u>4,777,141</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 9. Loans and advances to customers (continued)

The movement in the impairment provision is provided in the below table:

	<b>Provision AED'000 Restated</b>	<b>Interest in suspense AED'000 Restated</b>	<b>Total AED'000 Restated</b>
At 1 January 2025	5,129,902	2,458,571	7,588,473
Net impairment charge (Note 22)	(31,801)	-	(31,801)
Net movement in interest in suspense	-	366,316	366,316
Amounts written off	(698,500)	(531,517)	(1,230,017)
	<hr/>	<hr/>	<hr/>
At 31 December 2025	<b>4,399,601</b>	<b>2,293,370</b>	<b>6,692,971</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>Provision AED'000 Restated</b>	<b>Interest in suspense AED'000 Restated</b>	<b>Total AED'000 Restated</b>
At 1 January 2024	5,776,973	2,225,377	8,002,350
Less: Provision for contingent liabilities reclassified to other liabilities	(219,553)	-	(219,553)
	<hr/>	<hr/>	<hr/>
Restated balances at 1 January 2024	5,557,420	2,225,377	7,782,797
Net impairment charge (Note 22)	18,637	-	18,637
Net movement in interest in suspense	-	454,427	454,427
Amounts written off	(488,085)	(240,990)	(729,075)
Effect of exchange difference	41,930	19,757	61,687
	<hr/>	<hr/>	<hr/>
At 31 December 2024	<b>5,129,902</b>	<b>2,458,571</b>	<b>7,588,473</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 10. Other assets

	2025 AED'000	2024 AED'000
Interest receivable	24,286	19,812
Advances, prepayments and other assets <sup>10.1</sup>	501,115	73,333
Repossessed properties <sup>10.2</sup>	342,286	661,305
Customer acceptances	108,114	161,529
Property and equipment <sup>10.3</sup>	92,467	67,537
	<u>1,068,268</u>	<u>983,516</u>

<sup>10.1</sup> During the year, the Group disposed a repossessed property for a consideration of AED 400 million plus applicable VAT and recognized a gain of AED 105 million, recorded under "other income" in the consolidated statement of profit or loss. AED 40 million was received during 2025 and the remaining balance is outstanding as at 31 December 2025.

<sup>10.2</sup> Below table shows the movement in repossessed properties:

	2025 AED'000	2024 AED'000
Balance as at 1 January	661,305	648,281
Write-down of repossessed properties	(30,500)	(34,075)
Acquired during the year	-	1,079
Transfer during the year	-	74,827
Disposal during the year	(288,519)	(28,807)
	<u>342,286</u>	<u>661,305</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 10. Other assets (continued)

##### <sup>10.3</sup> Property and equipment

	Land AED'000	Building AED'000	Office improvements and furniture AED'000	Equipment and software AED'000	Motor vehicle AED'000	Capital work in progress AED'000	Right of use Assets AED'000	Total AED'000
<b>Cost</b>								
At 1 January	25,000	78,349	68,003	102,830	395	17	4,680	279,274
Additions / transfer during the year	-	-	1,153	18,009	-	16,954	-	36,116
Disposal / written off during the year	-	(45,338)	(59,746)	(91,771)	(395)	-	(3,388)	(200,638)
<b>Total cost</b>	<b>25,000</b>	<b>33,011</b>	<b>9,410</b>	<b>29,068</b>	<b>-</b>	<b>16,971</b>	<b>1,292</b>	<b>114,752</b>
<b>Accumulated depreciation:</b>								
At 1 January	-	52,831	60,271	97,228	373	-	1,034	211,737
Charge for the year	-	4,920	1,731	3,372	22	-	440	10,485
On disposal / write off	-	(45,338)	(59,691)	(93,039)	(395)	-	(1,474)	(199,937)
<b>Total accumulated depreciation</b>	<b>-</b>	<b>12,413</b>	<b>2,311</b>	<b>7,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,285</b>
<b>Net book value:</b>								
<b>31 December 2025</b>	<b>25,000</b>	<b>20,598</b>	<b>7,099</b>	<b>21,507</b>	<b>-</b>	<b>16,971</b>	<b>1,292</b>	<b>92,467</b>
31 December 2024	25,000	25,518	7,732	5,602	22	17	3,646	67,537

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 11. Due to banks

	2025 AED'000	2024 AED'000
Current and call accounts	417	258
Term deposits	49,000	-
Repo against fixed income securities (Note <a href="#">8.2</a> )	165,318	-
	<u>214,735</u>	<u>258</u>

#### 12. Deposits from customers

	2025 AED'000	2024 AED'000
Time deposits	7,959,307	6,401,234
Savings accounts	114,713	96,947
Current and other accounts	3,258,743	2,223,975
	<u>11,332,763</u>	<u>8,722,156</u>

Customer deposits by geographical area are as follows:

Within the UAE	10,944,399	7,902,348
Others	388,364	819,808
	<u>11,332,763</u>	<u>8,722,156</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 13. Other liabilities

	2025 AED'000	2024 AED'000 Restated
Interest payable	162,537	127,679
Provision for unfunded exposure	233,536	285,676
Customer acceptances	108,114	161,529
Accrued expenses	221,388	148,398
Manager's cheques	35,915	22,642
Unearned income	35,596	20,378
Staff benefits payable	55,416	16,521
Tax liabilities	29,441	8,758
Lease liabilities	1,215	3,646
Others	95,532	72,391
	<u>978,690</u>	<u>867,618</u>

The Group provides end-of-service benefits for its eligible employees in the UAE. An actuarial valuation has been carried out as at 31 December 2025 to ascertain present value of the defined benefit obligation. A registered actuary in the UAE was appointed to evaluate the same. The present value of the defined benefit obligation and related current and past service cost, were measured using the Projected Unit Credit Method.

Key assumptions used in the actuarial valuation are as follows:

	2025	2024
Discount rate	5.0% p.a.	5.5% p.a.
Salary increment rate	4.5% p.a.	4.5% p.a.

Demographic assumptions for mortality, resignation and retirement were used in valuing the liabilities and benefits under the plan.

A shift in the discount rate assumption by +/- 100 basis points would impact the liability by AED 1 million (31 December 2024: AED 1 million). Similarly, a shift in the salary increment rate assumption by +/- 100 basis points would impact the liability by AED 1 million (31 December 2024: AED 1 million).

#### 14. Share capital

	2025	2024
<b>Issued and paid-up capital</b>		
Issued and paid-up share capital (AED'000)	3,202,493	3,202,493
Number of shares (thousands)	263,180,982	263,180,982
Face value of the share (AED)	0.0122	0.0122

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 15. Statutory reserve

In accordance with the Bank's Articles of Association and as required by Article 241 of UAE Federal Decree Law No. (32) of 2021 (as amended), 10 % of the annual net profit for the year is transferred to a statutory reserve. The Bank may resolve to discontinue such annual transfer when the reserve equals 50% of the paid-up share capital. The statutory reserve is not available for distribution to the shareholders. As at 31 December 2025, AED 14,147 thousand (31 December 2024: Nil) was transferred from profit for the year to statutory reserve.

#### 16. Interest income

	2025 AED'000	2024 AED'000
Banks	52,356	50,929
Debt securities	91,867	87,719
Loans and advances to customers	414,287	349,862
	<u>558,510</u>	<u>488,510</u>

#### 17. Interest expense

	2025 AED'000	2024 AED'000
Due to banks	2,503	1,935
Time deposits	344,650	341,138
Savings, call and other accounts	10,033	5,040
	<u>357,186</u>	<u>348,113</u>

#### 18. Net fees and commission income

	2025 AED'000	2024 AED'000
<b>Fees and commission income:</b>		
Letters of credit fee	18,940	8,086
Letters of guarantee fee	22,699	33,464
Retail and corporate lending fees	42,185	29,051
Commission on transfers / services	3,636	4,846
Others	1,397	705
	<u>88,857</u>	<u>76,152</u>
<b>Fees and commission expenses:</b>		
Service charges and other expense	(8,978)	(2,437)
	<u>79,879</u>	<u>73,715</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 19. Other income / (loss)

	2025 AED'000	2024 AED'000
Dividend on investment securities	530	227
Net rental income from properties	25,237	22,520
Net fair value loss on investments	-	(6)
Profit on sale of repossessed properties (Note 10)	126,962	-
Write-down of repossessed properties	(30,500)	(34,075)
Other operating income	20,660	898
	<u>142,889</u>	<u>(10,436)</u>

#### 20. Staff cost

	2025 AED'000	2024 AED'000
Salary and allowances	140,370	111,427
Medical	11,822	9,788
End of service benefits	4,688	5,986
Contribution to social insurance	3,405	2,922
Other benefits	47,116	25,593
	<u>207,401</u>	<u>155,716</u>

#### 21. General and administrative expenses

	2025 AED'000	2024 AED'000
Premises cost	16,952	10,475
Legal and professional fee	24,289	18,975
Publicity and advertisement	7,998	7,864
Information technology expenses	61,098	49,839
Communication expenses	7,344	4,754
Other general and administration expenses	24,569	22,408
	<u>142,250</u>	<u>114,315</u>

#### 22. Net impairment (release) / charge

	2025 AED'000	2024 AED'000
<b>Net impairment (release) / charge on:</b>		
- loans and advances	(31,801)	18,637
- cash and balances with Central banks	-	(1,665)
- due from banks	106	518
- debt securities	1,756	2,307
- others	(57,646)	103,082
Recoveries from loans previously written off	(3,256)	(2,691)
	<u>(90,841)</u>	<u>120,188</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**23. Taxation**

On 9 December 2022, UAE Ministry of Finance (MoF) released Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (CT Law) to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Bank's accounting year ends on 31 December, the first tax period was for the period from 1 January 2024 to 31 December 2024, with the respective tax return filed on 30 September 2025. Subsequent tax year starts from 1 January and ends on 31 December.

A summary of total income tax expense recognized in consolidated profit or loss account is provided below:

	<b>2025</b>	2024
	<b>AED'000</b>	AED'000
<b>Current tax expense</b>		
Related to current year	<b>15,665</b>	-
Movement in unrecognized deferred tax	<b>(11,775)</b>	-
	<hr/>	<hr/>
<b>Total current tax expense</b>	<b>3,890</b>	-
	<hr/>	<hr/>
<b>Deferred tax</b>	-	-
	<hr/>	<hr/>
<b>Total deferred tax expense</b>	-	-
	<hr/>	<hr/>
Total income tax expense recognized in consolidated profit or loss account	<b>3,890</b>	-
	<hr/> <hr/>	<hr/> <hr/>

The Group considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes, which should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. Further, in accordance with IAS 12 Income Taxes, deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilized.

Management assessed the position to reliably estimate recoverability of deferred tax assets. Based on which, no deferred tax assets in respect of tax losses and deductible temporary differences were recognized in the consolidated financial statements. The tax effect of such tax losses and deductible temporary difference is approximately AED 2.2 million (2024: AED 13.2 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**23. Taxation (continued)**

The tax rate applicable in the UAE is 9% (2024: 9%) for taxable profits exceeding AED 375,000. The overall effective tax rate for the Group is approximately 9% (2024: 9%). The difference between the applicable tax rate and the Group's effective tax rate arises due to various adjustments being made in accordance with the corporate tax law as shown below:

	<b>2025</b>	2024
	<b>AED'000</b>	AED'000
Profit before taxation	<b>165,357</b>	(189,296)
Prima facie tax expense at 9%	<b>14,882</b>	(17,037)
<b>Tax effect of difference:</b>		
Non-deductible expenses	<b>783</b>	-
Movement in unrecognized deferred tax	<b>(11,775)</b>	-
<b>Income tax expense / (benefit)</b>	<b>3,890</b>	(17,037)

**Applicability of Pillar Two**

The Organization of Economic Cooperation and Development (OECD) has published Global Anti-Base Erosion ("GloBE") Model Rules, which include a minimum 15% tax rate by jurisdiction ("Pillar Two"). Various countries have enacted or intend to enact tax legislation to comply with Pillar Two rules.

The Group has conducted an assessment of the potential exposure to Pillar Two income taxes and concluded that the Group is not subject to the Pillar Two Model rules as per the OECD GloBE proposal as the Group's revenue is below the threshold revenue specified for the applicability of pillar two.

**24. Earnings per share**

Basic earnings per share is based on the profit / (loss) attributable to ordinary shareholders of the Bank and weighted average number of ordinary shares.

	<b>31 December</b>	31 December
	<b>2025</b>	2024
Profit / (loss) attributable to ordinary shareholders (AED'000)	<b>161,493</b>	(189,296)
Weighted average number of shares outstanding at 31 December (thousands)	<b>263,180,982</b>	263,180,982
Profit / (loss) per share (UAE Dirhams)	<b>0.0006</b>	(0.0007)

At 31 December 2025 and 31 December 2024, the Bank does not have any instrument resulting in dilution of basic earnings per share.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 25. Cash and cash equivalents

	2025 AED'000	2024 AED'000
Cash and deposits with central banks	2,092,121	1,118,555
Due from banks	840,073	848,061
Due to banks	(214,735)	(258)
	<u>2,717,459</u>	<u>1,966,358</u>
<b>Less: Original maturity over three months</b>		
Deposits with central banks	-	(104,069)
Due from banks	(682,606)	(732,677)
Due to banks	49,000	258
Repo financing	165,318	-
	<u>2,249,171</u>	<u>1,129,870</u>

#### 26. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties comprise major shareholders, Board of Directors and key management personnel of the Group. Key management personnel comprise those Management committee members (“MEMCO”) of the Group who are involved in the strategic planning and decision making of the Group. The terms of these transactions are approved by the Group’s management and are made on terms agreed by the Board of Directors or Management.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**26 Related party transactions (continued)**

Related party balances and transactions of the Group included in the consolidated statement of financial position and consolidated statement of profit or loss accounts are as follows:

	<b>Government of Sharjah</b>	<b>Government of Sharjah related entities</b>	<b>Board of directors</b>	<b>Other balances</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>Balances as at 31 December 2025</b>					
Loans and advances to customers	819,333	897,294	-	250,000	1,966,627
Reimbursement asset	1,506,690	-	-	-	1,506,690
Investment in Sukuk	699,976	-	-	-	699,976
Deposits from customers	70,960	1,127,543	14,589	62,256	1,275,348
Commitments and contingent liabilities	-	45,154	50,000	8,185	103,339
Other assets	9,408	1,264	-	7,486	18,158
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Transactions for the year ended 31 December 2025</b>					
Interest income	91,282	53,005	-	20,625	164,912
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Interest expense	15,413	41,960	144	715	58,232
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>Government of Sharjah</b>	<b>Government of Sharjah related entities</b>	<b>Board of directors</b>	<b>Other balances</b>	<b>Total</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>Balances as at 31 December 2024</b>					
Loans and advances to customers	459,110	743,515	-	50,122	1,252,747
Reimbursement asset	2,068,501	-	-	-	2,068,501
Investments in Sukuk	500,000	-	-	-	500,000
Deposits from customers	212,722	622,541	7,473	89,268	932,004
Commitments and contingent liabilities	-	46,351	12,000	33,622	91,973
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Transactions for the year ended 31 December 2024</b>					
Interest income	68,895	51,725	-	13,510	134,130
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Interest expense	23,314	37,817	-	1,327	62,458
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

None of the loans granted to related parties are classified as impaired as at 31 December 2025 (31 December 2024: Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**26 Related party transactions (continued)**

The loans extended to related parties during the year are repayable over 1 year and earn interest at rates ranging from 5.43% to 7.26% per annum (2024: 5.25% to 8.25% per annum). As at 31 December 2025, outstanding loans and advances to related parties are secured by deposits under lien amounting to AED 66.9 million (2024: AED 78.1 million).

Deposits from related parties bears interest at the rates ranging from 0% to 4.83% (2024: 0% to 5.35% per annum).

**Key management personnel remuneration**

Remuneration of key management personnel and Board of Directors fees and expenses during the year are as follows:

	2025 AED'000	2024 AED'000
Salaries and other short-term benefits	28,062	15,762
Termination benefits	1,360	2,118
Board of directors' fees and expenses	8,860	6,000
	<u>38,282</u>	<u>23,880</u>

**27. Commitments and contingent liabilities**

Commitments and contingent liabilities include commitments to extend credit, letters of credit and guarantees which are designed to meet the requirements of the Group's customers. Irrevocable commitments to extend credit represent contractual commitments to provide loans and advances and revolving credits. Revocable commitments to extend credit represent commitments to provide loan and advances and revolving credits which can be cancelled by the Group unconditionally without any contractual obligations. Letters of credit and letters of guarantees commit the Group to make payments on behalf of customers, contingent upon the failure of the customer to perform under the terms of the contract.

Commitments and contingent liabilities which have been entered into on behalf of customers and for which there are corresponding obligations from customers, are not included in assets and liabilities. Commitments and contingent liabilities generally have fixed expiry dates or other termination clauses and may require a payment of a fee. These commitments and contingent liabilities are subject to the Group's normal credit approval processes.

Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements. Further, liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect third parties to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The Group's maximum exposure to credit loss, in the event of non-performance by the other party and where all counterclaims, collateral or security proves valueless, is represented by the contractual nominal amount of these instruments is provided in the table provided below.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**27 Commitments and contingent liabilities (continued)**

The contractual amounts of commitments and contingent liabilities are set out in the following table by category.

	2025 AED'000	2024 AED'000
<b>Commitments:</b>		
Irrevocable commitments to extend credit	748,605	230,320
<b>Contingent liabilities:</b>		
Letters of credit	128,391	202,103
Letters of guarantee	3,277,784	2,977,184
<b>Others</b>		
Capital commitments	1,250	-
	<u>4,156,030</u>	<u>3,409,607</u>

	<b>Irrevocable commitments to extend credit</b>		<b>Contingent liabilities</b>	
	2025 AED'000	2024 AED'000	2025 AED'000	2024 AED'000
<b>Exposure by geography as on 31 December</b>				
United Arab Emirates	748,605	230,320	3,406,090	3,154,079
Other Arab Countries	-	-	85	25,208
	<u>748,605</u>	<u>230,320</u>	<u>3,406,175</u>	<u>3,179,287</u>

	<b>Irrevocable commitments to extend credit</b>		<b>Contingent liabilities</b>	
	2025 AED'000	2024 AED'000	2025 AED'000	2024 AED'000
<b>Exposure by maturity as on 31 December</b>				
Less than 3 months	555,950	78,820	167,863	291,771
3 months to one year	192,655	151,500	213,989	365,605
Over one year	-	-	3,024,323	2,521,911
Total	<u>748,605</u>	<u>230,320</u>	<u>3,406,175</u>	<u>3,179,287</u>

	<b>Irrevocable commitments to extend credit</b>		<b>Contingent liabilities</b>	
	2025 AED'000	2024 AED'000	2025 AED'000	2024 AED'000
<b>Exposure by currency as on 31 December</b>				
AED	748,605	230,320	3,138,405	2,840,967
USD	-	-	241,931	308,694
Euro	-	-	19,589	22,853
Other foreign currency	-	-	6,250	6,773
Total	<u>748,605</u>	<u>230,320</u>	<u>3,406,175</u>	<u>3,179,287</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**27 Commitments and contingent liabilities (continued)**

	Irrevocable		Contingent liabilities	
	commitments to extend credit		2025	2024
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
<b>Exposure by industry segment as on 31 December</b>				
Agriculture, and allied activities	-	-	-	140
Mining and quarrying	-	-	4,887	4,542
Manufacturing	13,221	-	194,389	186,741
Construction and real estate	50,000	-	2,531,855	2,418,136
Trade	360,000	73,820	74,420	164,763
Transport, storage and communication	50,000	50,000	14,958	24,353
Financial institutions	156,272	106,500	364,924	121,790
Other services	95,533	-	145,139	209,179
Individuals	-	-	6,421	247
High net worth individuals	23,579	-	51,816	13,816
Others	-	-	17,366	35,580
Total	<u>748,605</u>	<u>230,320</u>	<u>3,406,175</u>	<u>3,179,287</u>

**28. Derivative financial instruments**

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities and equity or other indices. Derivatives enable the Group's users to increase, reduce or alter exposure to specific risks such as interest or credit.

Derivative financial instruments entered into by the Group include forwards and swaps. The Group primarily uses these derivative financial instruments for trading and risk management purposes.

**Forwards**

Currency forwards represent commitments to purchase foreign and/or domestic currencies, including non-deliverable spot transactions (i.e. the transaction is net settled). Forward rate agreements are individually negotiated interest rate futures that call for a cash settlement at a future date for the difference between a contracted rate of interest and the current market rate, based on a notional principal amount.

**Interest rate swaps**

Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of cashflows arising out of interest rates (for example, fixed rate for floating rate). No exchange of principal takes place. The Group's credit risk represents the potential loss if counterparties fail to fulfil their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28 Derivative financial instruments (continued)

Derivatives financial instruments are measured at fair value by reference to published price quotations in an active market. Where there is no active market for an instrument, fair value is derived from prices for the derivative's components using appropriate pricing or valuation models like counterparty prices or valuation techniques such as discounted cash flows, market prices, yield curves and other reference market data.

	Positive Fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Maturity Analysis		
				Upto 3 months AED'000	3 to 12 months AED'000	Over one year AED'000
<b>As at 31 December 2025:</b>						
Currency swaps	-	551	146,910	146,910	-	-
	<u>-</u>	<u>551</u>	<u>146,910</u>	<u>146,910</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>551</u></u>	<u><u>146,910</u></u>	<u><u>146,910</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>As at 31 December 2024:</b>						
Interest rate caps	2	2	36,825	-	-	36,825
Forward foreign exchange contract	3,163	-	59,517	-	59,517	-
Interest rate swaps	-	408	27,831	-	-	27,831
	<u>3,165</u>	<u>410</u>	<u>124,173</u>	<u>-</u>	<u>59,517</u>	<u>64,656</u>
	<u><u>3,165</u></u>	<u><u>410</u></u>	<u><u>124,173</u></u>	<u><u>-</u></u>	<u><u>59,517</u></u>	<u><u>64,656</u></u>

The notional amount is the amount of a derivative's underlying, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year end and are neither indicative of the market risk nor credit risk. The positive / negative fair value in respect of derivatives represents the gain/loss respectively, arising on fair valuation of the trading and hedging instruments and are not indicative of any current or future losses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**29. Segmental analysis**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the type of business activities undertaken as a Group. For operating purposes, the Group is organized into two major business segments:

**Commercial Banking**, which principally provides loans and other credit facilities, deposits and current accounts for corporate, government, institutional and individual customers; and

**Investment and treasury Banking**, which involves the management of the Group's investment portfolio and interest rate, currency and derivative portfolio. Investment and treasury undertakes the Group's funding, investing and centralized financial risk management activities through borrowings and use of derivatives for risk management. It also undertakes trading and corporate finance activities and investing in liquid assets such as short-term placements, corporate and government debt securities.

Revenue reported under each of the segments represents revenue generated from external customers. There were no inter-segment revenue during the period. Transactions between segments, inter-segment cost of funds and allocation of expenses are not determined by management for the purpose of resource allocation. For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments except for reimbursement assets and certain amounts included in other assets are shown in Treasury and Investments; and
- All liabilities are allocated to reportable segments except for certain amounts included in other liabilities are shown in Treasury and Investments.

**Geographic segments**

The Group operates in two principal geographic areas i.e. domestic and international. The United Arab Emirates is designated as domestic area which represents the operations of the Group that originates from the UAE branches and subsidiaries. International area represents the operations of the Group that originates from its Branch outside UAE.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 29 Segmental analysis (continued)

Below table presents information regarding the Group's operating segments and geographical location as follows:

	Year ended 31 December 2025					Year ended 31 December 2024				
	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Domestic AED'000	International AED'000	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Dome-estic AED'000	Inter-national AED'000
Net interest and other income	283,643	151,009	434,652	434,974	(322)	78,809	132,576	211,385	211,131	254
Net writeback / (impairment loss)	92,597	(1,756)	90,841	74,403	16,438	(117,881)	(2,307)	(120,188)	(121,168)	980
Depreciation	(10,346)	(139)	(10,485)	(10,485)	-	(10,335)	(127)	(10,462)	(10,461)	(1)
Net profit / (loss) for the year	17,879	143,588	161,467	145,664	15,803	(302,535)	113,239	(189,296)	(189,296)	-
Segment capital expenditure	36,116	-	36,116	36,116	-	7,455	-	7,455	7,455	-

  

	31 December 2025					31 December 2024				
	Commercial banking AED'000	Treasury & investments AED'000	Total AED'000	Domestic AED'000	International AED'000	Commercial banking AED'000 Restated	Treasury & investments AED'000 Restated	Total AED'000 Restated	Dome-estic AED'000 Restated	Inter-national AED'000 Restated
Segment total assets	10,492,307	3,676,967	14,169,274	13,955,490	213,784	8,072,939	2,995,811	11,068,750	10,998,100	70,650
Segment total liabilities	12,360,538	165,650	12,526,188	12,479,287	46,901	9,588,532	1,500	9,590,032	9,519,382	70,650

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2025

**30. Accounting classification of financial assets and financial liabilities**

The table below shows the classification of the Group's financial assets and financial liabilities and their carrying amounts in accordance with categories of financial instruments specified in IFRS 9.

	FVTPL AED'000	FVTOCI AED'000	Amortized cost AED'000	carrying amount AED'000
<b>At 31 December 2025</b>				
<b>Financial assets</b>				
Cash and deposits with central banks	-	-	2,092,121	2,092,121
Due from banks	-	-	838,822	838,822
Investment securities	-	144,398	1,324,073	1,468,471
Loans and advances to customers	-	-	7,194,902	7,194,902
Customers' indebtedness for acceptances	-	-	108,114	108,114
Other financial assets	-	-	515,406	515,406
	-	144,398	12,073,438	12,217,836
<b>Financial liabilities</b>				
Due to banks	-	-	214,735	214,735
Deposits from customers	-	-	11,332,763	11,332,763
Liabilities under acceptances	-	-	108,114	108,114
Other financial liabilities	-	551	847,046	847,597
	-	551	12,502,658	12,503,209
	FVTPL AED'000	FVTOCI AED'000 Restated	Amortized cost AED'000 Restated	carrying amount AED'000 Restated
<b>At 31 December 2024</b>				
<b>Financial assets</b>				
Cash and deposits with central banks	-	-	1,118,555	1,118,555
Due from banks	-	-	846,915	846,915
Investment securities	-	160,984	1,113,138	1,274,122
Loans and advances to customers	-	-	4,777,141	4,777,141
Customers' indebtedness for acceptances	-	-	161,529	161,529
Other financial assets	3,165	-	77,300	80,465
	3,165	160,984	8,094,578	8,258,727
<b>Financial liabilities</b>				
Due to banks	-	-	258	258
Deposits from customers	-	-	8,722,156	8,722,156
Liabilities under acceptances	-	-	161,529	161,529
Other financial liabilities	410	-	705,679	706,089
	410	-	9,589,622	9,590,032

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**31. Fair value of assets and liabilities**

*(a) Fair value hierarchy of assets/liabilities measured at fair value*

The fair values of assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other assets/liabilities, the Group determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

**Valuation of investment securities**

The Group constantly monitors the progress of its investments by conducting its own valuation assessment. Depending on the nature of the underlying asset, quantitative methods are used such as residual value, discounted cash flow (“DCF”)/scenario analysis or comparable market valuation. The unobservable inputs are selected based on various industry and macroeconomic factors that management considers as reasonable. Qualitative methods which involve taking into consideration the market and economic outlook are also employed.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**31 Fair value of assets and liabilities (continued)**

*(a) Fair value hierarchy of assets/liabilities measured at fair value (continued)*

The following table analyses assets at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the consolidated statement of financial position.

	<b>Level 1 AED'000</b>	<b>Level 2 AED'000</b>	<b>Level 3 AED'000</b>	<b>Total AED'000</b>	<b>Carrying value AED'000</b>
<b>At 31 December 2025</b>					
FVTOCI - equity and other securities	<b>93,225</b>	-	-	<b>93,225</b>	<b>93,225</b>
FVTOCI - Debt securities	<b>51,173</b>	-	-	<b>51,173</b>	<b>51,173</b>
Net fair value of derivatives	-	<b>(551)</b>	-	<b>(551)</b>	<b>(551)</b>
	<u>144,398</u>	<u>(551)</u>	<u>-</u>	<u>143,847</u>	<u>143,847</u>
	<b>Level 1 AED'000</b>	<b>Level 2 AED'000</b>	<b>Level 3 AED'000</b>	<b>Total AED'000</b>	<b>Carrying value AED'000</b>
<b>At 31 December 2024</b>					
FVTOCI - equity and other securities	118,193	-	-	118,193	118,193
FVTOCI - Debt securities	42,791	-	-	42,791	42,791
Net fair value of derivatives	-	2,755	-	2,755	2,755
	<u>160,984</u>	<u>2,755</u>	<u>-</u>	<u>163,739</u>	<u>163,739</u>

During the year ended 31 December 2025, there is no movement in financial instruments from level 1 to level 2 of vice versa (31 December 2024: Nil).

Although the Group believes that its estimates to fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

*(b) Financial instruments not measured at fair value*

The fair values of financial instruments not measured at fair value are not materially different from the respective carrying value and disclosed in the relevant, if applicable.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32. Risk management**

**a. Introduction and overview**

The key objective of the Group is to manage risk and provide risk-adjusted returns to the shareholders in line with the accepted risk levels. Risk is inherent in the Group's activity and is managed through a process of ongoing risk identification, measurement, and monitoring by setting risk limits and controls. The Group has established comprehensive risk frameworks and governance structure for managing all material risks. The framework addresses the risk processes of all material risks across the Group. The Risk management direction is set right at the top from the Board of Directors ("BOD") and gets implemented through risk management governance structure and framework. Monitoring and controlling risk is primarily performed based on limits established by the Group through business and risk strategy as well as the level of risk that the Group is willing to accept.

To achieve this, the Group has adopted the Three Lines of Defense approach to manage its risk effectively. The First Line of Defense (FLOD) consists of revenue generating units, components, and their enabling functions, (Front Office and their Support functions). The FLOD teams are responsible for their risk factors and conducive control environment in their business unit and activities and implement policies and procedures in line with the Group's risk appetite. The Second Line of Defense (SLOD) is made up of risk management and compliance functions. The SLOD teams are responsible for risk management development, oversight monitoring process and the implementation of the Group's overall risk management. The Third Line of Defense (TLOD) is implemented by auditors (internal auditors and external auditor). TLOD is independent of both the FLOD and SLOD and are responsible for assessing the effectiveness of both the FLOD and SLOD in terms of adequacy of control within the Group. Auditors report their findings directly to the Board of Directors as an assurance function.

The Group has exposure to several risk categories, and it has frameworks to cover all material risks across the Group, in addition to the following primary risks:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The other distinct risks assessed by the Group are concentration, country, strategic, model, climate, compliance, reputation, technology, interest rate risk in banking book, collateral, foundation internal rating based (FIRB), investment risk and legal risks. Furthermore, information security risk is a critical risk in the current business environment, and the Group has put in place a robust infrastructure to manage the risk.

This note presents information about the Group's exposure to each of the above primary risks, the Group's objectives, risk management frameworks, policies and processes for measuring and managing risks, and the Group's capital management plan.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**a. Introduction and overview (continued)**

**Governance and Risk Management Framework (RMF)**

The Board of Directors (the "Board" or "BOD") has the ultimate responsibility for the establishment and oversight of the Group's Risk Management Framework. For that purpose, the Board has formulated, in line with the best international practices, the following committees at Board level to help manage various risks the Group faces:

- a. Board Audit Committee
- b. Board Risk Committee
- c. Board Credit Committee
- d. Board Nomination and Compensation Committee
- e. Board Special Assets Committee

The Board Risk Committee has been entrusted with the mandate of risk management and the Board Credit Committee has been entrusted with the approval of the credit and investment decisions as per delegation from the Board of Directors.

The Board Committees are assisted by the following Senior Management Committees:

- a. Asset Liability Committee (ALCO)
- b. Risk Committee (RC)
- c. Management Credit Committee (MCC)
- d. Provision Committee (PC)
- e. Model Oversight Committee (MOC)
- f. Data Governance Committee (DGC)
- g. Early Alert Committee (EAC) and
- h. Operational Risk and Information Security Risk Committee (ORISC).

The Group has implemented the Basel III Framework, IFRS 9 and has established other specific committees / working groups with assigned responsibilities to members of the senior management.

Regular audit of business units and credit processes are undertaken by Internal Audit. Furthermore, Control and Compliance functions have also been enhanced.

The Risk Management function is led by Chief Risk Officer (CRO), which comprises of Enterprise Risk, Credit Risk, Credit Administration, Operational Risk, Fraud Risk and investigations, Market and Liquidity risk management, and Information security and Risk Governance & Internal Control and Portfolio Management. Under the purview of the Risk Management Department, the Group's Risk Governance Framework enables the business and functional units to manage all risks in a proactive manner while integrating concepts of strategic planning, operational risk management, internal controls, and compliance. These include methods and processes, encompassing all risk dimensions to seize the opportunities related to the achievement of the Group's strategic objectives.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**a. Introduction and overview (continued)**

The Risk framework consists of policy documents covering all material risks across the Group, which include Risk governance framework, Risk Appetite, Credit Policies, IFRS 9 Provision Policy, Market and Liquidity Risk related policies, Operational Risk Management Policy, Fraud Risk and Investigation Policy, Information Security risk related policies, BC Policy, Reputation Risk Policy, Country Risk Framework, Internal Capital Adequacy Assessment Process (“ICAAP”) Policy, Stress Testing Policy, Pillar III Disclosure Policy, Investment Policy, outsourcing Policy etc.

Credit Department (CD) has formulated credit underwriting policies aligned with Group's strategies, goals vis-a-vis risk appetite, including collateral management policies, credit assessment, risk grading and reporting, risk rating in compliance with regulatory requirements.

The Group has a Board Approved Risk Appetite Statement (the “RAS”) with threshold limits and benchmarks clearly defined and monitored with monthly update to Management and the Board. The RAS has been cascaded at Business Unit levels to ensure effective monitoring.

Review of risk management policies and systems is a continuous activity to reflect changes in market conditions, products and services offered by the Group in order to present a comprehensive view of risk from a strategic and operational perspective and have a process to address risk proactively. Group is currently undergoing strategic transformation which will prepare the Group for the next phase of growth. As a result, the Risk Governance Framework has been enhanced to adequately support the implementation of the strategy and mitigate the risks arising out of the same.

**b. Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's loans and advances to customers, contingent liabilities, balances due from banks, Deposits and reserve with the Central Bank excluding cash on hand, other assets and debt securities.

It is also the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to whom the Group is exposed to in the form of counterparty default risk, or (credit) spread risk, or market risk concentrations.

**Management of credit risk**

The Board of Directors has delegated the responsibilities of the management of credit risk to Board Credit Committee (BCC), Board Special Asset Committee (BSAC), and Management Credit Committee (MCC). Changes to discretionary limits are subject to the Board's approval. Similarly, facilities in excess of discretionary limits are approved by the BCC or / and the Board of Directors. In addition, the delegation of authority is aligned with Credit Risk Management Standards.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**b. Credit risk (continued)**

A centralized Credit Management Department ("CDT") is responsible for oversight of the Group's credit underwriting activities including credit assessment and evaluation. The Group has also established Credit Risk function within Risk Management Department (RMD), which is responsible for oversight and monitoring of Group's credit risk activities while ensuring that such risks are within the Board approved Risk Appetite Statement, Policies and Frameworks. In addition, the Group has established Credit Administration Division (CAD) as a control unit responsible for credit administration and documentation as well as a Credit and Loan Operations (CCO) unit to centralize credit operations encompassing, amongst others, activities like validation, settlement and utilization of limits.

The broad functions of CDT include:

- Formulating credit policies in consultation with business units, covering credit assessment, collateral requirements, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements;
- Reviewing and assessing credit risk in accordance with delegation of authority matrix, limits and discretionary powers prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same rigorous review process;
- Limiting concentrations of credit exposure to counterparties and industries in line with the RAS by establishing exposure caps and monitoring sectoral exposures. Preferred sectors are identified and reviewed regularly in line with market dynamics.
- Reviewing compliance on an ongoing basis with approved exposure limits relating to counterparties, group caps including Board exposure caps, industries and countries. Regular reports are provided to the management, MCC, BCC and the Board of Directors on the quality of portfolios, breaches, if any and appropriate corrective action is initiated when necessary; and
- Providing advice, guidance and specialized training to business units to promote best practices throughout the Group in the management of credit risk.

The broad functions of Credit Risk Management Function include:

- Responsible for maintaining and enhancing the credit risk management framework for the Group and ensuring that it is in line with regulatory requirements.
- The function is dedicated for identification, measurement, monitoring, and control of credit risks across the Group and its subsidiaries.
- Overseeing the development of the Credit Risk Framework, review Credit Risk Policies and procedures, and support the CRO in ensuring that the Group's Credit Risk is identified, measured, reported, and mitigated within the Group's risk appetite.
- Assisting the CRO in reviewing credit applications based on pre-determined materiality thresholds to ensure the Group is protected against acquiring risks that are not consistent with the risk appetite.
- As a member of senior management committees the function is responsible for appraising management on matters related to credit risk management; thus, facilitating sound decision making.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**b. Credit risk (continued)**

For financial institutions, the Group uses external ratings issued by Standard and Poor's, Moody's, Fitch, Capital Intelligence or other recognized credit rating agencies in order to manage its credit risk exposure.

The Group has adopted the 'Standardized Approach' for computation of credit risk and market Risk while uses 'Basic Indicator Approach' for Operational Risk, in line with Central Bank regulations. Models for Internal Risk Rating, categorizing the exposures according to the degree of risk of default have been developed and are in use since 2012. The current risk grading framework consists of mainly eight grades reflecting varying degrees of risk of default and mitigation through collateral or other credit risk mitigants. In order to build a strong credit database, the Group introduced credit workflow system for processing of credit applications and rating of all counterparties.

**Loans and advances (including loan commitments, LCs and LGs)**

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 and of the associated loss ratios for counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is the approach used for the purpose of measuring Expected Credit Loss (ECL) under IFRS 9.

**Use of estimates and judgements**

The Group exercises significant judgement in assessing and estimating areas such as Expected Credit Losses. Given the uncertainty and limited forward looking information, the Group has taken the approach of implementing a judgmental overlay to the ECL model by changing its macroeconomic weightages. The Group uses the weightings of (20: 60: 20) for Baseline: Downturn: Upside scenarios.

**Governance around IFRS 9 ECL models and calculations**

Given the significant impact that the macro-economic scenarios and weightages will have on the Group's Expected Credit Losses, the Group has further strengthened its processes, controls and governance frameworks around macro-economic forecasting and the computation of Expected Credit Losses. In line with Model Management Standards and Guidelines, Group has constituted Model Oversight committee which reviews the inputs and assumptions for IFRS 9 ECL in light of available information.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**b. Credit risk (continued)**

**Credit risk grading**

The Group uses internal credit risk grading's that reflects its assessment of the probability of default of individual counterparties. The rating models are tailored to various asset classes. Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data input into the model.

The credit grades are calibrated such that risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between an A and A- rating grade is lower than the difference in the PD between a B and B- rating grade.

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

**Retail:**

After initial recognition of credit grade, for retail business, the repayment behavior of the borrower is monitored to establish the grade of the customer based on the stage of delinquency/account conduct.

**Corporate:**

For corporate business, the rating is determined at the borrower level. Relationship managers incorporate any updated or new information/credit assessments into the credit system on an ongoing basis. In addition, relationship managers also update information about the creditworthiness of the borrower every year from sources such as financial statements. This determines the updated internal credit rating and PD. Duly authorized overrides are applied on the ratings when the actual performance of the borrower does not align with the model output.

**Treasury:**

For investments in debt instruments, external rating agency credit grades are used. These published grades are continuously monitored and updated. The PD's associated with each grade are determined based on realized default rates over the prior 12 months, as published by the rating agency.

The Group follows a three-stage model for impairment based on the changes in credit quality of a financial instrument since initial recognition as specified in the IFRS 9 and summarized below:

- **Stage 1:** A financial instrument that is neither credit-impaired nor is there a significant increase in credit risk (SICR) since its initial recognition is identified and classified in Stage 1.
- **Stage 2:** If there is a SICR of a financial instrument since its initial recognition, the financial instrument is moved to Stage 2. However, it is not deemed to be credit impaired.
- **Stage 3:** If a financial instrument is credit-impaired or delinquent for more than 90 days, the financial instrument is then moved to Stage 3. This stage is further classified into three sub-stages viz. 3a, 3b and 3c.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**b. Credit risk (continued)**

**Significant increase in credit risk (SICR)**

The Group considers a financial asset to have experienced a significant increase in credit risk when one or more of the quantitative, qualitative or backstop criteria have been met. The Group considers all factors including quantitative and qualitative factors in line with Credit Risk Management Standards requirement for SICR considerations.

**Definition of default and credit-impaired assets**

The Group has aligned the default definition in line with the credit risk management standards as issued by the Central Bank of the UAE.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a minimum consecutive period as specified in the credit risk management standards.

The default definition has been applied consistently to model the PD, EAD and LGD throughout the computation of expected credit loss calculations.

**Measuring ECL - Inputs, assumptions and estimation techniques**

ECL is measured either on a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or an asset is considered to be credit-impaired. The key inputs into the measurement of ECL are:

- **PD:** PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation
- **LGD:** LGD represents the Group'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).
- **EAD:** EAD represents the expected exposure at the time of default based on the amounts the Group is expecting 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 Group 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.

ECL on financial instruments classified in Stage 1 is measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. However, ECL on financial instruments classified in Stages 2 or Stage 3 is measured based on expected credit losses from all possible default events over the lifetime of the financial instrument.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**b. Credit risk (continued)**

**Significant increase in credit risk (SICR)**

The Group considers the financial asset to have experienced SICR when a significant change in probability of default occurs between the date of origination of a specific facility and the date when ECL computation is performed.

The Group considers a financial asset to have experienced a SICR when one or more of the following quantitative, qualitative or backstop criteria have been met:

**i. Quantitative criteria**

**Corporate loans:**

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following quantitative factors:

- Operating performance
- Operating efficiency
- Debt service/ covenant breaches
- Distressed restructuring
- Account performance/irregularities
- Liquidity assessment
- Capital structure.

**Retail:**

For Retail portfolio, if the borrowers meet one or more of the following criteria:

- Adverse findings for an account/ borrower as per credit bureau data;
- Loan rescheduling before 30 Days Past Due (DPD);
- Accounts overdue between 30 and 90 days.

**Treasury:**

- Significant increase in probability of default of the underlying treasury instrument;
- Significant change in the investment's expected performance and behaviour of borrower (collateral value, payment holiday, payment to income ratio etc.).

**32 Risk management (continued)**

**b. Credit risk (continued)**

**ii. Qualitative criteria:**

**Corporate loans:**

For corporate loans, the following are also considered in determining a significant increase in probability of default:

- Net worth erosion
- Fraudulent activity
- Significant operations disruption
- Departure of key members of management
- Financial covenants breach
- Industry outlook
- Income stability unavailable/inadequate financial information/financial statements
- Qualified report by external auditors
- Pending significant litigation
- Increase in operational risk
- Continued delay and non-cooperation by the borrower in providing key relevant documentation
- Distressed restructure
- Bad news in public domain
- Significant reputation damage

**iii. Backstop:**

A borrower that is more than 30 days past due to its contractual obligations is presumed to have a significantly increased credit risk as a backstop unless this presumption can be reasonably rebutted based on supportable forward-looking information. The borrower is also flagged in the system and subject to closer monitoring.

**Definition of default and credit-impaired assets**

The Group defined a set of criteria and conditions used to determine whether an entity is considered to have ‘defaulted’. A default is considered to have occurred with regard to a particular obligor when it meets one or more of the following criteria:

**i. Quantitative criteria:**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**

**32 Risk management** *(continued)*

**b. Credit risk** *(continued)*

**Definition of default and credit-impaired assets** *(continued)*

**ii. Qualitative criteria:**

- The Group considers that the obligor is unlikely to pay its credit obligation to the Group in full without recourse by the Group to actions like realizing security (if held).
- The Group puts the credit obligation on a non-accrued status.
- The Group makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Group taking on the exposure.
- The Group sells the credit obligation at a material credit-related economic loss.
- The Group consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest and other fees.
- The Group has filed for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation to the Group.
- The obligor is past due more than 90 days on any material credit obligation to the Group.

The above criteria have been applied to all financial instruments held by the Group and is consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD) and Loss Given Default (LGD) throughout the Group's expected credit loss calculations.

**Measuring ECL – Explanation of inputs, assumptions, and estimation techniques**

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 the initial recognition of a specific facility or whether an asset is considered credit-impaired. The Group has adopted a forward exposure method for computing the ECL for each facility. The Group has opted for a monthly granular computation of PD, EAD and LGD:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per 'Definition of default and credit-impaired' above), 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 Group expected to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group'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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management** *(continued)*

**b. Credit risk** *(continued)*

**Measuring ECL – Explanation of inputs, assumptions, and estimation techniques** *(continued)*

The ECL is determined by projecting the PD, LGD and EAD for each quarterly period 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 prepaid or defaulted in previous period). 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.

Lifetime PD is developed by applying a maturity profile to the current 12M 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 repayments loans, this is based on the contractual repayments owed by the borrower over a 12 month 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 current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization, based on analysis of the Group’s recent default data.
- For contingent products like LC and LG, the exposure at default is predicted using a Credit conversion factor in line with the Basel regulatory guidelines.

The LGDs are based on the average expectation of recovery adjusted for the availability of collateral. The Group is in the process of estimating LGD based on its own recovery experience, however, till such time will continue to apply LGD as per above approach.

Forward-looking economic information is also included in determining the 12M and lifetime PD, EAD and LGD. These assumptions vary by product type. Refer below for an explanation of forward-looking information and its inclusion in ECL calculations.

The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs and collateral values change etc., are monitored and reviewed on a quarterly basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**b. Credit risk (continued)**

**Measuring ECL - Inputs, assumptions and estimation techniques (continued)**

**Use of estimates and judgements**

The Group exercises significant judgement in assessing and estimating areas such as ECL. Given the uncertainty and limited forward looking information, the Group has taken the approach of implementing a judgmental overlay to the ECL model by changing its macroeconomic weightages. The Group uses the weightings of (20: 60: 20) for Baseline: Downturn: Upside scenarios.

*Forward-looking information incorporated in the ECL Models*

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

*Credit approval*

Major credit exposures to individual counterparties, groups of connected counterparties and portfolios of retail exposures are reviewed and approved by the Bank's Management Credit Committee ("MCC") / Board Credit Committee ("BCC") within the authorities delegated by the Board of Directors.

*Credit rating and measurement*

The risk rating system is the basis for determining the credit risk of the Group's asset portfolio (except the retail portfolio) and thus asset pricing, portfolio management, determining finance loss provisions and reserves. A grading system is being used by the Group which is based on the Group's internal estimate of probability of default, with customers or portfolios assessed against a range of quantitative and qualitative factors, including taking into account the counterparty's financial position, past experience and other factors.

*Credit monitoring*

The Group regularly monitors credit exposures and external trends which may impact risk management outcomes. Internal risk management reports are presented to the Management, Board Risk Committee ("BRC") as well as to the Board of Directors (BoD), containing information on key variables including RAS; portfolio delinquency and financing impairment performance.

All corporate accounts are monitored carefully for performance and reviewed formally on an annual basis or earlier to assess any deterioration in account conduct. The Group has robust policies for client visits and monitoring of accounts to make sure that any concerns on the quality of the accounts are addressed well in time. An exposure is categorized as watch list or non-performing as per UAE Central Bank guidelines. An early warning process is in place for regular review of accounts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**b. Credit risk (continued)**

**Measuring ECL - Inputs, assumptions and estimation techniques (continued)**

*Credit monitoring (continued)*

Non-performing accounts are monitored closely by the Special Assets Management Unit (SAM). Such accounts are re-evaluated, and remedial actions are agreed and monitored on a periodic basis and discussed in the BSAC. Remedial actions include, but are not limited to, exposure reduction, security enhancement, asset search, employing litigation/recovery agencies, defining litigation strategy and exit of the account.

With respect to the Group's retail portfolio, asset quality is monitored closely with 30/60/90 days past due accounts and delinquency trends monitored continuously for each Retail Product of the Group. Accounts which are past due are subject to collection processes that are managed by SAM.

*Credit mitigation*

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools. Additional support in the form of collateral and guarantee is obtained where required. The reliance that can be placed on these credit mitigation resources is carefully assessed in light of issues such as legal enforceability, market value and counterparty risk of the guarantor. Collateral types which are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed and movable assets such as motor vehicles, plant and machinery; marketable securities and bank guarantee etc. Risk mitigation as detailed as part of Credit policies control the approval of collateral types.

Collateral is valued in accordance with the Group's risk mitigation Credit policy which aligns to CBUAE regulation. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

##### Maximum exposure to credit risk

Below table shows the Group's maximum credit risk exposure per class of financial asset without taking into account effects of any collateral or other credit enhancements:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Cash and balances with central banks	2,243,330	-	-	2,243,330	1,269,764	-	-	1,269,764
Due from banks	840,074	-	-	840,074	848,061	-	-	848,061
Investment measured at FVOCI	51,173	-	-	51,173	42,791	-	-	42,791
Investments measured at amortized cost	1,328,714	-	-	1,328,714	1,116,023	-	-	1,116,023
Loans and advances to customers (net of IIS)	6,458,544	746,023	4,389,936	11,594,503	4,328,837	299,152	5,279,054	9,907,043
Other assets	1,068,268	-	-	1,068,268	983,516	-	-	983,516
Total funded exposure	11,990,103	746,023	4,389,936	17,126,062	8,588,992	299,152	5,279,054	14,167,198
Unfunded exposure	3,846,117	188,423	228,355	4,262,895	3,016,077	78,586	314,944	3,409,607
Total funded and unfunded exposure	15,836,220	934,446	4,618,291	21,388,957	11,605,069	377,738	5,593,998	17,576,805

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

Below table shows the stage-wise expected credit loss against each of the asset category:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Cash and balances with central banks	151,209	-	-	151,209	151,209	-	-	151,209
Due from banks	1,252	-	-	1,252	1,146	-	-	1,146
Investment measured at FVOCI	-	-	-	-	-	-	-	-
Investments measured at amortized cost	4,641	-	-	4,641	2,885	-	-	2,885
Loans and advances to customers	43,359	92,695	4,263,547	4,399,601	42,417	85,230	5,002,255	5,129,902
Other assets	-	-	-	-	-	-	-	-
	<u>200,461</u>	<u>92,695</u>	<u>4,263,547</u>	<u>4,556,703</u>	<u>197,657</u>	<u>85,230</u>	<u>5,002,255</u>	<u>5,285,142</u>
ECL on funded exposure	200,461	92,695	4,263,547	4,556,703	197,657	85,230	5,002,255	5,285,142
ECL on unfunded exposure	21,495	6,928	205,113	233,536	18,301	2,041	265,334	285,676
	<u>221,956</u>	<u>99,623</u>	<u>4,468,660</u>	<u>4,790,239</u>	<u>215,958</u>	<u>87,271</u>	<u>5,267,589</u>	<u>5,570,818</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

##### Credit risk exposure - Financial instrument subject to impairment

Below table shows an analysis of the credit risk exposure per class of exposure/asset, based on the internal rating, rating as specified by the Central Bank of the UAE and stage of financial assets which are subject to ECL:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	Stage 1 AED'000 Restated	Stage 2 AED'000	Stage 3 AED'000	Total AED'000 Restated
<b>Balances with central banks:</b>								
Gross carrying amount	2,243,330	-	-	2,243,330	1,269,764	-	-	1,269,764
Expected credit loss allowance	(151,209)	-	-	(151,209)	(151,209)	-	-	(151,209)
Carrying amount	<u>2,092,121</u>	<u>-</u>	<u>-</u>	<u>2,092,121</u>	<u>1,118,555</u>	<u>-</u>	<u>-</u>	<u>1,118,555</u>
<b>Due from banks:</b>								
Gross carrying amount	840,074	-	-	840,074	848,061	-	-	848,061
Expected credit loss allowance	(1,252)	-	-	(1,252)	(1,146)	-	-	(1,146)
Carrying amount	<u>838,822</u>	<u>-</u>	<u>-</u>	<u>838,822</u>	<u>846,915</u>	<u>-</u>	<u>-</u>	<u>846,915</u>
<b>Investments securities*:</b>								
Gross carrying amount	1,379,887	-	-	1,379,887	1,158,814	-	-	1,158,814
Expected credit loss allowance	(4,641)	-	-	(4,641)	(2,885)	-	-	(2,885)
Carrying amount	<u>1,375,246</u>	<u>-</u>	<u>-</u>	<u>1,375,246</u>	<u>1,155,929</u>	<u>-</u>	<u>-</u>	<u>1,155,929</u>

\* excluding equity and other securities

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

###### Gross credit exposure by External credit risk ratings

The table below shows an analysis of the credit quality of gross carrying amount of due from banks and debt securities based on the rating by external rating agencies. The analysis is based on Standard & Poor's ratings. However, wherever S&P's ratings are not available, comparable Fitch or Moody's equivalent ratings scale is used. Debt issuer level ratings are used in case ratings are not available at issuance level.

	31 December 2025				31 December 2024			
	Due from banks AED'000	Debt securities at FVOCI AED'000	Debt securities at amortized Cost AED'000	Total AED'000	Due from banks AED'000	Debt securities at FVOCI AED'000	Debt securities at amortized Cost AED'000	Total AED'000
<b>Ratings</b>								
AAA to AA-	2,512	-	-	2,512	1,372	-	30,162	31,534
A+ to A-	251,818	9,749	155,409	416,976	322,191	12,136	131,171	465,498
BBB+ to BBB-	116,830	-	177,236	294,066	195,848	30,655	155,233	381,736
BB+ to B-	468,914	41,424	996,069	1,506,407	328,650	-	799,457	1,128,107
	<u>840,074</u>	<u>51,173</u>	<u>1,328,714</u>	<u>2,219,961</u>	<u>848,061</u>	<u>42,791</u>	<u>1,116,023</u>	<u>2,006,875</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

Below table shows an analysis of the credit quality of gross amount of loans and advances based on the grading in line with the CB-UAE guidelines, stage of loans and advances and the expected credit loss allowance:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Performing:								
Stage 1	6,459,415	-	-	6,459,415	4,329,140	-	-	4,329,140
Stage 2	-	749,156	-	749,156	-	302,332	-	302,332
Non-performing:								
Stage 3a	-	-	13,045	13,045	-	-	459,023	459,023
Stage 3b	-	-	23,925	23,925	-	-	72,295	72,295
Stage 3c	-	-	6,642,332	6,642,332	-	-	7,202,824	7,202,824
	<u>6,459,415</u>	<u>749,156</u>	<u>6,679,302</u>	<u>13,887,873</u>	<u>4,329,140</u>	<u>302,332</u>	<u>7,734,142</u>	<u>12,365,614</u>
Interest in suspense	(871)	(3,133)	(2,289,366)	(2,293,370)	(303)	(3,180)	(2,455,088)	(2,458,571)
Expected credit loss allowance	<u>(43,359)</u>	<u>(92,695)</u>	<u>(4,263,547)</u>	<u>(4,399,601)</u>	<u>(42,417)</u>	<u>(85,230)</u>	<u>(5,002,255)</u>	<u>(5,129,902)</u>
Carrying amount	<u><u>6,415,185</u></u>	<u><u>653,328</u></u>	<u><u>126,389</u></u>	<u><u>7,194,902</u></u>	<u><u>4,286,420</u></u>	<u><u>213,922</u></u>	<u><u>276,799</u></u>	<u><u>4,777,141</u></u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

**Staging movement:** Below table shows the movement in the gross exposure between the beginning and the end of year:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
<b>Due from banks</b>								
As at 1 January	848,061	-	-	848,061	611,572	-	-	611,572
Net movement in EADs	(7,987)	-	-	(7,987)	236,489	-	-	236,489
As at 31 December	840,074	-	-	840,074	848,061	-	-	848,061
<b>Investment securities*</b>								
As at 1 January	1,158,814	-	-	1,158,814	2,334,887	-	-	2,334,887
Net movement in EADs	221,073	-	-	221,073	(1,199,213)	-	-	(1,199,213)
As at 31 December	1,379,887	-	-	1,379,887	1,158,814	-	-	1,158,814
<b>Loans and advances</b>								
As at 1 January	4,329,140	302,332	7,734,142	12,365,614	3,810,007	314,523	8,129,902	12,254,432
Transfer from Stage 1 to Stage 2	(351,712)	351,712	-	-	(56,252)	56,252	-	-
Transfer from Stage 1 to Stage 3	(909)	-	909	-	(3,638)	-	3,638	-
Transfer from Stage 2 to Stage 1	23,115	(23,115)	-	-	46,990	(46,990)	-	-
Transfer from Stage 2 to Stage 3	-	(7,277)	7,277	-	-	(6,621)	6,621	-
Transfer from Stage 3 to Stage 1	115	-	(115)	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	112	(112)	-	-	36,961	(36,961)	-
Other movement in EADs	2,459,666	125,392	(1,062,799)	1,522,259	532,033	(51,793)	(369,058)	111,182
As at 31 December	6,459,415	749,156	6,679,302	13,887,873	4,329,140	302,332	7,734,142	12,365,614

\* excluding equity instruments

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

**Staging movement:** Below table shows the changes in the expected credit loss between the beginning and the end of year:

	31 December 2025				31 December 2024			
	12 month ECL Stage 1 AED'000	Lifetime ECL Stage 2 AED'000	Lifetime ECL Stage 3 AED'000	Total AED'000	12 month ECL Stage 1 AED'000 Restated	Lifetime ECL Stage 2 AED'000 Restated	Lifetime ECL Stage 3 AED'000 Restated	Total AED'000 Restated
<b>Due from banks</b>								
As at 1 January	1,146	-	-	1,146	628	-	-	628
Net movement in ECL	106	-	-	106	518	-	-	518
As at 31 December	1,252	-	-	1,252	1,146	-	-	1,146
<b>Investment securities*</b>								
As at 1 January	2,885	-	-	2,885	578	-	-	578
Net movement in ECL	1,756	-	-	1,756	2,307	-	-	2,307
As at 31 December	4,641	-	-	4,641	2,885	-	-	2,885
<b>Loans and advances</b>								
As at 1 January	42,417	85,230	5,002,255	5,129,902	39,130	31,317	5,706,526	5,776,973
Net ECL movement during the year:								
Transfer from Stage 1 to Stage 2	(2,803)	2,803	-	-	(709)	709	-	-
Transfer from Stage 1 to Stage 3	(94)	-	94	-	(258)	-	258	-
Transfer from Stage 2 to Stage 1	1,665	(1,665)	-	-	457	(457)	-	-
Transfer from Stage 2 to Stage 3	-	(576)	576	-	-	(32)	32	-
Transfer from Stage 3 to Stage 1	38	-	(38)	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	53	(53)	-	-	13,857	(13,857)	-
Other movement in ECL	2,136	6,850	(739,287)	(730,301)	3,797	39,836	(690,704)	(647,071)
As at 31 December	43,359	92,695	4,263,547	4,399,601	42,417	85,230	5,002,255	5,129,902

\* excluding equity instruments

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

##### Concentration of credit risk - industry segment (continued)

Below table provides gross credit exposure by industry segment:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Manufacturing	219,484	6	2,232,550	2,452,040	154,631	17,832	2,325,016	2,497,479
Construction	399,615	67,805	3,002,858	3,470,278	453,189	13,185	3,365,156	3,831,530
Real estate	1,350,031	56,141	373,881	1,780,053	256,346	180,910	525,337	962,593
Trade	297,849	13,556	800,001	1,111,406	556,362	35,484	905,961	1,497,807
Transport, storage and communication	57,596	1,392	47,955	106,943	88,352	2,214	54,783	145,349
Financial institutions	1,064,403	595,323	57	1,659,783	1,078,282	30,353	80,846	1,189,481
Other services	481,388	13,245	73,367	568,000	382,188	4	256,182	638,374
Government	1,112,827	-	-	1,112,827	731,681	-	-	731,681
Individuals	264,846	1,673	6,608	273,127	193,096	4,740	22,980	220,816
High net worth individuals	1,179,877	-	114,451	1,294,328	421,421	17,610	171,346	610,377
All others	31,499	15	27,574	59,088	13,592	-	26,535	40,127
Gross loans and advances	<u>6,459,415</u>	<u>749,156</u>	<u>6,679,302</u>	<u>13,887,873</u>	<u>4,329,140</u>	<u>302,332</u>	<u>7,734,142</u>	<u>12,365,614</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

##### Concentration of credit risk - industry segment (continued)

Below table provides expected credit loss by industry segment:

	31 December 2025				31 December 2024			
	Stage 1 AED'000	Stage 2 AED'000	Stage 3 AED'000	Total AED'000	Stage 1 AED'000 Restated	Stage 2 AED'000 Restated	Stage 3 AED'000 Restated	Total AED'000 Restated
Manufacturing	1,881	-	1,496,432	1,498,313	578	2,356	1,582,541	1,585,475
Construction	1,695	24,910	1,941,130	1,967,735	2,229	18,756	2,220,517	2,241,502
Real Estate	8,731	23,876	159,715	192,322	392	50,723	201,059	252,174
Trade	2,229	5,667	545,771	553,667	2,057	3,620	645,731	651,408
Transport, storage and communication	673	548	29,055	30,276	1,850	858	33,427	36,135
Financial institutions	3,834	17,371	4	21,209	2,362	2,862	70,806	76,030
Other services	7,380	13,199	40,467	61,046	5,299	2,990	149,450	157,739
Government	3,601	-	-	3,601	3,352	-	-	3,352
Individuals	3,422	260	5,400	9,082	18,783	591	14,487	33,861
High net worth individuals	9,913	6,541	39,848	56,302	5,489	2,331	78,677	86,497
All others	-	323	5,725	6,048	26	143	5,560	5,729
Expected credit loss	<u>43,359</u>	<u>92,695</u>	<u>4,263,547</u>	<u>4,399,601</u>	<u>42,417</u>	<u>85,230</u>	<u>5,002,255</u>	<u>5,129,902</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

###### Concentration of credit risk - Geographical concentration

Concentration of credit risk arises when a number of counterparties or exposures have comparable economic characteristics or such counterparties are engaged in similar activities or operate in the same geographical areas or economic sectors that would impact their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The analysis of credit risk concentrations presented below are based on the location of the counterparty or customer or country of risk in which they are engaged.

	31 December 2025					31 December 2024				
	UAE AED'000	Other GCC countries AED'000	Other Arab countries AED'000	Western Europe and other AED'000	Total AED'000	UAE AED'000 Restated	Other GCC Countries AED'000 Restated	Other Arab Countries AED'000 Restated	Western Europe and other AED'000 Restated	Total AED'000 Restated
Balances with central banks	2,029,633	-	62,488	-	2,092,121	1,056,067	-	62,488	-	1,118,555
Due from banks	22,471	166,646	350,093	299,612	838,822	67,806	307,241	37,028	434,840	846,915
Investments securities	1,068,991	208,327	185,918	5,235	1,468,471	1,055,732	216,561	-	1,829	1,274,122
Loans and advances to customers	6,532,094	135,728	52,364	474,716	7,194,902	4,694,803	54,714	27,624	-	4,777,141
Reimbursement asset	1,506,690	-	-	-	1,506,690	2,068,501	-	-	-	2,068,501
Other assets	1,055,940	3,432	6,968	1,928	1,068,268	983,516	-	-	-	983,516
	<b>12,215,819</b>	<b>514,133</b>	<b>657,831</b>	<b>781,491</b>	<b>14,169,274</b>	<b>9,926,425</b>	<b>578,516</b>	<b>127,140</b>	<b>436,669</b>	<b>11,068,750</b>
Contingent liabilities	3,406,090	-	85	-	3,406,175	3,154,079	-	25,208	-	3,179,287
Total exposure	<b>15,621,909</b>	<b>514,133</b>	<b>657,916</b>	<b>781,491</b>	<b>17,575,449</b>	<b>13,080,504</b>	<b>578,516</b>	<b>152,348</b>	<b>436,669</b>	<b>14,248,037</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**b. Credit risk (continued)**

**Impaired loans and advances**

Impaired loans and advances are financial assets for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement(s). These loans are classified as Stage 3a, Stage 3b and stage 3c, as appropriate, in line with the CBUAE guidelines.

**Past due but not impaired loans**

These are loans and advances where contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of a repayment source such as assigned receivables, the level of security/collateral available and/or the possible scope of collection of amounts owed to the Group. It also includes contracts where the reschedule/restructure discussions are ongoing /or has been approved but awaiting perfection of documents viz. Mortgage deed, Facility Agreement Letter (FAL) and so on by the customer.

**Allowances for impairment**

The Group establishes allowance for impairment losses that represents its estimate for losses in its loan portfolio. The main components of this allowance are specific losses that relates to individually significant exposures and a collective impairment established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans that are considered individually insignificant as well as individually significant that were subject to individual assessment for impairment but not found to be individually impaired. Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

**Write-off**

The Group writes off loans/securities (and any related allowances for impairment losses) when it determines that there is no scope of recovery, and the loans are uncollectible. The decision is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure and there is no scope to pursue any other avenues, by writing down the debt to a nominal value.

**Collateral and other credit enhancements**

The Group holds collateral against funded and unfunded financing facilities in the form of cash margins, pledges/liens over deposits, mortgage interests over property, other registered securities over assets and guarantees. The Group accepts guarantees mainly from well-reputed local or international banks/financial institutions, well-established local or multinational organizations, large corporates and high net worth individuals. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, which are generally updated during annual reviews or earlier as the Group deems it prudent given the circumstances and market trend / conditions. Collateral is generally not held over loans and advances to other banks or financial institutions, except when securities are held as a part of reverse repurchase and securities borrowing activity.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### b. Credit risk (continued)

###### Collateral and other credit enhancements (continued)

It is the Group's policy to ensure that loans are extended to customers within their capability to service interest and repay principal instead of relying excessively on securities/collaterals. Accordingly, depending on customers' credit worthiness and the type of product, facilities may be unsecured. Nevertheless, collateral is and can be an important credit risk mitigant.

An estimate of the fair value of collateral and other security enhancements held against loans and advances to customers is shown below. Collateral values reflect the exposure or the value of the collateral whichever is lower.

	31 December 2025				31 December 2024			
	Neither past due nor impaired AED'000	Past due but not impaired AED'000	Impaired AED'000	Total AED'000	Neither past due nor impaired AED'000	Past due but not impaired AED'000	Impaired AED'000	Total AED'000
Cash	2,356,877	-	33,179	2,390,056	1,873,215	2,811	43,571	1,919,597
Commercial and industrial property	1,693,218	-	95,560	1,788,778	545,990	4,729	232,856	783,575
Equities	312,877	-	-	312,877	253,207	-	8,144	261,351
Others	59,529	-	-	59,529	143,824	852	8,382	153,058
<b>Total</b>	<b>4,422,501</b>	<b>-</b>	<b>128,739</b>	<b>4,551,240</b>	<b>2,816,236</b>	<b>8,392</b>	<b>292,953</b>	<b>3,117,581</b>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 32 Risk management *(continued)*

##### b. Credit risk *(continued)*

###### **Loans with renegotiated terms**

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made material concessions that it would not otherwise consider. Once a loan is restructured, it remains in this category for a minimum period of twelve months, in order to establish satisfactory track record of performance under the restructuring agreement. The Group determines the twelve-month period to commence from the date of signing of the agreement for restructuring. The impact of modification loss on the Group's consolidated financial statements is not material.

###### **Settlement risk**

The Group's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of counterparty to honor its obligations to deliver cash, securities or other assets as contractually agreed. Any delay in settlement is rare and monitored.

###### **Derivative related credit risk**

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive market value of instruments that are favorable to the Group. The positive market value is also referred to as the "replacement cost" since it is an estimate of what it will cost to replace transactions at prevailing market rates if a counterparty defaults. The majority of the Group's derivative contracts are entered into with other banks and financial institutions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**c. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities as they become due and at a reasonable cost. Liquidity risk can be segregated into three categories:

- (i) Mismatch or structural liquidity risk: the risk in the Group's current consolidated statement of financial position structure due to maturity transformation in the cash flows of individual positions;
- (ii) Contingency liquidity risk: the risk that future events may require a significantly larger amount of cash than what the Group's projections allow. This can arise due to unusual deviations of timing of cash flows (term liquidity risk), e.g., non-contractual prolongation of loans, or unexpected draw downs on committed loan facilities (call/ withdrawal liquidity risk); and
- (iii) Market liquidity risk: the risk that the Group cannot easily offset or eliminate a position at the market price because of market disruption or inadequate market depth.

**Management of liquidity risk**

Liquidity risk management has remained at the helm of risk management and receives close attention of the Board of Directors. The Group's approach to managing liquidity is to ensure, 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 Group's reputation. All liquidity policies and procedures are subject to review and approval by ALCO, BRC and the Board. The Group has adequate Liquidity and Market Risk framework including regular monitoring of Liquidity Risk Appetite, liquidity at risk positions, forecasted liquidity positions and country limit and market monitoring. The key elements of the Group's liquidity strategy are as follows:

- i. Maintaining a diversified funding base consisting of customer deposits (both retail and corporate), wholesale market deposits, maintaining contingency facilities, annual budgeting and planning exercise forms the basis for developing the Group's funding strategy.
- ii. Carrying a portfolio of high-quality liquid assets, diversified by counterparty and maturity.
- iii. Monitoring liquidity ratios (ELAR, ASRR, LTD), maturity mismatches, behavioral characteristics of the Group's financial assets and liabilities, and the extent to which the Group's assets are encumbered and hence not available as potential collateral for obtaining funding.
- iv. Carrying out stress testing of the Group's liquidity position.
- v. Maintaining adequate liquidity buffers.
- vi. Active communication with the CBUAE regarding liquidity requirements and requesting liquidity support with respect to those requirements.

**Exposure to liquidity risk**

The key measure used by the Group for managing liquidity risk is the Eligible Liquid Asset Ratio (ELAR), ratio of net liquid assets (i.e. total assets by maturity against total liabilities by maturity) and its loans to deposit ratio. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### c. Liquidity risk (continued)

##### Residual contractual undiscounted repayment obligations of financial liabilities

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations. The Group's expected cash flow on these instruments may vary significantly from this analysis, for example demand deposits from customers are expected to maintain a stable or increasing balance and unrecognized loan commitments are not expected to be drawn down immediately.

	31 December 2025					31 December 2024				
	Upto 3 months AED'000	3 months to 1 year AED'000	1 to 5 years AED'000	Undis- counted cash flow AED'000	Carrying amount AED'000	Upto 3 months AED'000 Restated	3 months to 1 year AED'000 Restated	1 to 5 years AED'000 Restated	Undis- counted cash flow AED'000 Restated	Carrying amount AED'000 Restated
Due to banks	215,578	-	-	215,578	214,735	258	-	-	258	258
Deposits from customers	6,424,686	3,466,244	1,785,792	11,676,722	11,332,763	5,314,390	3,055,160	769,999	9,139,549	8,722,156
Liabilities for acceptances	72,957	35,158	-	108,115	108,114	18,173	99,443	43,913	161,529	161,529
Other liabilities	407,583	130,584	85,762	623,929	870,576	532,314	133,372	40,403	706,089	706,089
Total liabilities	7,120,804	3,631,986	1,871,554	12,624,344	12,526,188	5,865,135	3,287,975	854,315	10,007,425	9,590,032
Undrawn commitments to extend credit	322,300	426,305	-	748,605	748,605	81,000	149,320	-	230,320	230,320
	<u>7,443,104</u>	<u>4,058,291</u>	<u>1,871,554</u>	<u>13,372,949</u>	<u>13,274,793</u>	<u>5,946,135</u>	<u>3,437,295</u>	<u>854,315</u>	<u>10,237,745</u>	<u>9,820,352</u>

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 32 Risk management (continued)

##### c. Liquidity risk (continued)

Below table shows the residual maturity profile of the assets and liabilities:

	31 December 2025				31 December 2024			
	Upto 3 months AED'000	3 months to 1 year AED'000	Over 1 year AED'000	Total AED'000	Upto 3 months AED'000 Restated	3 months to 1 year AED'000 Restated	Over 1 year AED'000 Restated	Total AED'000 Restated
Cash and deposits with central banks	2,092,121	-		2,092,121	763,510	355,045	-	1,118,555
Due from banks	181,210	420,145	237,467	838,822	136,400	345,661	364,854	846,915
Investment securities	537,678	125,612	805,181	1,468,471	14,673	96,038	1,163,411	1,274,122
Loans and advance to customers	2,226,551	1,229,627	3,738,724	7,194,902	744,864	1,362,341	2,669,936	4,777,141
Reimbursement asset	-	-	1,506,690	1,506,690	-	-	2,068,501	2,068,501
Other assets	140,531	4,533	923,204	1,068,268	46,854	238,803	697,859	983,516
<b>Total assets</b>	<b>5,178,091</b>	<b>1,779,917</b>	<b>7,211,266</b>	<b>14,169,274</b>	<b>1,706,301</b>	<b>2,397,888</b>	<b>6,964,561</b>	<b>11,068,750</b>
<b>Liabilities and equity</b>								
Due to banks	214,735	-	-	214,735	258	-	-	258
Deposits from customers	6,080,727	3,466,244	1,785,792	11,332,763	4,893,395	3,117,234	711,527	8,722,156
Other liabilities	725,164	165,741	87,785	978,690	260,313	231,815	375,490	867,618
<b>Total liabilities</b>	<b>7,020,626</b>	<b>3,631,985</b>	<b>1,873,577</b>	<b>12,526,188</b>	<b>5,153,966</b>	<b>3,349,049</b>	<b>1,087,017</b>	<b>9,590,032</b>
<b>Net liquidity positions</b>	<b>(1,842,535)</b>	<b>(1,852,068)</b>	<b>5,337,689</b>	<b>1,643,086</b>	<b>(3,447,665)</b>	<b>(951,161)</b>	<b>5,877,544</b>	<b>1,478,718</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**d. Market Risk**

Market Risk is the risk that changes or movement in market prices - such as equity prices, foreign exchange rates and interest rates,, that will affect the Bank's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Bank's solvency while optimizing the return on risk adjusted capital.

**Management of market risk**

The Group separates its exposure to market risks between trading and non-trading portfolios. Trading portfolios mainly include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

The Group has a very limited trading portfolio; hence it is not exposed to any significant market risk in respect of its trading portfolio.

**i. Interest rate risk**

Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and the related income. The Group manages interest rate risk principally through monitoring interest rate gaps and by matching the re-pricing profile of assets and liabilities.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 32 Risk management (continued)

##### d. Market Risk (continued)

##### i. Interest rate risk (continued)

Below table shows the maturity profile of the assets and liabilities based on residual maturity or interest re-pricing periods whichever is earlier at the reporting date:

	31 December 2025					31 December 2024				
	Upto 3 months AED'000	3 months to 1 year AED'000	Over 1 year AED'000	non-interest-sensitive AED'000	Total AED'000	Upto 3 months AED'000	3 months to 1 year AED'000	Over 1 year AED'000	non-interest-sensitive AED'000	Total AED'000
						Restated	Restated	Restated	Restated	Restated
<b>Assets</b>										
Cash and balances with central banks	1,355,000	-	-	737,121	2,092,121	707,124	-	-	411,431	1,118,555
Due from banks	42,391	420,145	237,467	138,819	838,822	39,667	345,107	365,411	96,730	846,915
Investment securities	530,129	128,704	798,422	11,216	1,468,471	14,667	77,740	1,172,979	8,736	1,274,122
Loans and advances to customers	5,487,856	832,309	779,820	94,917	7,194,902	3,373,773	433,667	812,740	156,961	4,777,141
Reimbursement asset	-	-	-	1,506,690	1,506,690	-	-	-	2,068,501	2,068,501
Other assets	-	-	-	1,068,268	1,068,268	-	-	-	983,516	983,516
<b>Total assets</b>	<b>7,415,376</b>	<b>1,381,158</b>	<b>1,815,709</b>	<b>3,557,031</b>	<b>14,169,274</b>	<b>4,135,231</b>	<b>856,514</b>	<b>2,351,130</b>	<b>3,725,875</b>	<b>11,068,750</b>
<b>Liabilities and equity</b>										
Due to banks	214,318	-	-	417	214,735	-	-	-	258	258
Deposits from customers	3,445,266	3,348,488	1,671,978	2,867,031	11,332,763	3,176,171	3,117,234	711,527	1,717,224	8,722,156
Other liabilities	-	-	-	978,690	978,690	-	-	-	867,618	867,618
<b>Total liabilities</b>	<b>3,659,584</b>	<b>3,348,488</b>	<b>1,671,978</b>	<b>3,846,138</b>	<b>12,526,188</b>	<b>3,176,171</b>	<b>3,117,234</b>	<b>711,527</b>	<b>2,585,100</b>	<b>9,590,032</b>
On balance-sheet gap	3,755,792	(1,967,330)	143,731	(289,107)	1,643,086	959,060	(2,260,720)	1,639,603	1,140,775	1,478,718
Off balance-sheet gap	-	-	-	-	-	27,831	-	(27,831)	-	-
<b>Total gap</b>	<b>3,755,792</b>	<b>(1,967,330)</b>	<b>143,731</b>	<b>(289,107)</b>	<b>1,643,086</b>	<b>986,891</b>	<b>(2,260,720)</b>	<b>1,611,772</b>	<b>1,140,775</b>	<b>1,478,718</b>
Cumulative gap	3,755,792	1,788,462	1,932,193	1,643,086	-	986,891	(1,273,829)	337,943	1,478,718	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**

**32 Risk management (continued)**

**d. Market Risk (continued)**

**i. Interest rate risk (continued)**

The assets and liabilities re-pricing profile as shown in the above table have been determined on the basis of residual maturity period or interest re-pricing periods at the reporting date, whichever is earlier. The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the bank. It is unusual for banks to be completely matched, as transacted business is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

Interest rate risk is also assessed by measuring the impact of reasonable possible change in interest rate movements. The Group assumes a fluctuation in interest rates of 50 basis points (31 December 2024: 50 basis points) and uses its internal models / management view to estimates the following impact on the net profit for the year and equity at that date:

	<u>Net profit for the year</u>		<u>Equity</u>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
50 bps up move	<b>19,002</b>	1,724	<b>19,002</b>	1,724
50 bps down move	<b>(19,002)</b>	(1,724)	<b>(19,002)</b>	(1,724)

As on 31 December 2025, interest bearing assets amount to AED 10,612 million (31 December 2024: AED 7,342 million) and interest bearing liabilities amount to AED 8,680 million (31 December 2024: AED 7,005 million). Interest bearing assets/liabilities re pricing less than one year, are used for assessing the impact on net profit. The impact on equity as given in the table above is based on the sensitivity of interest bearing assets and liabilities for the banking book. The sensitivity does not incorporate actions that could be taken by management to mitigate the effect of interest rate movements.

**Sensitivity analysis - Interest rate risk**

Interest rate risk is the sensitivity of asset and liability values to changes in the term structure of interest rates or interest rate volatility. Interest rate risk arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the financial instruments and related income. The Group manages the risk principally through monitoring interest rate gaps and matching the re-pricing profile of assets and liabilities. The Group also assesses the impact of defined movement in interest yield curves on its net interest income. The following is the impact of interest rate movement on net interest income and regulatory capital.

	<b>2025</b>	<b>2024</b>
	<b>AED'000</b>	<b>AED'000</b>
Shift in yield curve +200 bps.	<b>76,010</b>	(6,623)

The interest rate sensitivities set out above are illustrative only and employ simplified scenarios. The sensitivity does not incorporate actions that could be taken by the management to mitigate the effect of interest rate movements. Group hedges interest rate risk through interest rate swaps as appropriate to ensure interest rate sensitivities are within risk appetite limits set forth by BOD.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 32 Risk management (continued)

##### d. Market Risk (continued)

##### ii. Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of changes in the level of equity indices and individual stocks. The Group is exposed to equity price risk on equity investments, either through holding of equities of another entity or through equity derivatives such as forward contracts, options or swaps. The fair value of these instruments will fluctuate due to changes in the market price of the underlying equity instruments.

The primary goal of the Group's investment strategy is to maximize return on investments. The Group has very limited investments in equities and as such not exposed to equity price risk.

##### iii. Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in a foreign currency. The Group's functional currency is the UAE Dirham. The Board of Directors has set limits on positions by currency. Positions are closely monitored, and hedging strategies are used to ensure positions are maintained within established limits.

The Group engages in limited trading in foreign exchange on its own account. Its treasury activities are mainly directed to assisting its customers in managing their foreign exchange exposures. A system of exposure limits is in place to control price risk on foreign exchange exposures, and a system of individual credit limits are in place to control counter-party risk.

At the reporting date, the Group has the following net open currency exposures:

	Assets	liabilities	Net spot (short)/ Long	Forward position (short)/ Long	Total
	AED'000	AED'000	AED'000	AED'000	AED'000
<b>31 December 2025</b>					
USD	2,173,806	1,012,173	1,161,633	146,904	1,308,537
Euro	72,605	72,169	436	-	436
GBP	9,517	9,430	87	-	87
Other foreign currencies	14,012	3,871	10,141	-	10,141
	<u>2,269,940</u>	<u>1,097,643</u>	<u>1,172,297</u>	<u>146,904</u>	<u>1,319,201</u>
<b>31 December 2024</b>					
USD	2,201,364	1,096,554	1,104,810	-	1,104,810
Euro	85	25,113	(25,028)	-	(25,028)
GBP	-	7,129	(7,129)	-	(7,129)
Other foreign currencies	-	217	(217)	-	(217)
	<u>2,201,449</u>	<u>1,129,013</u>	<u>1,072,436</u>	<u>-</u>	<u>1,072,436</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**

**32 Risk management (continued)**

**d. Market Risk (continued)**

**iii. Foreign exchange risk**

The amounts shown in the table below reflect the effect of a reasonably possible movement of AED against other currencies, with all other variables held constants, the equal but opposite potential effect on profit and equity based on a 1% negative or positive currency fluctuation:

	Net profit for the year		Equity	
	2025	2024	2025	2024
	AED'000	AED'000	AED'000	AED'000
USD	13,085	8,813	13,085	8,813
GBP	1	-	1	-
Euro	4	21	4	21

**e. Operational risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal and compliance risk but excludes strategic and reputational risk. Operational risks could arise from all of the Group's operations and are faced by all business entities and its enabling functions.

The Group's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovative strategies. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Group has taken measures to put requisite tools in place including Operational Risk Assessment Process (ORAP), Operational Risk and Control Assessment (ORCA), Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Loss Data Collection (LDC) and Business Continuity Management (BCM) to identify and address all operational risk exposures. The Group has also taken measures to implement directive, detective, preventative and corrective control measures including robust processes and policies to mitigate operational risk to an acceptable level and to avoid or minimize financial losses and damage to the Group's reputation.

**Market Conduct Risk**

Market conduct is defined by CBUAE "as to how a financial institution conducts itself in the marketplace in terms of the level of integrity, fairness, and competency that it demonstrates in dealing with consumers. It includes the behavior and actions of a financial institution in the marketplace involving such matters such as, product design, development, marketing and sales practices, advertising, compliance with laws, fulfilling its obligations to customers, treatment of customer's / dispute resolution, conflicts of interest, transparency and disclosure, Market competition, pricing, etc."

The Risk exposure arising from Consumer protection regulations falls within the Operational Risk pillar under the Group's risk management categorization. The Risk exposure from Market Conduct and its management are captured in the Group's Conduct Risk framework.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended 31 December 2025**

**32 Risk management (continued)**

**e. Operational risk (continued)**

**Market Conduct Risk (continued)**

The Group have put in place Policy (Consumer Protection Policy & Conduct Risk Framework) to manage Market Conduct risk. As a directive Control, the policy has stipulated clear roles and responsibilities for the respective Business departments, their enabling functions and governance structures.

Compliance with Group standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are shared with the Board Audit Committee and senior management of the Group. The Group's compliance with legal and regulatory requirements is ascertained by Internal Audit reviews, while Compliance of regulatory requirements is strengthened by the Compliance department as a Second Line of Defense function.

**f. Capital management**

**Capital allocation**

The Bank's lead regulator, the Central Bank of the UAE, sets and monitors regulatory capital requirements.

The Group's objectives when managing capital are as follows:

- Safeguarding the Group's ability to continue as a going concern and increase return for the shareholders; and
- Comply with the regulatory capital requirement set by Central Bank of the UAE.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Group recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Group also assesses its capital requirements internally, taking into consideration growth requirements and business plans along with an assessment of all material risks faced by the Group. Risks such as interest rate risk in the banking book, liquidity risk, concentration risk, strategic risk, legal and compliance risk, and reputational risk form part of the ICAAP computations.

As per the Central Bank Regulation for Basel III, the capital requirement as at 31 December 2025 is 13% (31 December 2024: 13%) inclusive of capital conservation buffer.

The Group must comply with the following minimum requirements:

- i. CET1 must be at least 7% of risk weighted assets (RWA);
- ii. Tier 1 capital must be at least 8.5% of risk weighted assets (RWA); and
- iii. Total capital, excluding the capital conservation buffer, is calculated as sum of Tier 1 capital and Tier 2 capital must be at least 10.5% of risk weighted assets (RWA).

The capital adequacy ratio is computed based on circulars issued by the CBUAE as per Basel III taking into consideration the effect of the guarantee by the Government of Sharjah.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 32 Risk management (continued)

##### f. Capital management (continued)

The Group's regulatory capital position at 31 December was as follows:

	2025 AED'000	2024 AED'000
<b>TIER 1 Capital</b>		
Share capital	3,202,493	3,202,493
Statutory reserve	14,147	-
Foreign currency translation	21,665	21,665
Fair value reserve	(39,930)	(43,722)
Accumulated losses	(1,555,383)	(1,701,718)
Minority interest	94	-
<b>Regulatory deductions and adjustments:</b>		
Intangible assets	(17,585)	(2,222)
<b>Total tier 1 capital</b>	<b>1,625,501</b>	<b>1,476,496</b>
<b>TIER 2 Capital</b>		
Eligible general provisions	99,572	62,724
<b>Total tier 2 capital</b>	<b>99,572</b>	<b>62,724</b>
<b>Total regulatory capital</b>	<b>1,725,073</b>	<b>1,539,220</b>
<b>RISK WEIGHTED ASSETS</b>		
Credit risk	7,965,722	5,017,928
Market risk	10,664	32,374
Operational risk	552,549	309,016
<b>Total risk weighted assets (RWA)</b>	<b>8,528,935</b>	<b>5,359,318</b>
CET 1 ratio	19.06%	27.55%
Tier 1 ratio	19.06%	27.55%
Tier 2 ratio	1.17%	1.17%
Capital adequacy ratio	20.23%	28.72%

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 32 Risk management (continued)

##### f. Capital management (continued)

###### Impairment reserve – general

As per the credit risk management standards (CRMS) issued by CBUAE, banks must ensure that the total provision corresponding to all stage 1 and stage 2 exposures is not less than 1.50% 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.

During the year ended 31 December 2025, total provision corresponding to all Stage 1 and Stage 2 exposures is not less than 1.5% of the Credit Risk weighted assets as computed under the CBUAE capital regulations.

The computation of non-distributable impairment reserve - general created during the year is as follows:

	2025 AED’000	2024 AED’000
<b>Non distributable impairment reserve – general</b>		
Minimum provision for Stage 1 & 2 as per CBUAE requirements	119,486	75,368
Less: Stage 1 and 2 impairment provision taken against income	170,370	147,987
	<hr/>	<hr/>
Shortfall in stage 1 & 2 provision to meet minimum CBUAE requirements	-	-
	<hr/>	<hr/>
Balance of impairment reserve - general as at 1 January	-	-
Add: Non-distributable reserve created during the year (Impairment reserve - general)	-	-
	<hr/>	<hr/>
Balance of impairment reserve - general as at 31 December	-	-
	<hr/>	<hr/>

The calculation process, the methodology and the results for provisions have been reviewed and approved by the Board Risk Committee (“BRC”) responsible for the oversight of provisions. Accordingly, the BRC has formally reviewed the calculation process, the methodology and results of the provision as presented by the Acting Chief Risk Officer (“ACRO”). Therefore, the provisions have been presented and approved by the Board or delegated body of the Board, as per Article 9 (Standards) of the Credit Risk Management Regulation and accompanying Standards, Circular No. 3/2024 dated 25/7/2024.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**g. Other risks**

**i. Information Security**

Information security refers to the practices, policies and technologies to protect confidentiality, integrity and availability (CIA triad) of information at rest and in transit. Security risks that can cause damage to the CIA of Group's information is addressed by means of meaningful, effective and business supporting controls. Ineffective technical controls have the potential to have major negative effects on finances, reputation, and regulations.

The objective of information security is to secure the banking operations by safeguard sensitive information such as customer data, financial records, intellectual property and employee records while maintaining the business continuity.

Information security achieves this objective through a combination of preventive, detective and corrective measures, such as but not limited to employee training, risk management, security testing, vulnerability assessment, strong governance practices, incident response practices, log monitoring, access controls, performance evaluation, defense in depth approach.

Attempt to address the risks before it materializes is supported by regulatory and compliance requirements as these are key drivers of information security efforts. Accordingly, compliance to Swift CSP, PCI DSS, UAE IAS standards are being assessed annually through regular audits.

**ii. Country risk**

Country risk is the probability of economic, social and political events in a foreign country impacting the willingness or ability of state owned or privately owned customers in that country to pay their debts on time.

The Group has established country limits to monitor and control country risk. These limits are in accordance with overall business strategy, capital management, and provision for potential risk, risk rating on each country, acceptable level of risk and business opportunities in each country.

**iii. Strategic risk**

Strategic risk refers to the risk of prospective impact on the Group's earnings, capital, reputation arising from changes in the environmental conditions or from adverse strategic decisions or its implementation.

The Group uses several factors to identify and assess the impact of strategic risk, including implementation of risk management policies and practices in the strategic planning process and its compatibility with business strategy. Strategic risks are monitored and controlled as part of the strategic planning process wherein the Group reviews the progress on strategic initiatives and considers whether the progress is in line with the plan and the external business environment. The strategic plan is periodically reviewed and updated subject to a governance process.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the year ended 31 December 2025**

**32 Risk management (continued)**

**g. Other risks (continued)**

**iv. Compliance risk**

Compliance risk is defined as the risk of legal or regulatory sanction, material financial loss, or loss to reputation the Group may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, or codes of conduct applicable to its banking activities.

Compliance risk is managed in accordance with a compliance risk management framework and within a defined risk appetite. The primary responsibility for managing compliance risk rests with the Group's first line businesses and enablement functions in accordance with the Group's three lines of defense risk and control model. The Group compliance function is a second line function and is responsible for overseeing the management of compliance risk and for the development of internal compliance risk frameworks and policies. Compliance function work in partnership with risk management and legal functions and is overseen by Group Internal Audit.

**v. Reputational risk**

Reputational risk is the risk to earnings or capital arising from negative public opinion. This can be due to external or internal events.

The Group identifies and assesses reputational risk by clearly defining types of risks to be captured, establishing key sources of reputational risk it may be exposed to, based on individual circumstances, describing the risks identified in terms of the nature of risk and the potential consequences that the risks may bring to its reputation. The Group also refers to other relevant information for risk identification purposes. Such information may be sourced from media reports, stakeholder analysis reports, internal audit, customer experience reports and compliance reports, management exception reports or other early warning indicators.

**vi. Climate related risk**

The Group and its customers may face significant climate related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behavior and investor demand. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in customer demands and supply chains. Despite the progress, the Group acknowledges the need for further efforts to fully integrate climate in the Group's risk assessments and management protocols.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 31 December 2025

#### 33. Social contributions

The Group made the following social contributions during the year:

	2025 AED'000	2024 AED'000
Sponsorships	4,025	5,032
Total social contributions	<u>4,025</u>	<u>5,032</u>

#### 34. Legal proceedings

The Group is involved in various legal proceedings and claims arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, management does not believe that these matters will have a material adverse effect on the Group's consolidated financial statements, if disposed unfavorably.

#### 35. Subsequent events

There are no significant events after the reporting period that would require adjustment or disclosure.

#### 36. Comparative figures

- 36.1 In prior period, the Bank recognized the loss allowances for financial guarantee contracts together with the loss allowance for loans and advances to customers, and the amount was deducted from the gross carrying value of loans and advances to customers.

International Financial Reporting Standard 7: Financial Instruments – Disclosures requires the loss allowance for financial guarantee contracts to be recognized as a “Provision” in the consolidated statement of financial position.

During the year, management considered the above requirements and as a result restated prior period financial statements and recognized expected credit loss for financial guarantee contracts as a provision within “other liabilities” financial statement line item in the consolidated statement of financial position.

## INVEST BANK P.S.C.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

#### 36. Comparative figures (continued)

The misstatement has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

##### Consolidated statement of financial position (extract)

	Previously reported 31 December 2024 AED'000	Restatement AED'000	Restated balance 31 December 2024 AED'000
Loans and advances to customers	4,491,465	285,676	4,777,141
<b>Total assets</b>	<b>10,783,074</b>	<b>285,676</b>	<b>11,068,750</b>
Other liabilities	581,942	285,676	867,618
<b>Total liabilities</b>	<b>9,304,356</b>	<b>285,676</b>	<b>9,590,032</b>

	Previously reported 31 December 2023 AED'000	Restatement AED'000	Restated balance 1 January 2024 AED'000
Financial statement line items			
Loans and advances to customers	4,252,082	219,553	4,471,635
<b>Total assets</b>	<b>12,032,176</b>	<b>219,553</b>	<b>12,251,729</b>
Other liabilities	422,080	219,553	641,633
<b>Total liabilities</b>	<b>10,362,600</b>	<b>219,533</b>	<b>10,582,133</b>

##### Consolidated statement of cash flows (extract)

	Previously reported 31 December 2024 AED'000	Restatement AED'000	Restated balance 31 December 2024 AED'000
Changes in:			
Loans and advances to customers	(324,143)	(66,123)	(390,266)
Other liabilities	120,930	66,123	187,053
<b>Net cash used in operating activities</b>	<b>(80,139)</b>	<b>-</b>	<b>(80,139)</b>

The restatement do not have any impact on the consolidated statement of profit or loss for the year ended 31 December 2024.

- 36.2 Certain investments in Tier 1 perpetual securities, previously classified as financial assets at amortized cost amounting to AED109.4 million as at 31 December 2024 (AED 23 million as at 1 January 2024), have been reclassified to financial assets measured at FVTOCI to appropriately reflect the nature of the investment "Equity instruments". Refer to note 8 for further details.